

ORGANIZATION THEORY AND DESIGN



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ORGANISATION

Which of the following is not an example of an organization?

1. A Church
2. A Hospital
3. Pakistan Cricket Board
4. An NGO
5. IBM
6. Iqra University
7. A Political Party



Greek word - Organon

- meaning a tool, an instrument or an organ.
- Organizations are tools or instruments to meet goals, objectives and to carry out tasks.





Organizations are

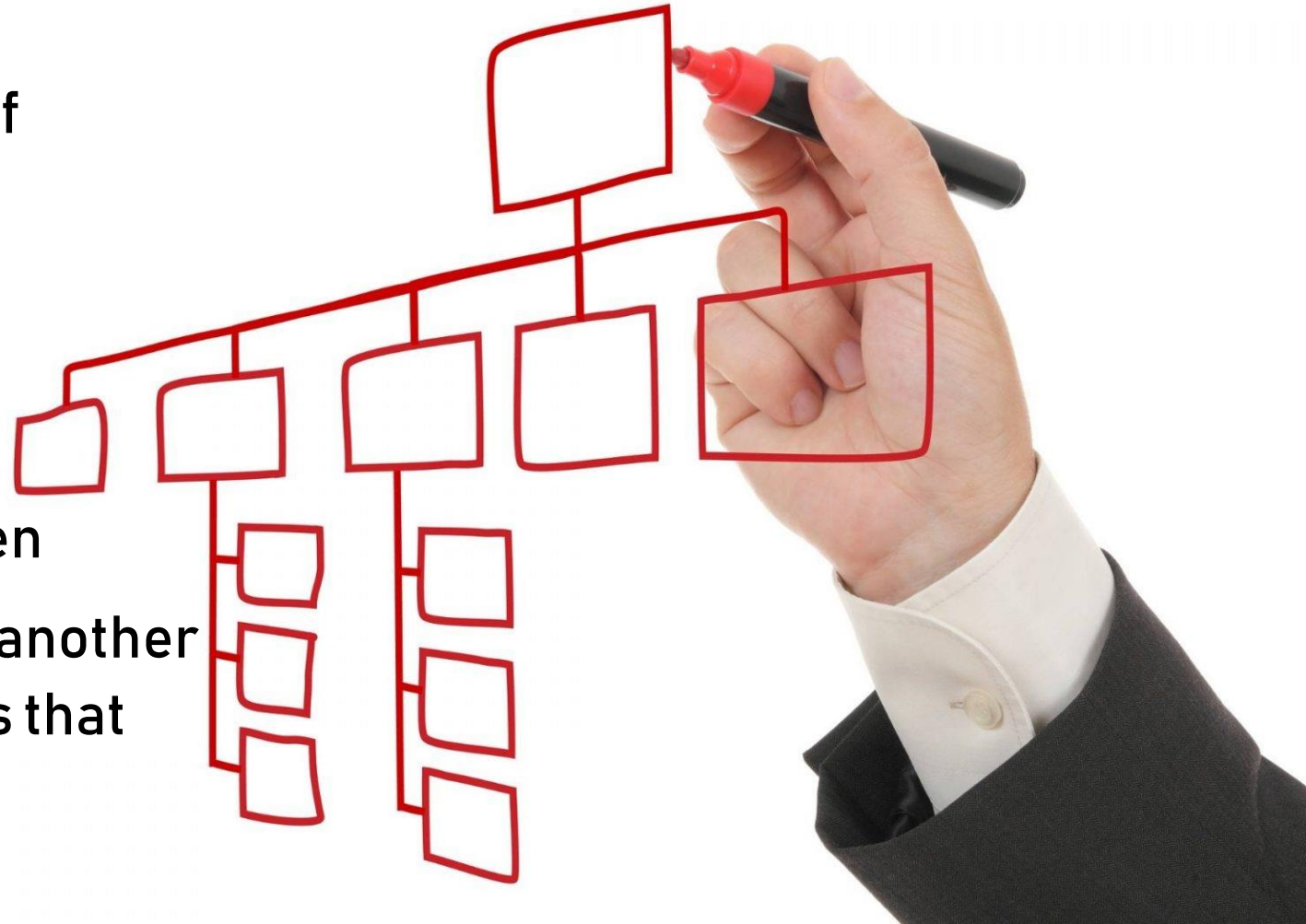
1. social entities that
2. are goal directed
3. are designed as deliberately structured & coordinated system,
4. are linked to the external environment

ORGANISATION

The key element in an organization is not a building or a set of policies & procedures.

Organizations are made of
people and their
relationship
with one another.

An organization exists when
people interact with one another
to perform essential functions that
help attain **goals**.



IMPORTANCE OF ORGANIZATIONS

1. Bring together resources to activate desired goals and outcomes
2. Produce goods/services efficiently
3. Facilitate innovation
4. Use technology
5. Adapt to and influence a changing environment
6. Create values for stakeholders
7. Accommodate ongoing challenges of diversity, ethics, motivation & coordination of employees



LIST OF ORGANIZATIONAL THEORIES ARE:-

- Classical or Traditional Theory
- Human Relations or Neo-Classical Theory
- Decision-Making Theory
- Systems Approach
- Weber's Ideal of Bureaucracy
- Modern Theory
- Hawthorne Study
- Motivation Theory
- Decision Theory
- Scientific Management Theory and
- Administrative Theory.



The **Classical** Theory:

- The classical or traditional theory concentrates on the **formal structure** of organisation and leaves the human aspect of organisation to personnel specialists. The earliest writers on organisation, called the classical school, and their successors to the present day have discussed how to plan the formal organisation of work.
- They have been concerned with the best way of dividing up the tasks to be done, with how to group these tasks together into departments, and how to deal with the problems of coordination. They have paid particular attention to **organisational relationships between line and staff**. They have stressed the need for a clear definition of responsibilities and authority. They have sought to enunciate the principles, which should be used in designing this formal structure.
- The chief contribution of the classical school is the definition and analysis of the tasks that have to be considered in building up an organisation. The emphasis is on structural frame work in which grouped activities are assigned to people, authority relations are established, individual efforts are properly coordinated and responsibilities fixed. The structure is built to help accomplish enterprise goals more effectively.



The **Classical** Theory:

- The theory has been criticised on many counts, especially by the behavioural scientists. The approach of the classical writers is too concerned with the formal structure, not sufficiently with the individuals who make the structure work. It is a static approach, paying too little attention to the many interactions that take place between different parts of an organisation. The principles of organisation are too broad to provide much help in the actual work of organising.
- Some of the principles are contradictory. Herbert A. Simon describes some of the principles as “no more than proverbs” and being simple generalisations devoid of predictive power. Since the classical theory ignores major facts of human nature, the newer theorists have developed some new approaches to the study of organisation.



The Human Relations Theory:

- The human relations theory, also known as neo-classical theory, states that while designing an organisation structure, the people who are employed there and their **behaviour should be taken into consideration**. No manager can think solely of job descriptions, he has also to think of why people behave as they do and what influences their behaviour.
- The Hawthorne studies, and many subsequent ones, have shown that the way the people behave at work is affected by many other factors than monetary consideration. The organisation is composed of individuals with different needs that can be studied and of groups of people who develop their own ways of doing things and their own code of conduct.



The Human Relations Theory:

- The proponents of the human relations school are research oriented. They try to find out what happens before seeking to explain it. This approach to the study of organisations has contributed much that can be of value to the manager – If he looks at a job only from the classical point of view, he will think of the tasks that have to be done. If he adopts the human relations approach, he will appreciate what it is like for the person who has to perform the tasks.
- The human relations school has also its limitations. Some of its supporters have claimed too much for what can be achieved by thinking about peoples' needs and behaviour. Much bigger limitation is that although we have learnt a lot about people in organisations, there is still a great deal that we do not understand about human behaviour.



The **Decision-Making** Theory:

- The next approach to organisation is known as the decision-making theory. Herbert A. Simon (who was awarded in the year 1978, the Nobel Prize mainly on the basis of this theory) regards organisation as a structure of decision makers. In an organisation, decisions are made at all levels, **and important decisions tend to be made at higher levels**. The decision making approach to organisation accepts the hierarchical form of organisation.
- Simon suggested that the organisation structure be designed through an examination of the points at which decisions must be made and the persons from whom information must be required if decisions are to be satisfactory.



The **Systems** Approach:

- The systems approach looks at the organisation as a total system comprising a **number of interacting variables**. This approach emphasises that we should not deal with problems in isolation, but consider their interactions. In fact, the word system means a regularly interacting or interdependent group of items forming a “unified whole”.
- Thus, the systems approach is concerned with the interaction between the different aspect of the organisation, people, technology, formal structure, the physical setting, and environment. The advantage of approaching any problem is that it enables us to see the critical variables and constraints and their interaction with one another. It keeps us alert and constantly aware that one single element, phenomenon, or problem should not be treated without regard to its interacting consequences with other elements.



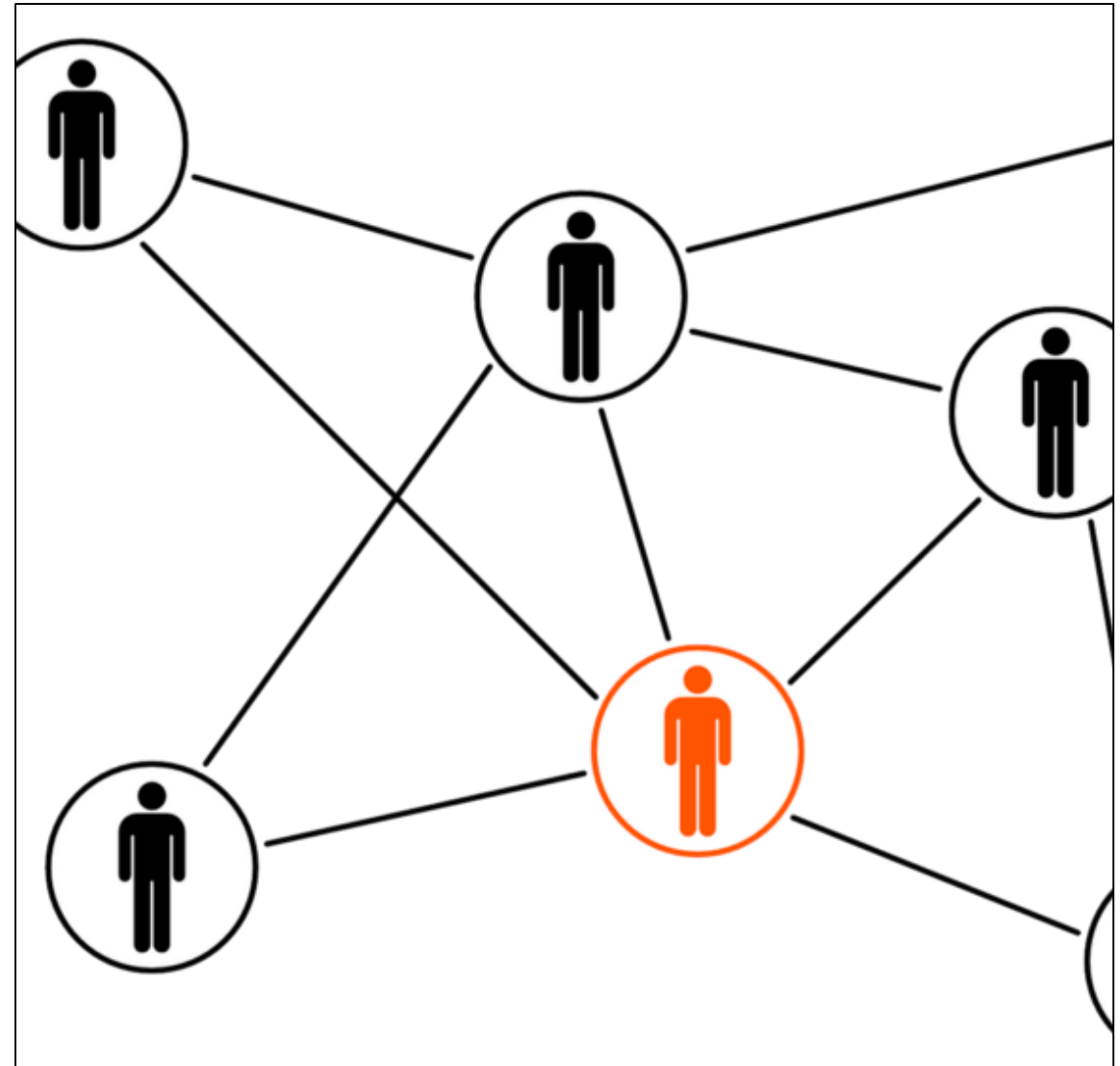
Weber's Ideal of **Bureaucracy**:

- Official Jurisdiction on all areas are ordered by rules or laws already implemented. There is an office hierarchy; a system of super- and subordination in which there is supervision of lower office by higher ones.
- The management of the modern office is based upon written rule, which are preserved in original form. Office management requires that of training or specialization. When the office is developed/established it requires the full working capacity of individuals. Rules are stable and can be learned. Knowledge of these rules can be viewed as expertise within the bureaucracy (these allow for the management of society).
- When a bureaucracy is implemented, they can provide accountability, responsibility, control, and consistency. The hiring of employees will be an impersonal and equal system. Although the classical perspective encourages efficiency, it is often criticized as ignoring human needs. Also, it rarely takes into consideration human error or the variability of work performances (each worker is different).



Rational System Perspective:

- In a rational organization system, there are two significant parts- **Specificity of Goals and Formalization**.
- Goal specification provides guidelines for specific tasks to be completed along with a regulated way for resources to be allocated.
- Formalization is a way to standardize organizational behavior. As a result, there will be stable expectations, which create the rational organizational system.

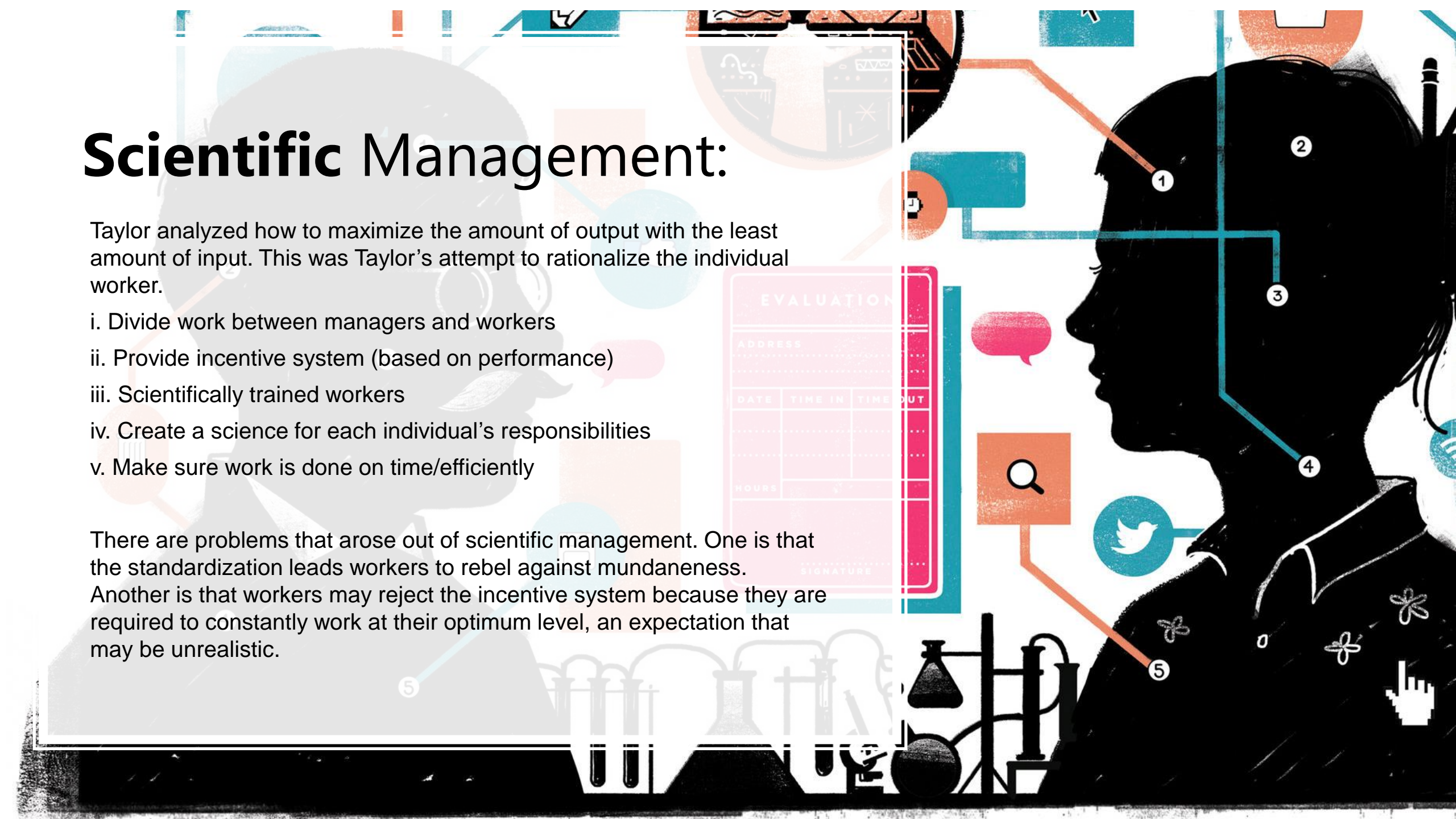


Scientific Management:

Taylor analyzed how to maximize the amount of output with the least amount of input. This was Taylor's attempt to rationalize the individual worker.

- i. Divide work between managers and workers
- ii. Provide incentive system (based on performance)
- iii. Scientifically trained workers
- iv. Create a science for each individual's responsibilities
- v. Make sure work is done on time/efficiently

There are problems that arose out of scientific management. One is that the standardization leads workers to rebel against mundaneness. Another is that workers may reject the incentive system because they are required to constantly work at their optimum level, an expectation that may be unrealistic.





Division of Labor:

- The division of labor is the specialization of individual labor roles. It is often associated with increasing output and trade. According to Adam Smith, the division of labor is efficient due to three reasons – **occupational specialization, saving from not changing tasks, and machines taking the place of human labor.**
- Occupational specialization leads to increased productivity and distinct skill. Also, Smith argued that human and physical capital must be similar or matched; if the skill of workers were matched with technological improvements, there would be a major increase in productivity.
- Although the division of labor is often viewed as inevitable in a capitalistic society, there are several specific problems that may arise. They include a lack of creativity, monotony, and lack of mobility. Creativity will naturally suffer due the monotonous atmosphere that the division of labor creates. Doing the same routines may not be for everyone. Also, employees aren't familiar with other parts of the job. They cannot assist employers of different parts of the system.

Modernization Theory:

- Modernization “began when a nation’s rural population started moving from the countryside to cities”. It deals with the cessation of traditional methods in order to pursue more contemporary effective methods of organization.
- Urbanization is an inevitable characteristic of society because the formation of industries and factories induces profit maximization. It is fair to assume that along with the increase in population, as a result of the subsequent urbanization, is the demand for an intelligent and educated labor force.
- The growth of modernization took place beginning in the 1950s. For the ensuing decade, people analyzed the diffusion of technological innovations within Western society and the communication that helped it disperse globally. This first “wave” as it became known had some significant ramifications.



Modernization Theory:

- It was enhanced from the spread of new technological techniques. And second, modernization supported a more educated and thus a more qualified labor force. The second wave took place between the years 1960 and 1970.
- The last wave of modernization theory, which took place in the 1990s, depicts impersonality. As uses of newspapers, TVs, and radios become more prevalent, the need for direct contact, a concept traditional organizations took pride in, diminishes. Thus, organizational interactions become more distant (“Modernization Theory”).



Hawthorne Study

- The Hawthorne study suggested that employees have **social and psychological needs** along with **economic needs** in order to be motivated to complete their assigned tasks.
- This theory of management was a product of the strong **opposition** against “the Scientific and universal management process theory of Taylor and Fayol.” This theory was a response to the way employees were treated in companies and how they were deprived of their needs and ambitions.
- In Nov. 1924, a team of researcher from Harvard Business school began investigating into the human aspects of work and working conditions at the **Hawthorne plant of Western Electric Company, Chicago**. The company was producing bells and other electric equipment’s for the telephone industry.



Hawthorne Study

- Hawthorne Effect was the improvement of productivity between the employees, it was characterized by:
 - i. The **satisfactory interrelationships** between the coworkers.
 - ii. It classifies personnel as **social beings** and proposes that **sense of belonging** in the workplace is important to increase productivity levels in the workforce.
 - iii. An effective management understood the way **people interacted and behaved** within the group.
 - iv. The management attempts to improve the interpersonal skills through **motivations, leading, communication and counseling**.
 - v. This study encourages managers to acquire minimal **knowledge of behavioral sciences** to be able to understand and improve the interactions between employees.



CONTINGENCY THEORY:

- The Contingency Theory is a class of the behavioral theory that claims that **there is no best way to organize a corporation**, to lead a company, or to make decisions. An organizational, leadership, or decision making style that is **effective in some situations, may not be successful** in other situations. The optimal organization, leadership, or decision making style depends upon various internal and external constraints (factors).
- **Contingency Theory Factors:**
- **Some examples of such constraints (factors) include:**
 - The size of the organization
 - How the firm adapts itself to its environment
 - Differences among resources and operations activities



MOTIVATION THEORY:

It is concerned with the study or work motivation of employees of the organisation.

The works are performed effectively if proper motivation is given to the employees.

The motivation may be in monetary and non-monetary terms.

The inner talents of any person can be identified after giving adequate motivation to employees.

Maslow's hierarchy of needs theory and Herzberg's two factor theory are some of the examples of motivation theory.



DECISION THEORY

- The other name of decision theory is decision making theory. This theory was given by Herbert. A. Simon.
- He regarded organisation as a **structure of decision makers**. The decisions were taken at all levels of the organisation and important decisions (policy decisions) are taken at the higher levels of organisation.
- Simon suggested that the organisational structure be designed through an examination of the points at which decisions must be made and the persons from whom information is required if decisions should be satisfactory.



SCIENTIFIC MANAGEMENT THEORY

- Scientific management theory of F.W. Taylor mainly gave importance to shop level employees of the organisation. Taylor developed many ideas in scientific management due to his early experience in a Steel Company.
- He later became the Chief Engineer of the company due to his sheer efforts. His scientific management theory focused attention on performance of job only. He showed how a worker can be made to work efficiently and increase the production.
- The critics of Taylor argued that his specialization principle of work, as per scientific management was ineffective and also it could not make the employees achieve their maximum efficiency at work.



ADMINISTRATIVE THEORY

- iv. Unity of direction
- v. Subordination of individual to general interest
- vi. Subordination of individual to general interest
- vii. Remuneration
- viii. Centralisation
- ix. Scalar chain
- x. Order
- xi. Equity
- xii. Stability of tenure
- xiii. Initiative, and
- xiv. Team work.

These principles also could not make the desired effect in organisational approach.



ADMINISTRATIVE THEORY

- The theory is very much associated with the proper understanding of the task of management. It provides directions or principles how to activate management effectively. The guidelines enumerated by the theory on management principles, objectives and the functions of management were also under criticism.
- Henry Fayol stressed effective management principles from his past experience as a businessman. He separated technical and administrative activities of management to distinguish them as two separate activities.
 - i. Division of work
 - ii. Authority and responsibility
 - iii. Discipline
 - iv. Unity of command







The difference between

creativity
and innovation

- Creativity:

- *"The phenomenon whereby a person creates something new (a product, a solution, a work of art, etc.) that has some kind of value"*

**Spending Money to
Generate Ideas**

- Innovation:

- *"The process of acting upon, or putting to use, a new concept or combination of concepts that creates new value and/or captures value in new ways."*

**Spending Ideas to
Generate Money**

INNOVATION

Innovation is depicted as a key to economic development.

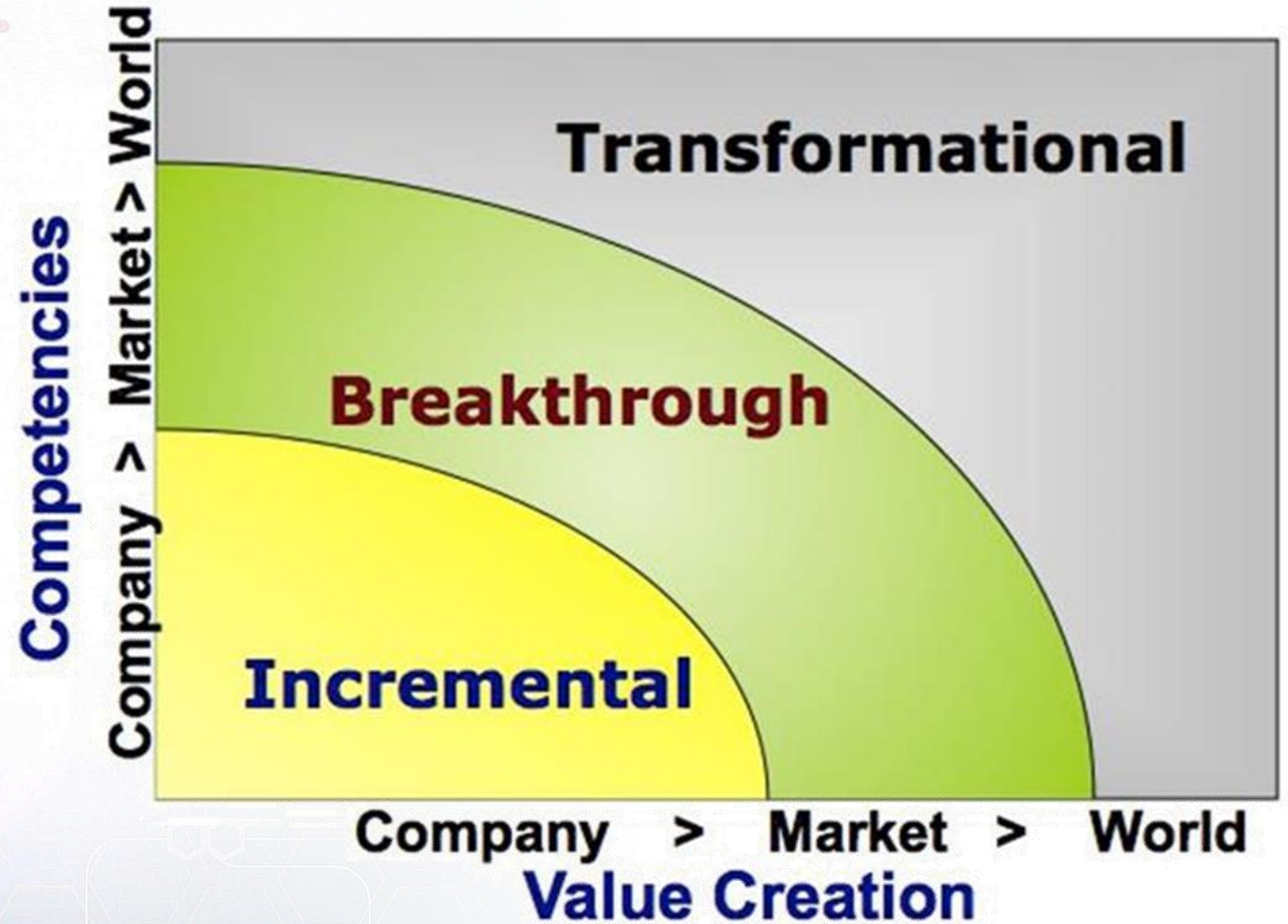
- Product-evolution process –
Process through which innovation is developed and commercialized.
- Iterative synthesis –
The intersection of knowledge and social need that starts the product development process.

Three types of innovation:

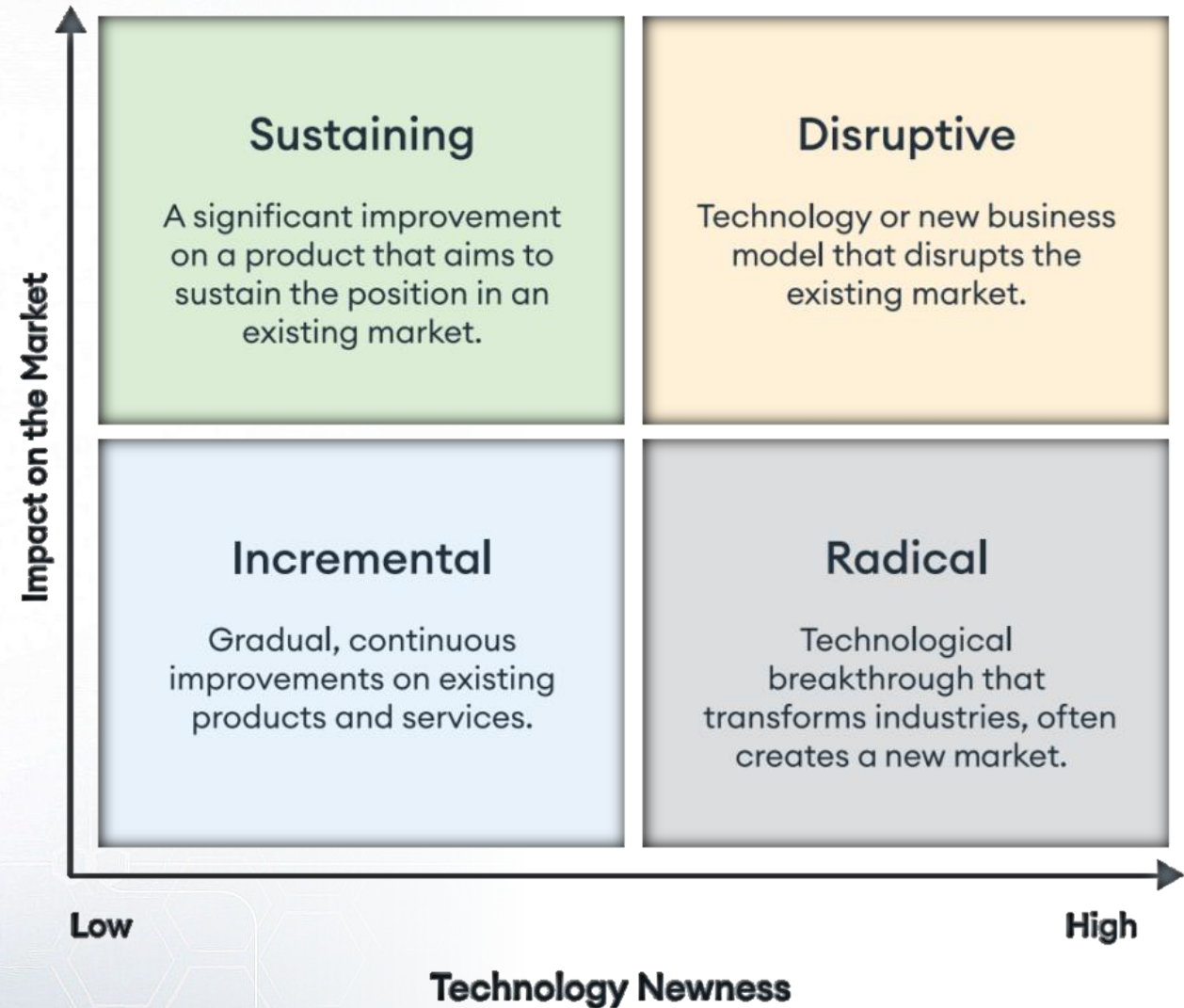
- Ordinary - New products with little technological change.
- Technological – New products with significant technological advancement.
- Breakthrough – New products with some technological change.




INNOVATION




INNOVATION




1. **Business model** 
how the enterprise makes money

2. **Networking**
enterprise's structure/
value chain & partnering



5. **Product performance** 
basic features, performance and functionality


6. **Product system**
extended system that surrounds an offering



7. **Service**
how you serve your customers



Finance		Process		Offering			Delivery		
Business model	Networking	Enabling process	Core process	Product performance	Product system	Service	Channel	Brand	Customer experience

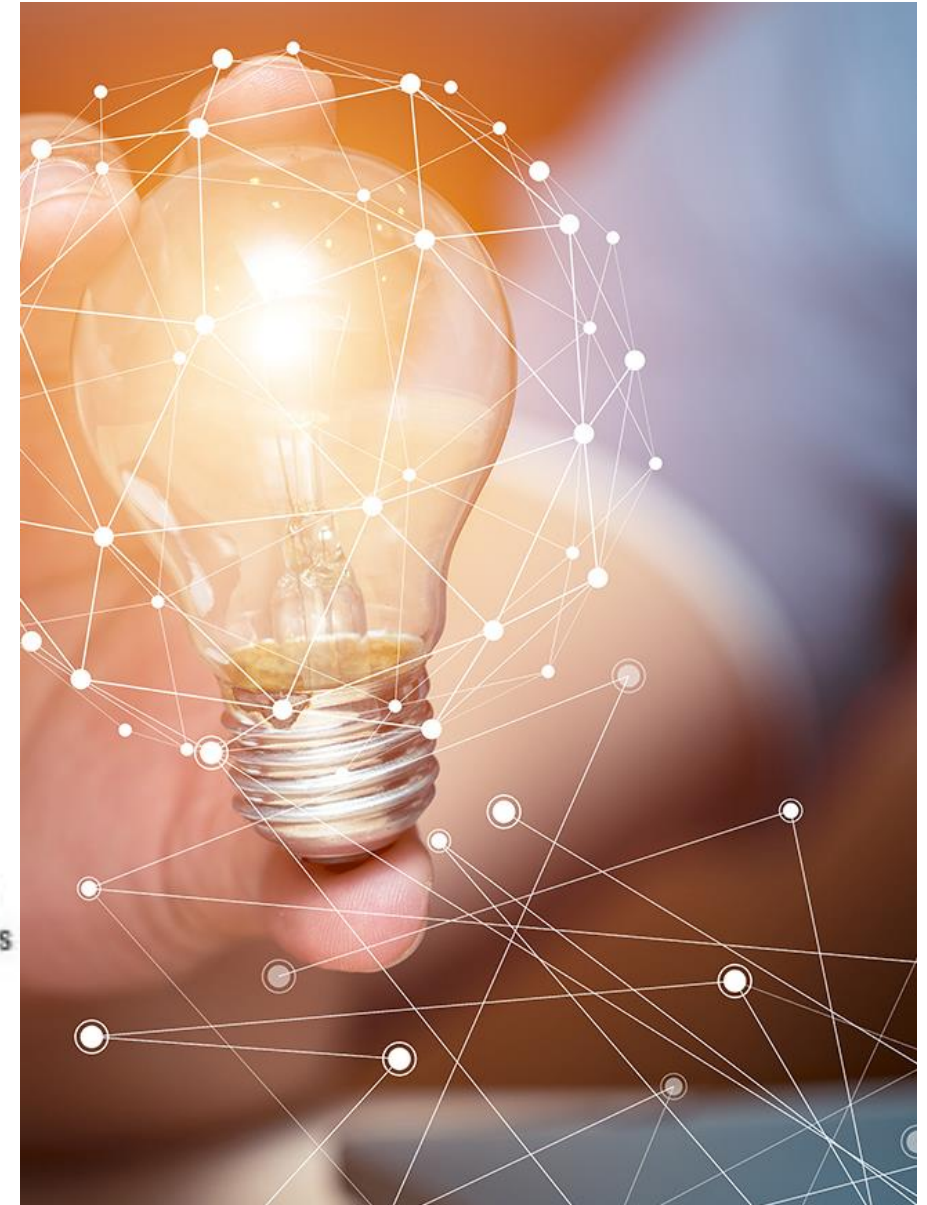
3. **Enabling process**
assembled capabilities you
typically buy from others


4. **Core process**
proprietary processes that add value


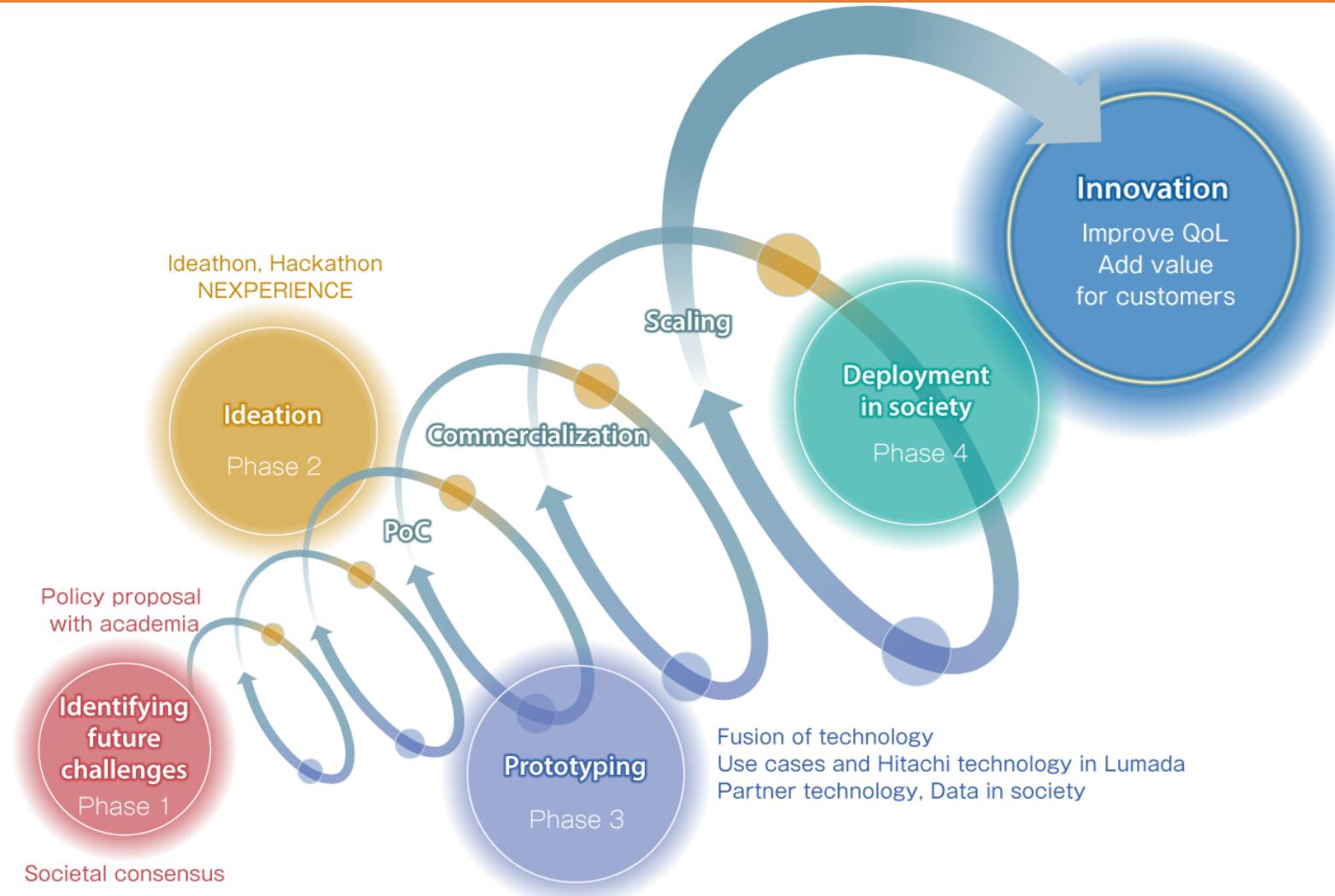
8. **Channel**
how you connect your
offerings to your customers


9. **Brand**
how you express your offering's
benefits and values to customers


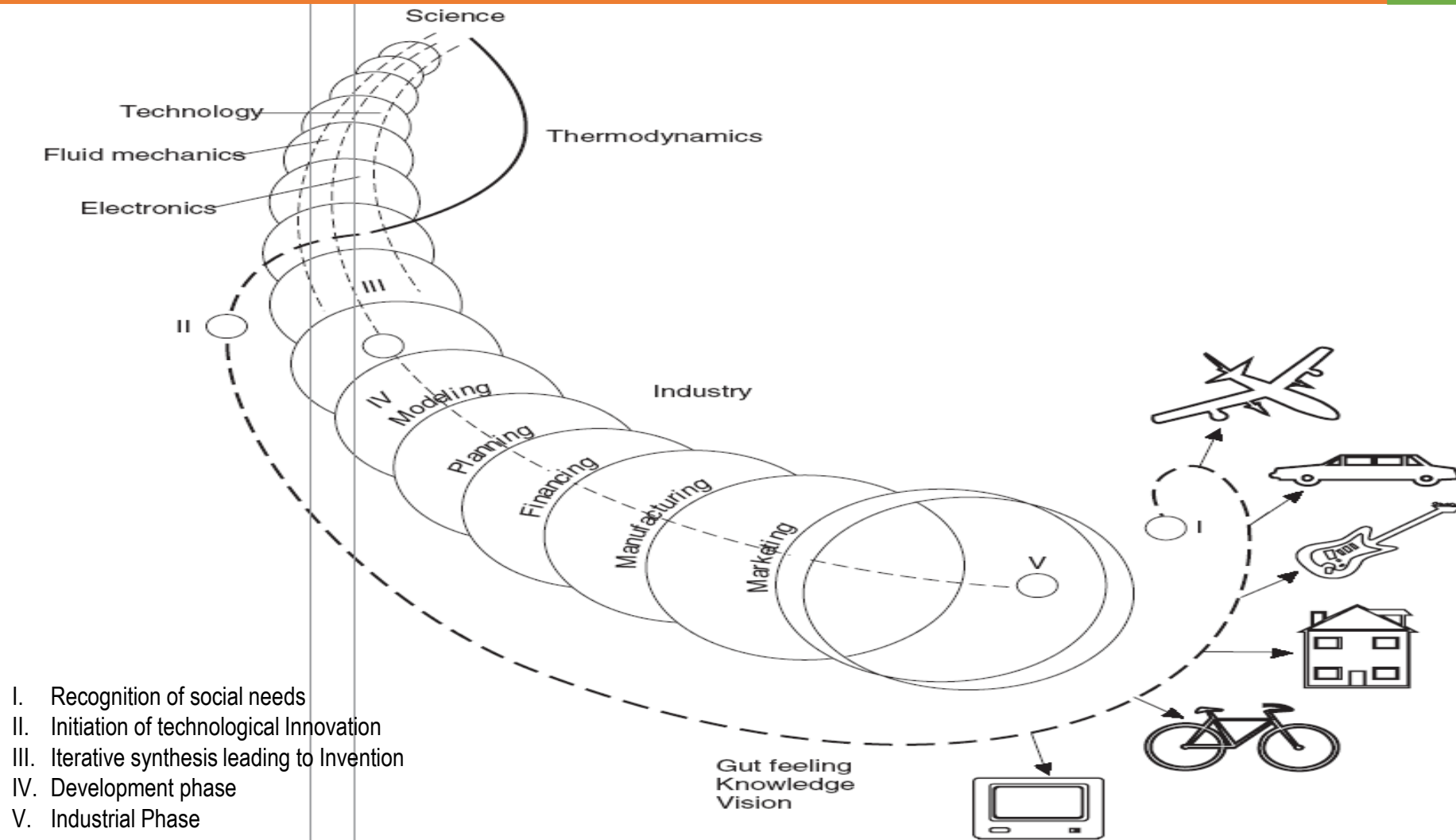
10. **Customer experience**
how you create an integrated
experience for customers




INNOVATION



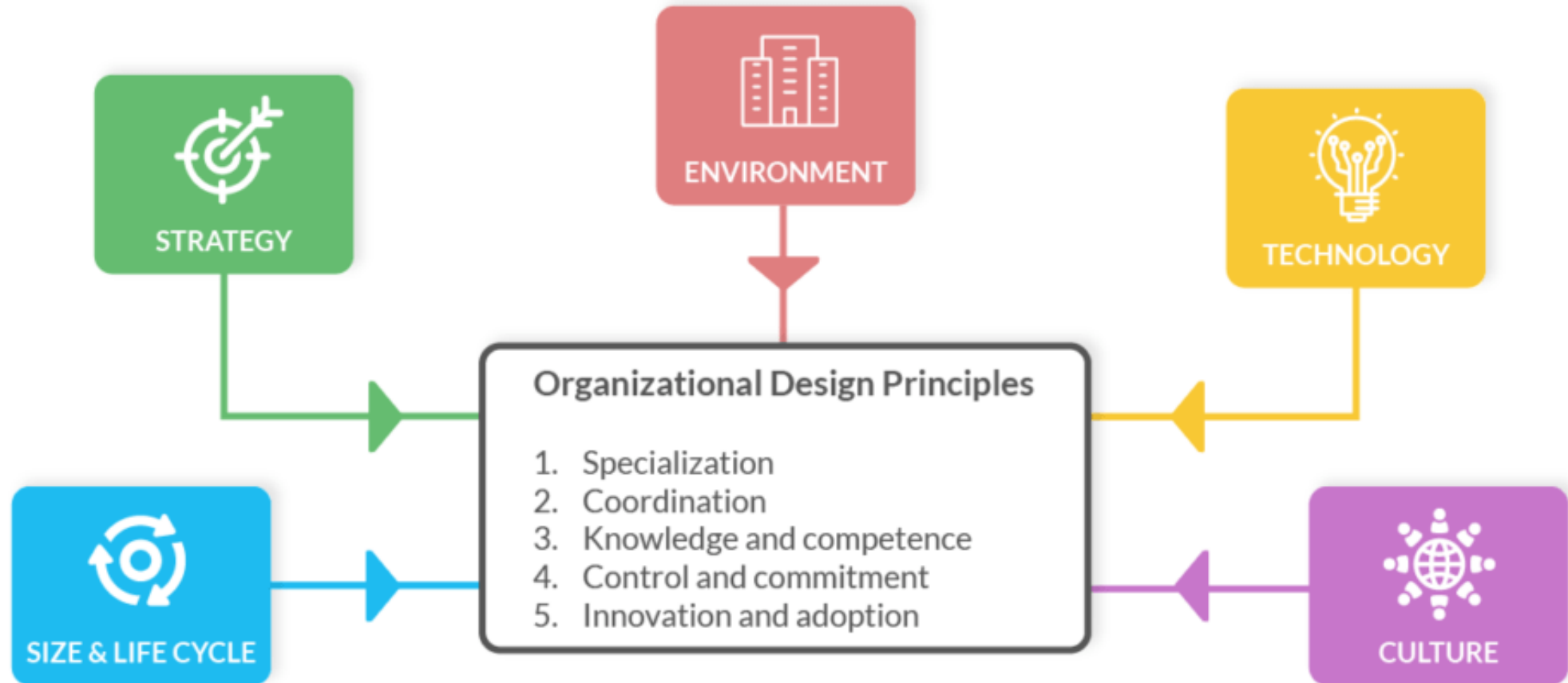
INNOVATION



A hand holding a white pen, pointing towards a complex network diagram. The diagram consists of numerous nodes (small circles) connected by lines, forming a web-like structure. The nodes are colored in shades of blue, green, and purple. The background is a blurred image of a person in a white lab coat, suggesting a scientific or professional setting.

5 FACTORS AFFECTING ORGANIZATIONAL DESIGN

ORGANIZATIONAL DESIGN PRINCIPLES



1. STRATEGY

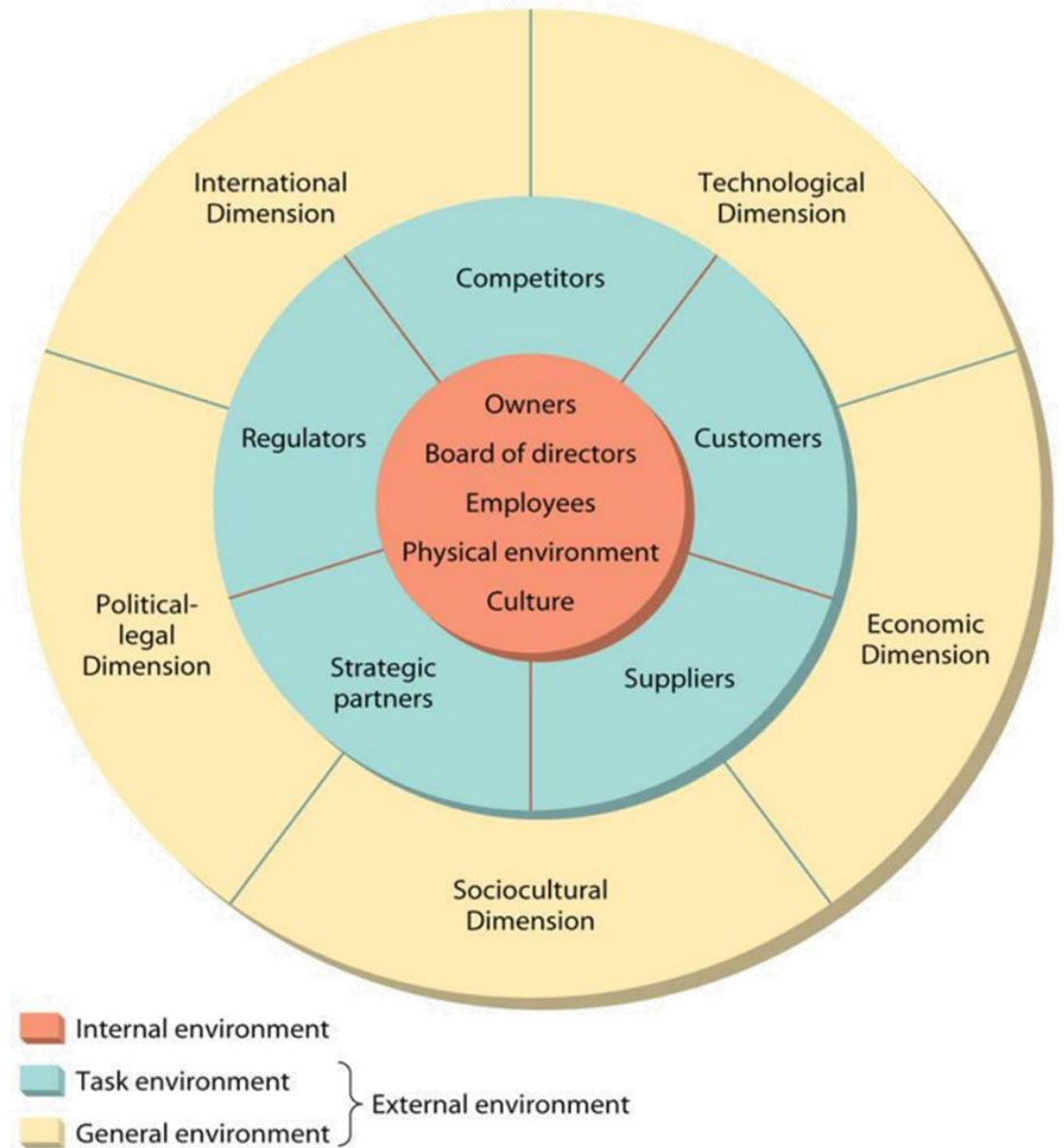
- The organizational strategy is the most **important starting point** for the organizational structure and design.
- Michael E. Porter proposed that organizations can compete through **lower cost or through the ability to offer distinctive products** and services which command a premium price.
- The second step is to determine whether the organization has a **narrow or broad scope**. This means that the organization either competes in many or in select customer segments.

PORTER'S FOUR GENERIC STRATEGIES



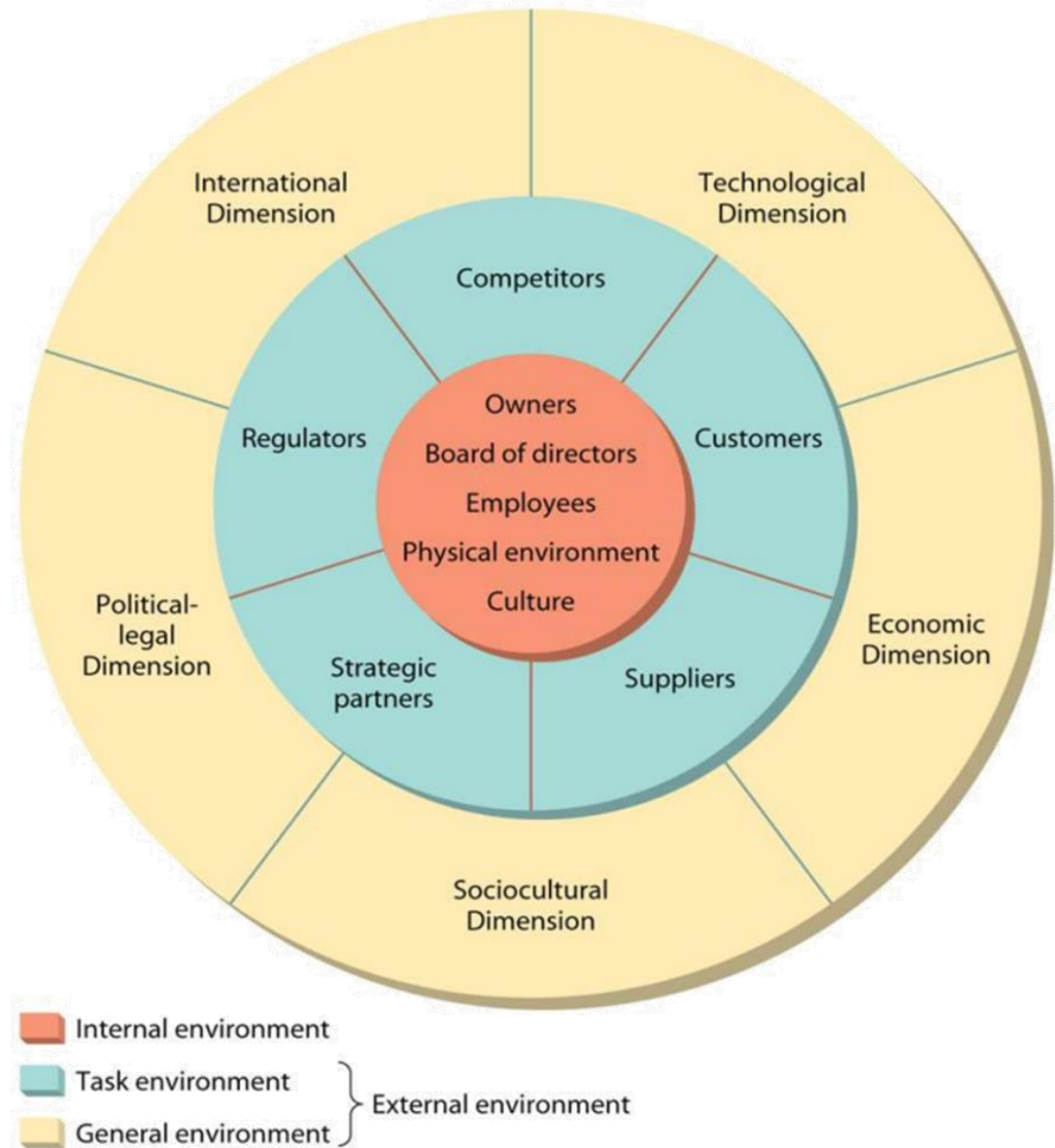
2. ENVIRONMENT

- The environment also impacts organizational structure and design. The **industry, raw materials, (labor) market, (international) governmental, and sociocultural influences** all shape the required design to different degrees.
- The most important factor is environmental stability. There are two dimensions that influence environmental stability:
 - **Simple-complex dimension**
 - **Stable-unstable dimension**



2. ENVIRONMENT

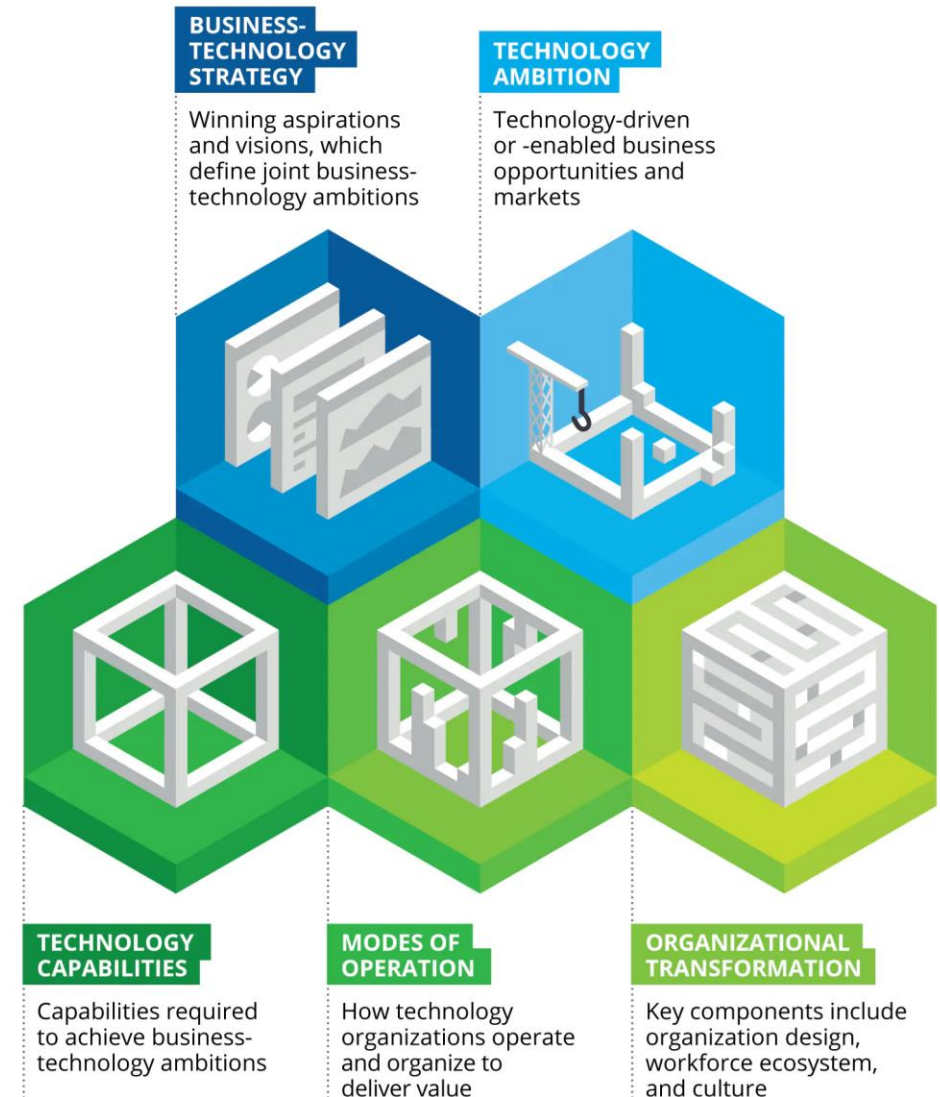
- **Simple-complex dimension.** This refers to the **degree to which external factors influence the organization and competition**. These are multiple for large companies such as PIA and PTCL. In comparison, a family-owned hardware store which faces low environmental complexity.
- **Stable-unstable dimension.** This refers to the **elements in the environment that are dynamic**. Big consumer brands like McDonald's are influenced by online media. They are highly visible on platforms like Twitter, Instagram, and TikTok, and a single tweet or blog post can greatly damage a brand. On the other hand, public utility companies have been stable for a long time



3. TECHNOLOGY

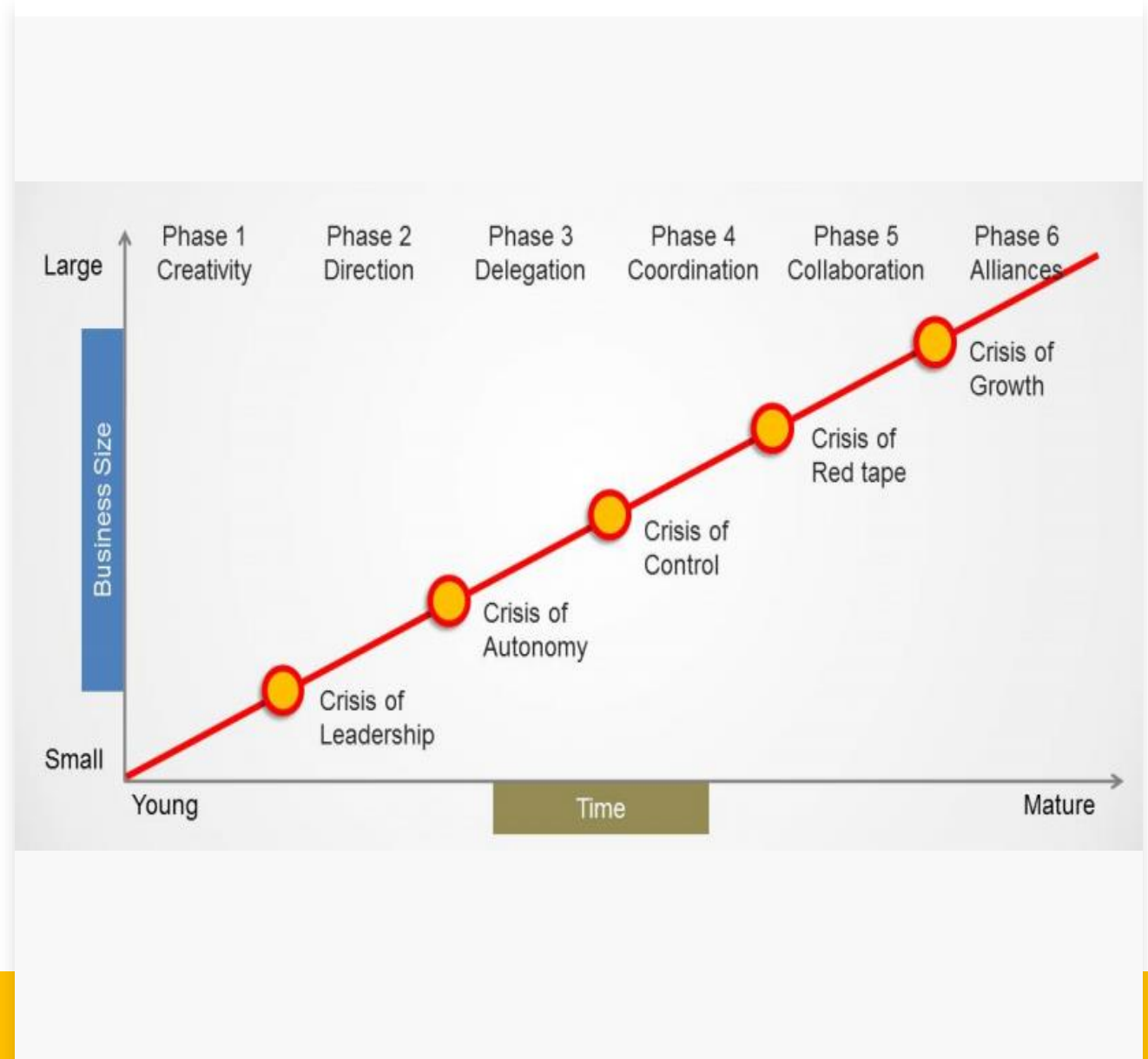
- Technology greatly influences organizational design. We saw this through the COVID-crisis where many companies **effortlessly went digital and some even closed their offices.**
- Information Technology enables **organizations to become more decentralized, improve horizontal coordination through intranets, and external collaboration becomes possible through extranets**

Developing a new technology operating model



4. SIZE & LIFE CYCLE

- Size is another factor that impacts organizational design. Small organizations are **usually responsive, flexible, flat, organic, and entrepreneurial**. Large organizations create value through **efficiencies, have a global reach and brand, a more stable market, and put more emphasis on managers**. This leads to different organizational design choices.
- As organizations grow, they go through different stages of development. Knowing which stage an organization is in helps to spot misalignment between the organizational goals & strategy & the organizational structure. In addition, it helps to identify which crisis the organization is likely to face.



5. CULTURE

- Every organization has its own unique culture based on their **values, assumptions, beliefs, attitudes, feelings, stories, heroes, symbols, language, and habits**. These cultures are best summarized in the competing values framework.
- This framework proposes that there are a number of competing values in an organization: **flexibility vs. stability**, and an **internal vs. external focus**.
- The values compete, meaning that it is not possible to be both stable and flexible, or both internal and external focused.

TYPES OF ORGANIZATIONAL CULTURE



ORGANIZATION DEVELOPMENT STRATEGY:

Five Phases to Designing and Implementing



ENTRY

Exploring the problem, opportunities, or situation. Output is an engagement contract or project plan with expectations and agreement on scope.



DIAGNOSIS

The fact-finding phase. A data collection process where information is gathered, analyzed, and reviewed.



FEEDBACK

Exploring information for understanding, clarity, and accuracy. Output is an action plan that outlines the change solutions to be developed, and defined success indicators based on the information and data analysis.



SOLUTION

Correcting the problem, closing gaps, improving, or enhancing performance, or seizing opportunities. Output is a plan or suggested training course curriculum.



EVALUATION

Collecting data to determine if the initiative is meeting goals and achieving defined success indicators. Output is an evaluation report with recommendations for continuous improvement.



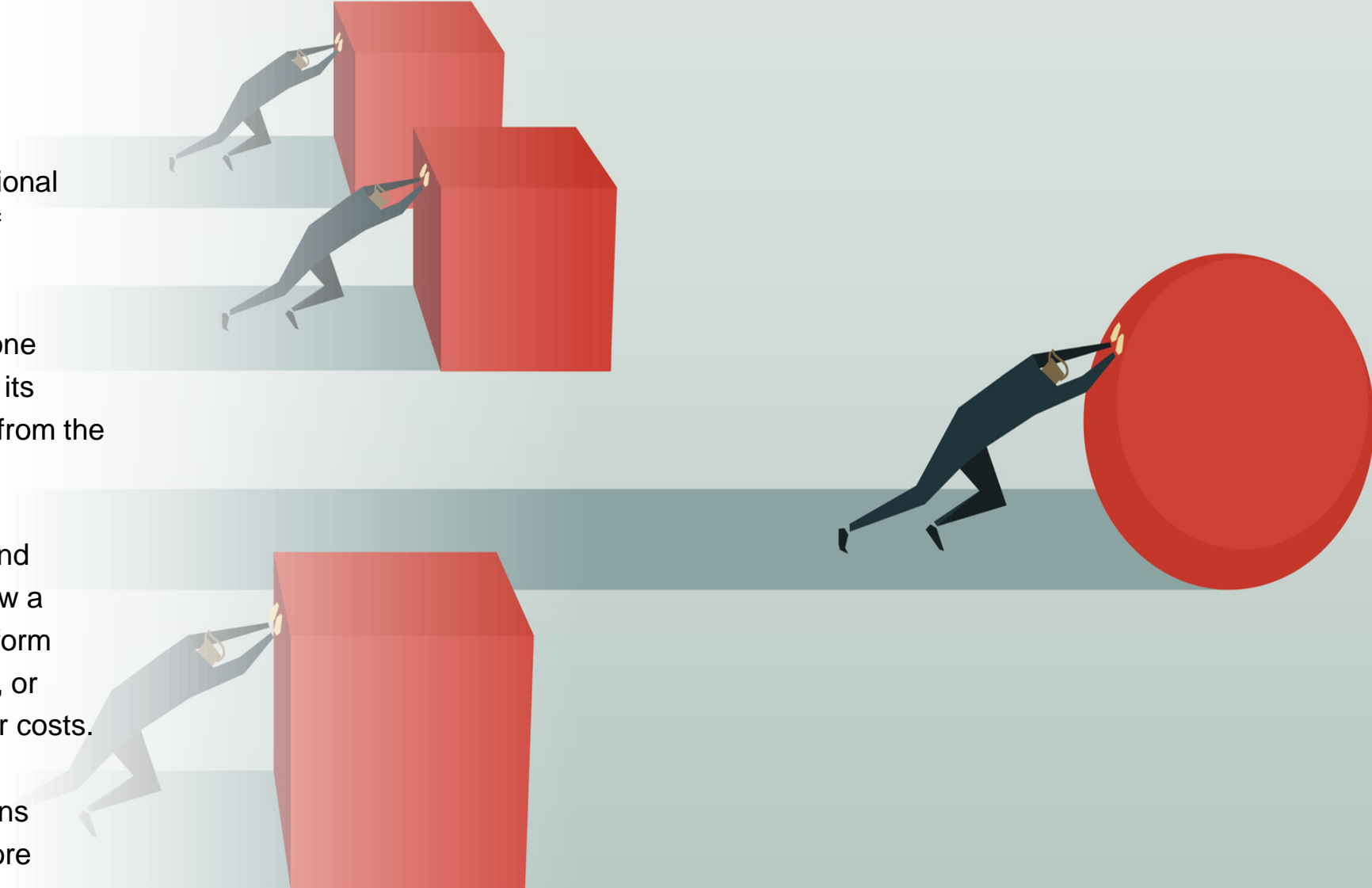
Competitive advantage

		Competitive advantage	
		Lower costs	Differentiation
Competitive scope	Broad target	Cost leadership	Differentiation
	Narrow target	Cost focus	Differentiation focus

GAINING COMPETITIVE ADVANTAGE

Organizations are discovering that organizational design, change and redesign are a source of sustained competitive advantage.

- **Competitive advantage** – the ability of one company to outperform another because its managers are able to create more value from the resources at their disposal.
- **Core competences** – managers' skills and abilities in value-creating activities. It allow a company to develop a strategy to outperform competitors and produce better products, or produce the same products but at a lower costs.
- **Strategy** – the specific pattern of decisions and actions that managers take to use core competences to achieve a competitive advantage and outperform competitors.





HOW DO MANAGERS MEASURE ORGANIZATIONAL EFFECTIVENESS?

Control

(external resource approach)

Innovation

(internal systems approach)

Efficiency

(technical approach)

How do managers measure organizational effectiveness?



- **Control (external resource approach)** – having control over the external environment and having the ability to attract resources and customers (**goals: lower costs of input, obtain high quality, increase market share**).
- **Innovation (internal systems approach)** – developing an organization's skills and capabilities so the organization can discover new products and processes. It also means designing and creating new organizational structures and cultures that enhance a company's ability to change, adapt and improve the way it functions (**goals: cut decision making time, increase rate of product innovation, reduce conflict**).
- **Efficiency (technical approach)** – developing modern production facilities using new information technologies that can produce and distribute a company's products in a timely and cost-effective manner. It also means introducing techniques like internet-based information systems, total quality management and just-in-time inventory systems to improve productivity (**goals: reduce costs, improve service**).

STRATEGY, ORGANIZATION DESIGN AND EFFECTIVENESS

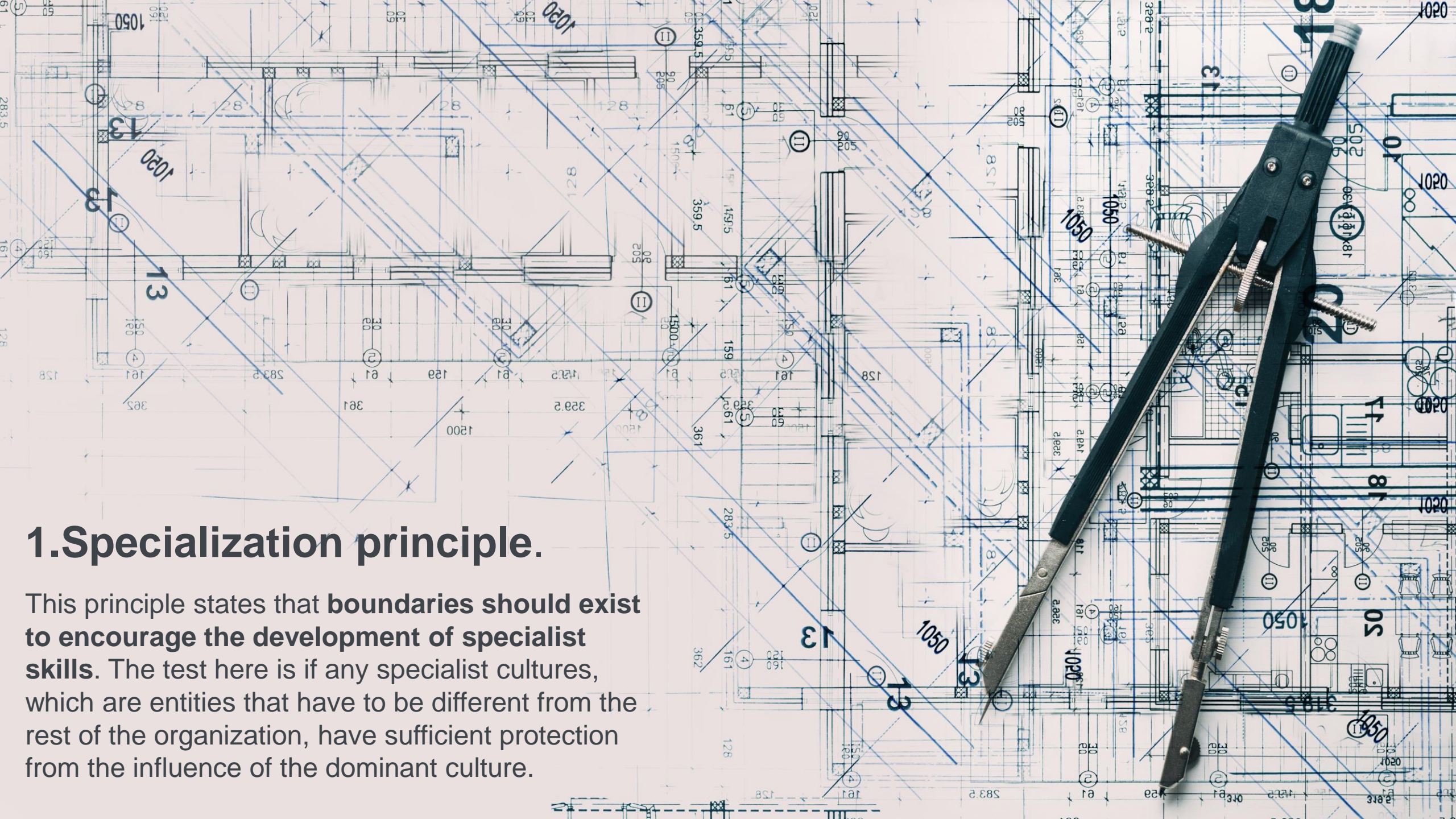


THE FIVE ORGANIZATIONAL DESIGN PRINCIPLES



1.Specialization principle.

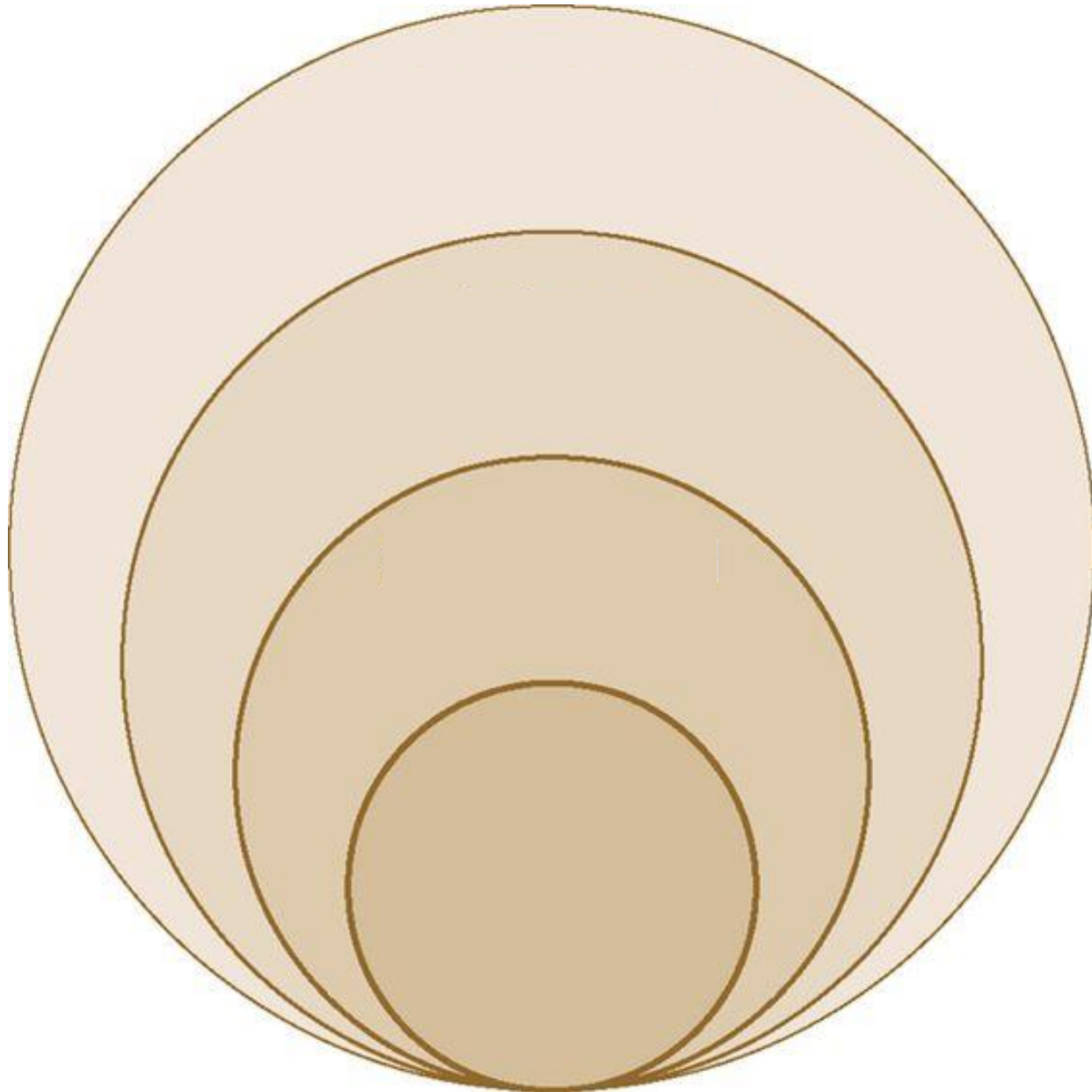
This principle states that **boundaries should exist to encourage the development of specialist skills**. The test here is if any specialist cultures, which are entities that have to be different from the rest of the organization, have sufficient protection from the influence of the dominant culture.



A close-up photograph of a large colony of orange ants. The ants are densely packed on a dark, textured surface, likely a piece of wood or bark. They are engaged in various activities, with some ants appearing to be carrying small particles or interacting with each other. The background is a soft, out-of-focus purple and blue gradient.

2. Co-ordination principle.

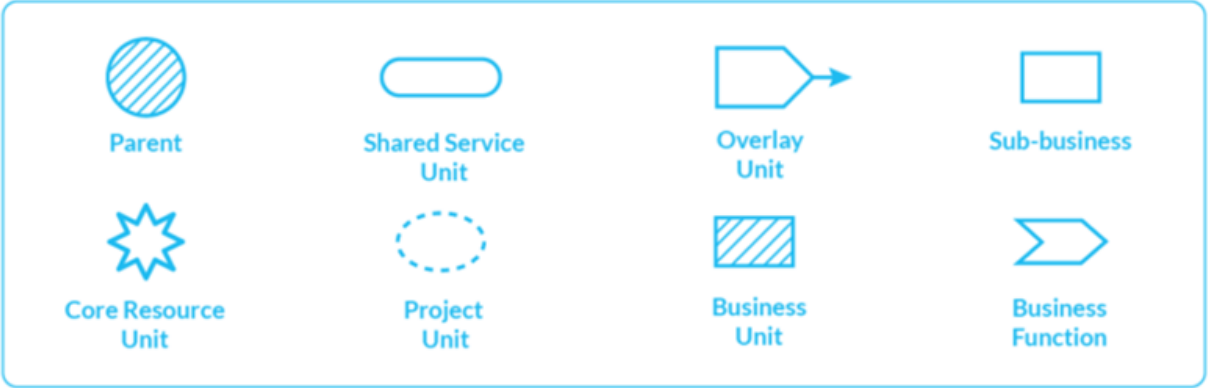
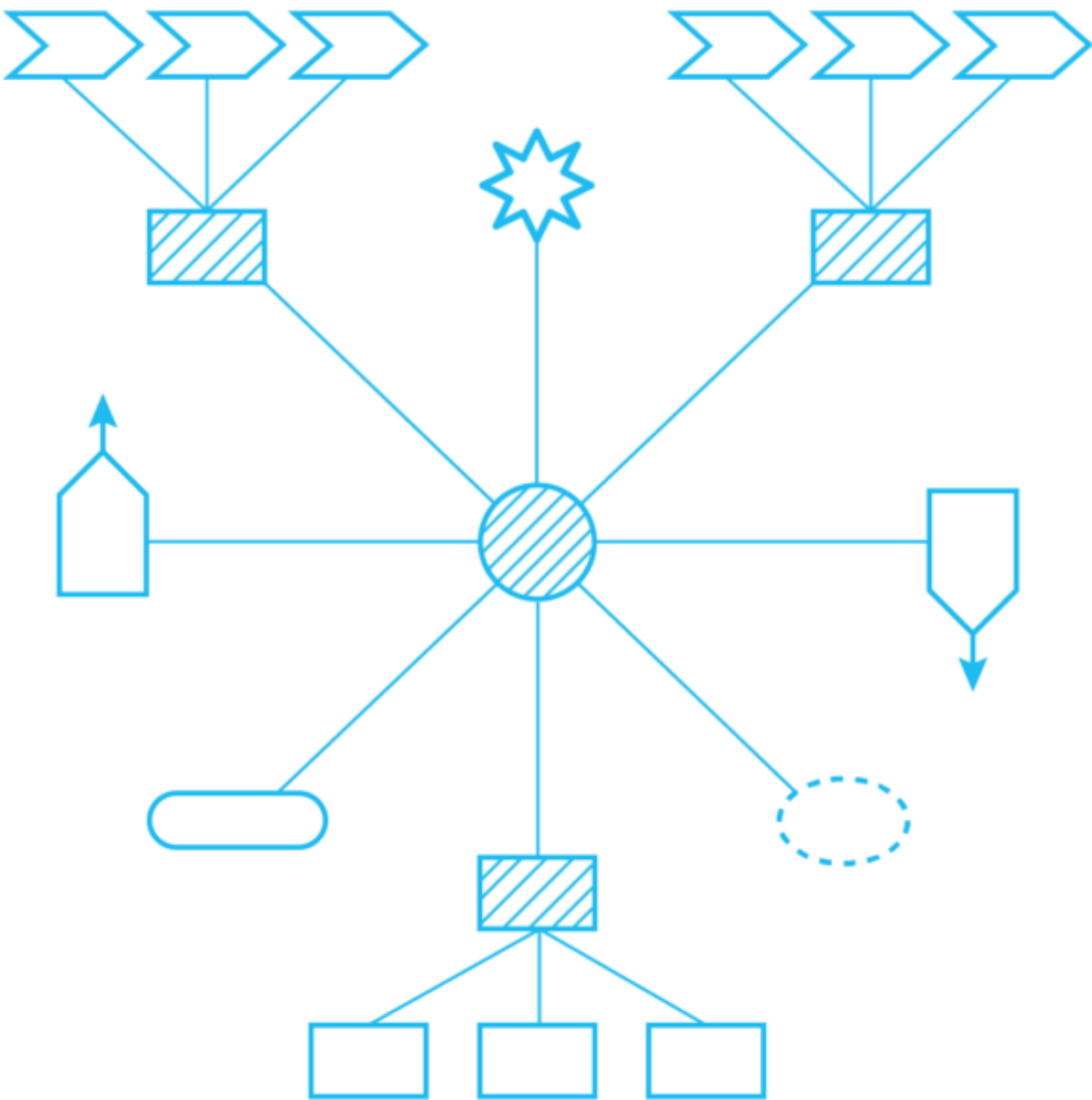
This principle states that **activities that are done should be coordinated in a single unit**. This unit can be a business unit, business function, (horizontally coordinating) overlay unit, sub-business, core resource unit, shared service unit, project unit, or parent unit.



4 LEVELS OF STRATEGY



ORGANIZATIONAL DESIGN EXAMPLE



3. Knowledge and competence principle.

This principle states that **responsibilities should be allocated to the person or team best fit to do them.**

This means that tasks are retained by **higher levels based on their knowledge and competitive advantage.** If this is not the case, they should be positioned lower in the organization.

This means that the CEO should not be involved in every decision – especially not decisions that involve specialists with much more subject-matter knowledge.

The CEO is there for the big picture and to balance complex decisions that impact the organization and strategy.



4. Control and commitment principle.

This principle is about having **effective control on the one hand while maintaining engagement and commitment on the other hand**. This is always a balance.

The test here is to have a control process that is aligned with the unit's responsibility, cost-efficient to implement, and motivating for the people in the unit.



5. Innovation and adaptation principle

This principle states that **organizational structures should be sufficiently flexible to adapt to an ever-changing world.**

The test here is that the organizational design will help the development of new strategies and to adapt to future changes.



A photograph of white chess pieces on wooden blocks. A king piece sits on the tallest block in the center. Two pawns sit on shorter blocks on either side. A knight piece is partially visible on the far left. The background is a soft-focus grey.

6. Organisational Theory, Structure and Design-OTSD

- Increase Specialization & Division of labour
- Use large-scale Technology
 - Increases the value that the organization can create
 - Manage the external environment
- The use of an organization allows people jointly to:
 - Economize on transaction costs
 - Exert power & control

Hierarchical Structure

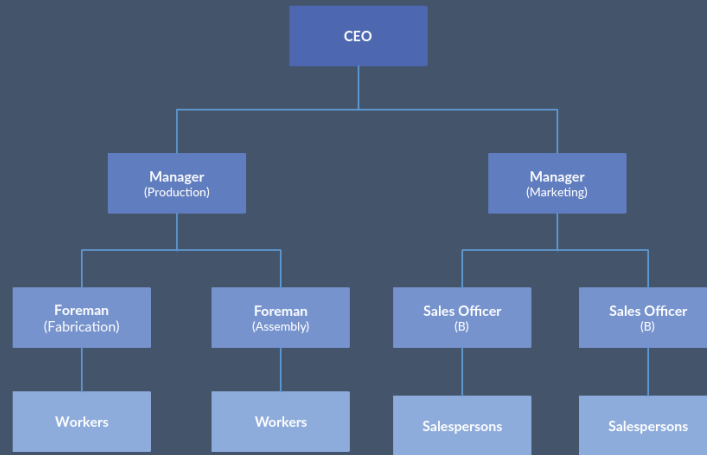
- The hierarchical model is **the most popular organizational** chart type. There are a few models that are derived from this model.
- In a hierarchical organization structure, **employees are grouped with every employee having one clear supervisor**. The grouping is done based on a few factors, hence many models derived from this.



FUNCTION

Employees are grouped according to the function they provide.

The functional org chart may have finance, technical, HR operations, marketing, procurement and admin groups.

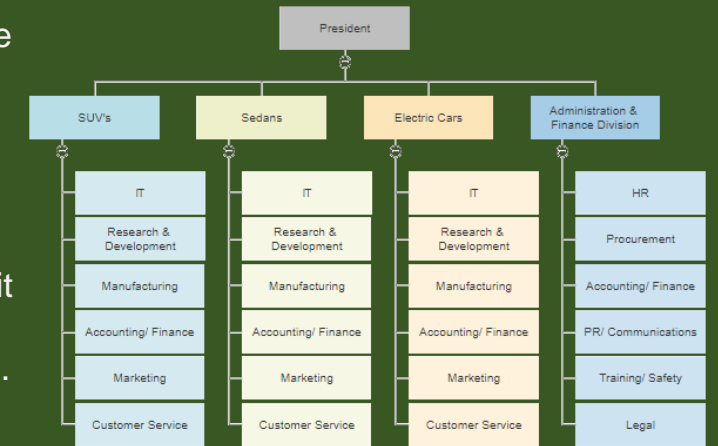


DIVISIONAL DESIGN

As companies began making different products, acquiring other companies, or expanding into new geographical areas, they often split into divisions.

Each division has its separate profit-and-loss statement.

The separation makes the performance of each division clear to everyone, including investors. It also means that it doesn't affect other parts of the business if a division fails.



PRODUCT

If a company is producing multiple products or offering different services it can be grouped according to the product or service.

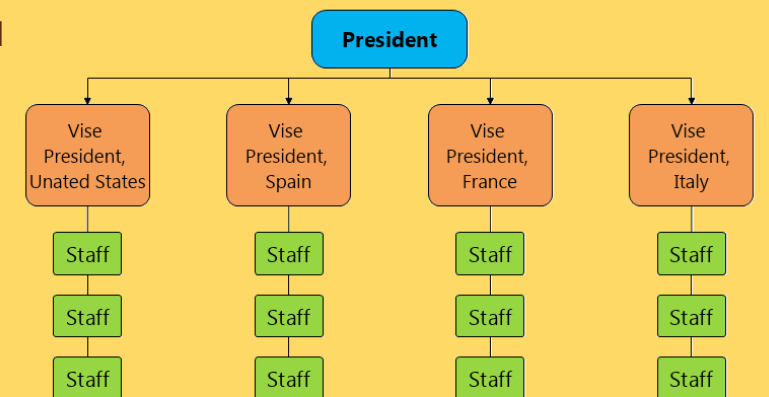


GEOGRAPHY

Employees are grouped based on their region.

For example in Pak employees might be grouped according to the provinces.

If it's a global company the grouping could be done according to countries.





Classical

- Division and specialization of labor - match the person to the job
- Chain of command a power structure - staff, line authority
- Organizational structure - pictures of relationships
- Span of control - number of subordinates (8)

BUREAUCRACY

'Bureau' means desk; 'Cracy' means rule
; Bureaucracy means rule of the desk

Common qualities attributed
to a bureaucracy;

- Inefficiency
- Red Tapeism
- Paper shifting
- Rigid application of rules
- Redundancy of efforts

Features of a Bureaucracy

- Division of labour
- Hierarchy
- Regulation
- Impersonality
- Record keeping
- Administrative staff
- Career structure/ orientation

BUREAUCRACY

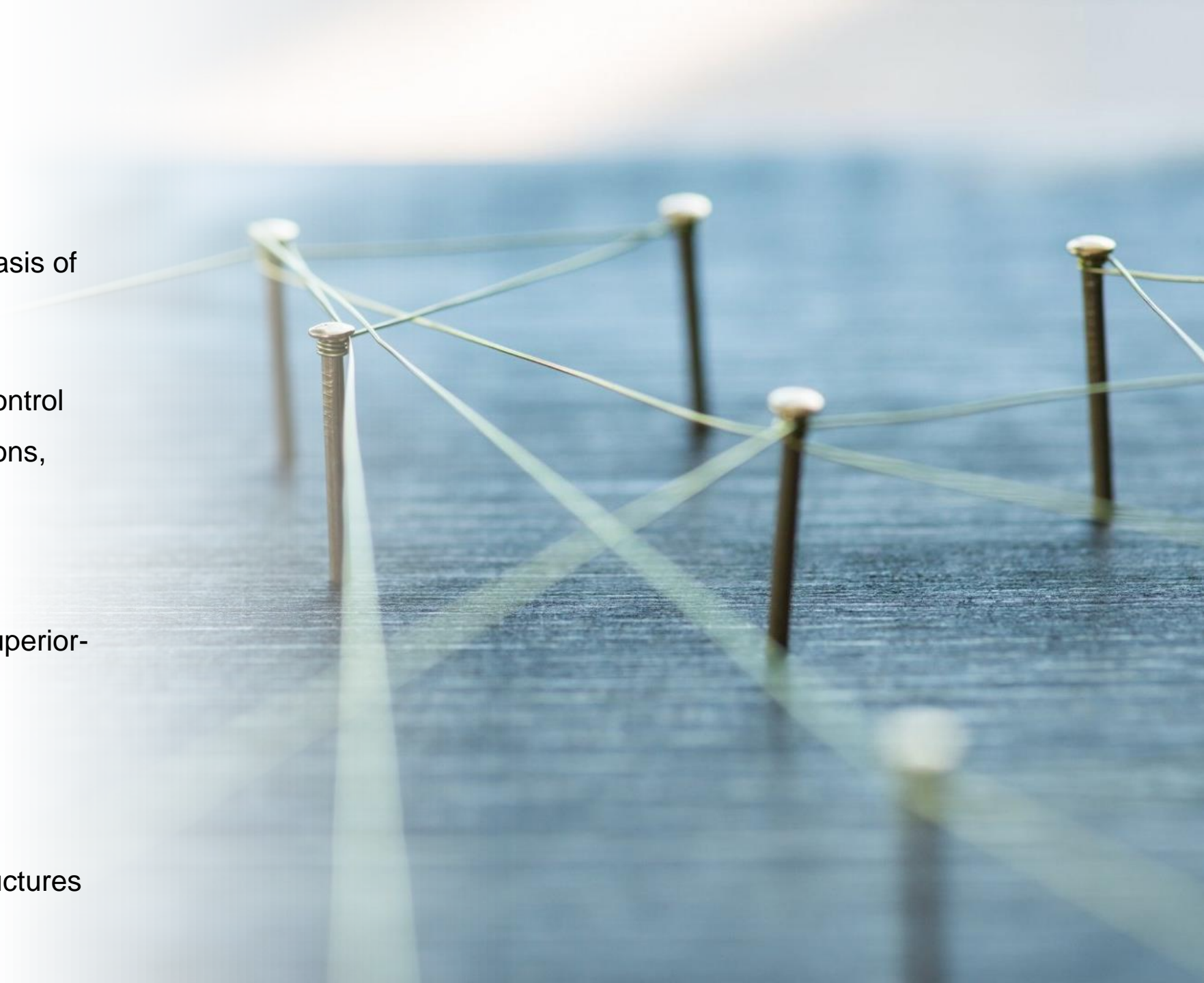


Four Components of a Fully Developed Organization

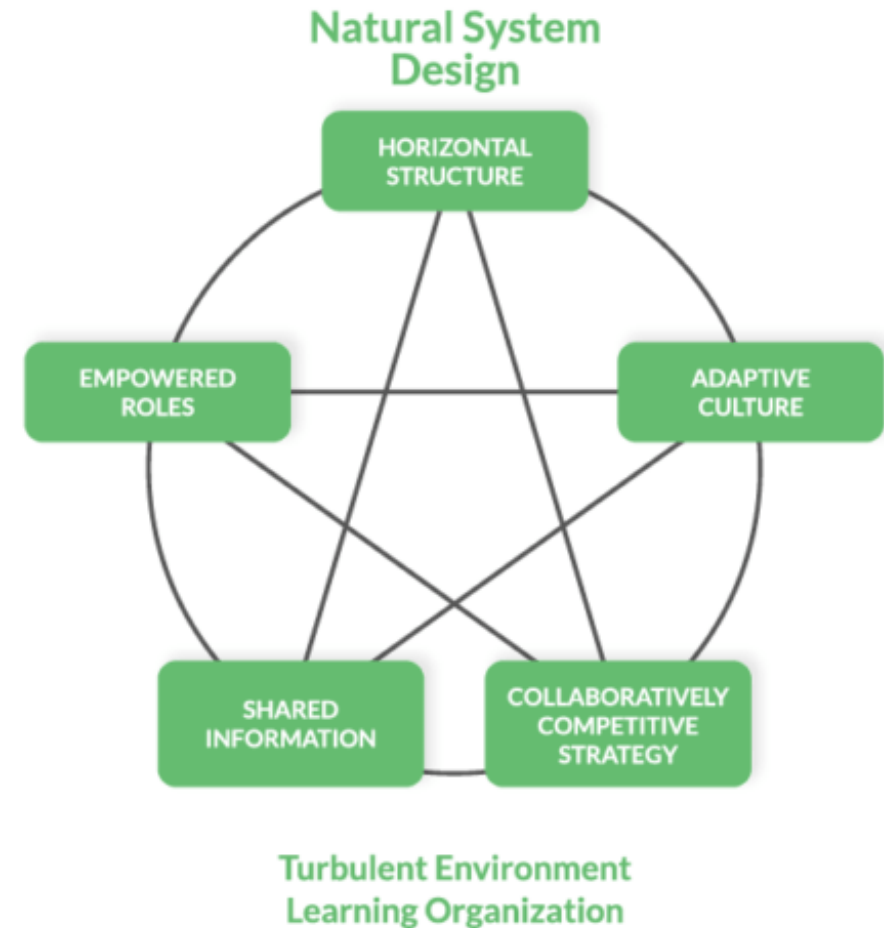
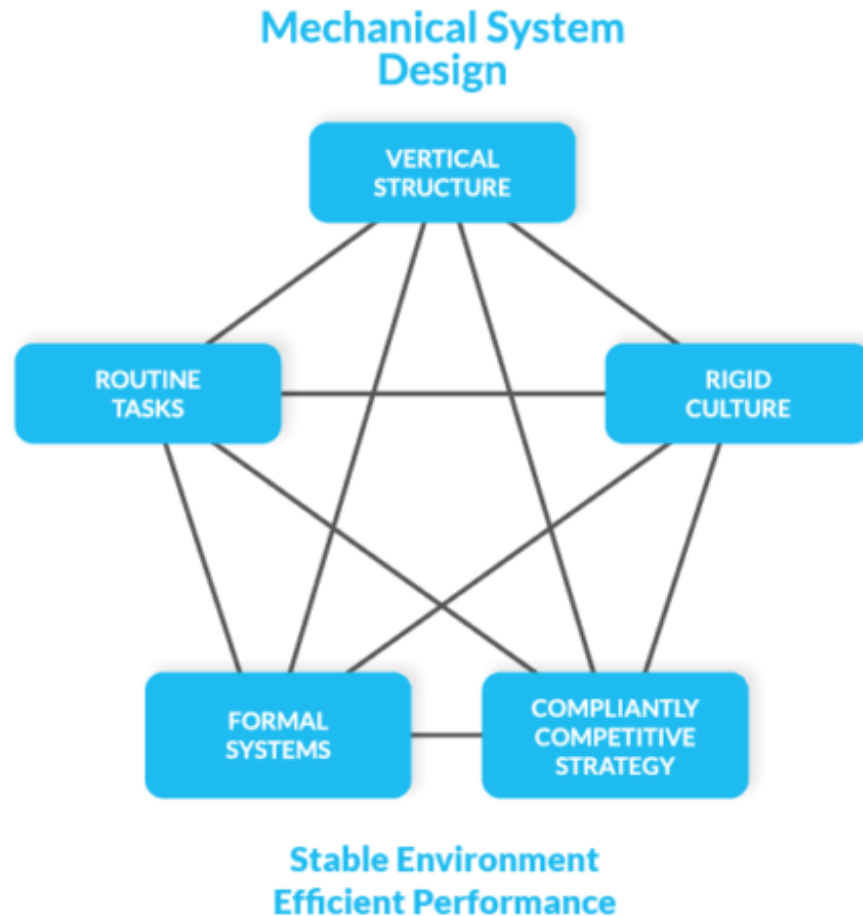
1. Operating core Staff
2. Middle Management
3. Technical or support staff
4. Strategic Apex Planners, decision makers

ORGANIZATION DESIGN ASPECTS

- Mechanistic vs. Organic
- Classical form of Bureaucracies- Basis of Legal Authority, Logic and Order
- Centralization vs. Decentralization
- Chain of Command and Span of Control
- Formalization-written rules, regulations, policies and procedures
- Specialization
- Standardization
- Stratification- inhibits free flow of superior-subordinates interaction
- Tall and Flat structures
- Line and Staff functions
- Departmentalization
- Functional, Product and Matrix Structures
- Hybrid Structures



TWO IDEAL-TYPE ORGANIZATION DESIGN APPROACHES



MECHANISTIC

ORGANIC

Individual Specialization Employees **work separately and Specialize in one clearly defined Task**

Joint Specialization Employees **work together and Coordinate their actions** to find the best way of performing a task

Simple integrating mechanisms. **Hierarchy of authority** is clearly Defined and is the major Integrating mechanism.

Complex Integrating Mechanism. **Task forces and teams** are the Major integrating mechanisms

Centralization Authority to control tasks is kept at the top of the organization. Most communication is **vertical**

Decentralization Authority to control tasks is Delegated to people at all levels. Most Communication is **lateral**

Standardization. Extensive use is made of **rules and SOPs** to coordinate tasks, And work process is **predictable**

Mutual Adjustment. Extensive use is made of **face-to face Contact** to coordinate tasks, and work Process is relatively **unpredictable**

Status-Conscious. Formal Organization. Employees **protect their area of authority and responsibility** from others

Expertise-Conscious. Informal Organization. Employees **share their skills with others and authority** and responsibility change Over time

Mechanistic

Stable, low uncertainty environment

Top-down hierarchy

Narrow span of control

Specialized tasks

Formal rules

Vertical communication

Structured decision-making

Organic

Unstable, high uncertainty environment

Less rigid, horizontal organization

Flexible, few rules

Two-way communication

Participatory decision-making

Generalized shared tasks

Wide span of control

MATRIX ORGANIZATION STRUCTURE





MATRIX ORGANIZATION

ADVANTAGES

- Is oriented towards end results
- Professional identity is maintained
- Pin-points product-profit relationship

DISADVANTAGES

- Conflict in organization authority exists
- Possibility of disunity of command exists
- Requires manager effective in human relations

MATRIX ORGANIZATION

Making Matrix Organization Effective:

1. Define objectives clearly
2. Clarify roles. Authority and responsibilities of managers and team members
3. Influence based on knowledge & information and not on rank
4. Balance power of project and functional managers
5. Provide an experienced manager to head project-leadership
6. Install cost ,time, quality controls-deviations
7. Reward project managers team members fairly



MATRIX ORGANIZATION

Problems with Matrix Organizations

1. State of conflict between functional and project managers
2. Role conflict, role ambiguity, role overload leading to stress
3. Managers try to protect themselves from blame by putting everything in writing thereby increasing administrative costs
4. Matrix organization has many time-consuming meetings



DESIGNING AN EFFECTIVE ORGANIZATIONAL STRUCTURE

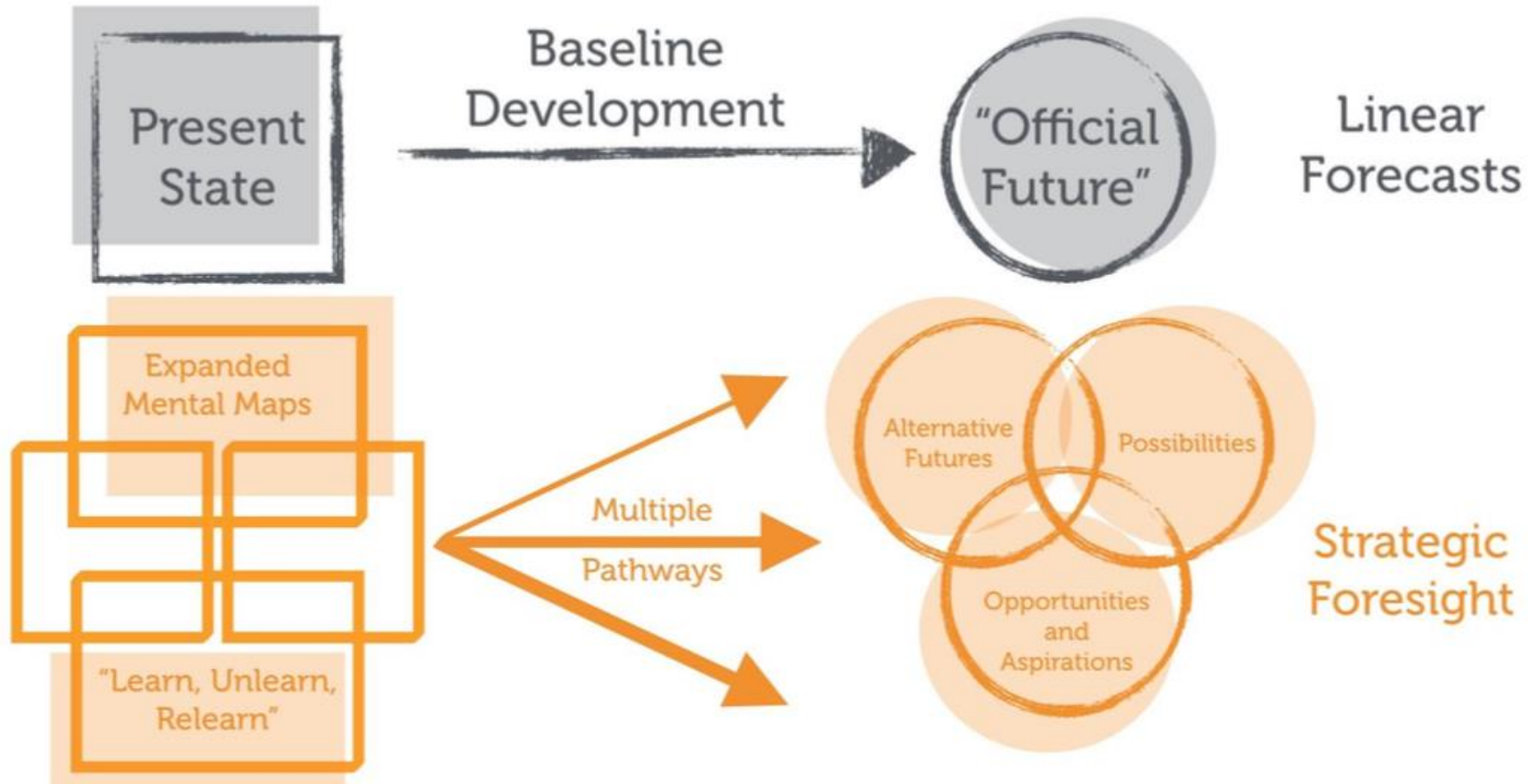
- Part of strategic planning.
- Long range 3-5 years.
- A structure through which individuals cooperate systematically to conduct business.
- Most common form is the pyramid.



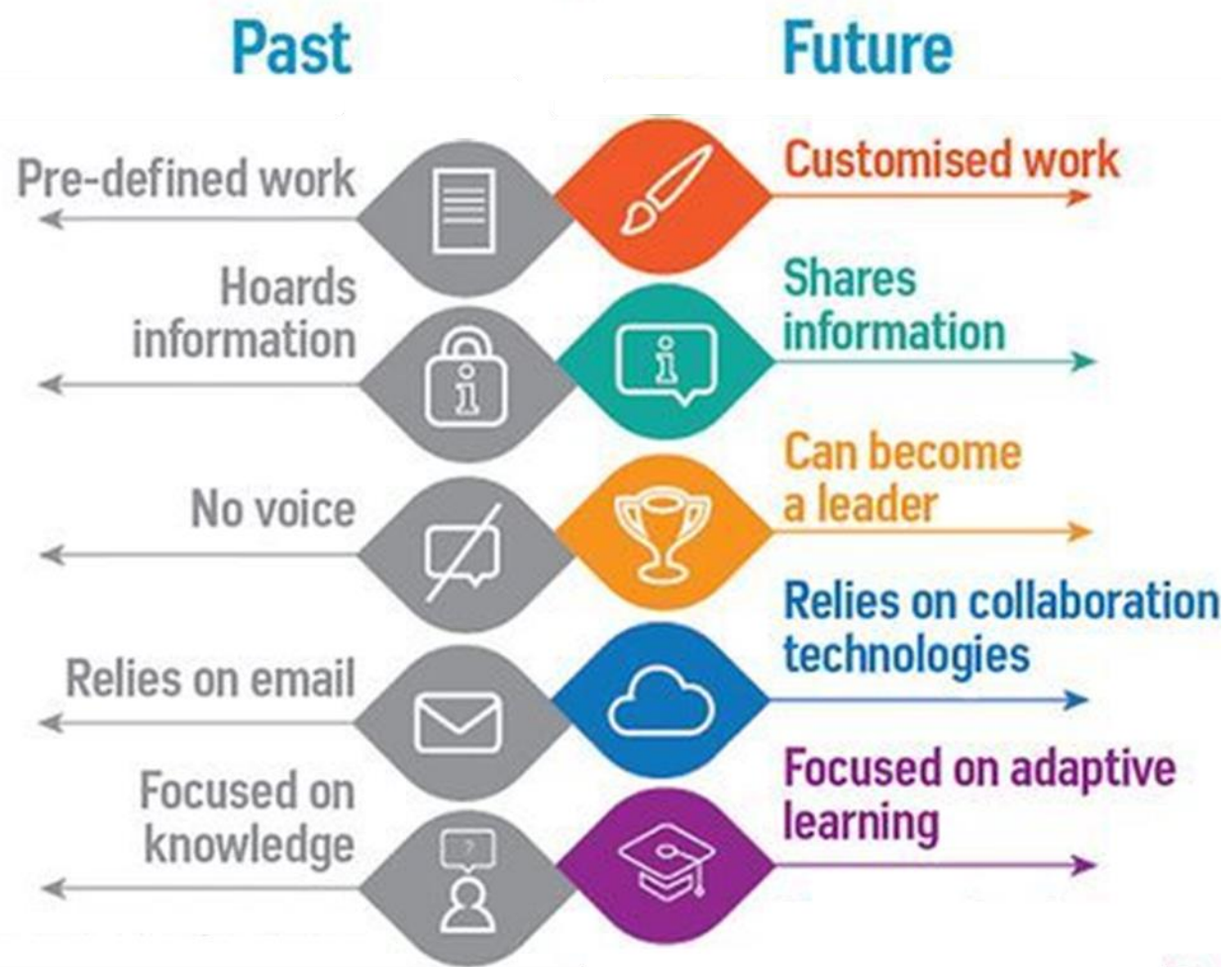
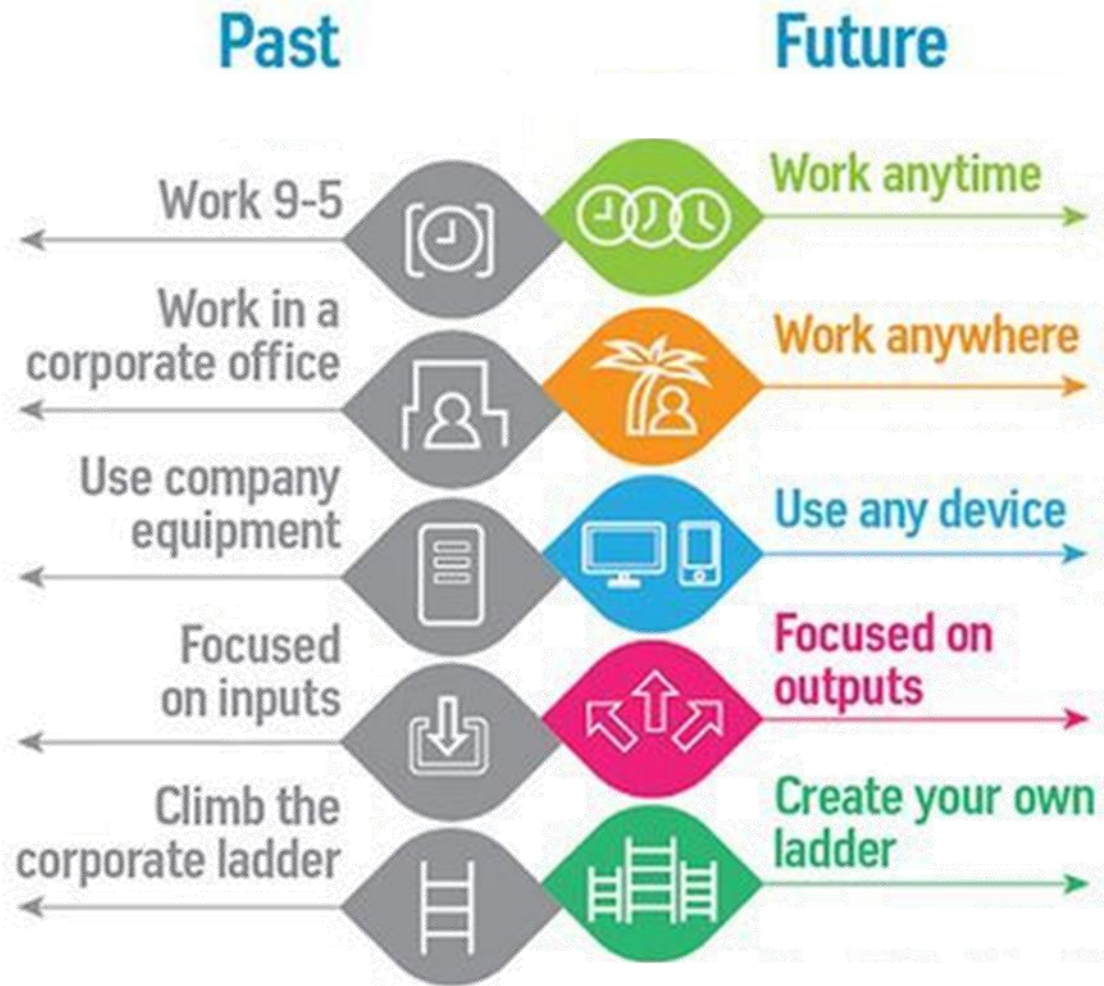
Traditional Business Planning

versus

Strategic Foresight



The evolution of the employee



FRAMEWORK

- Enables a smooth flow of responsibility and accountability
- Distributes decision making

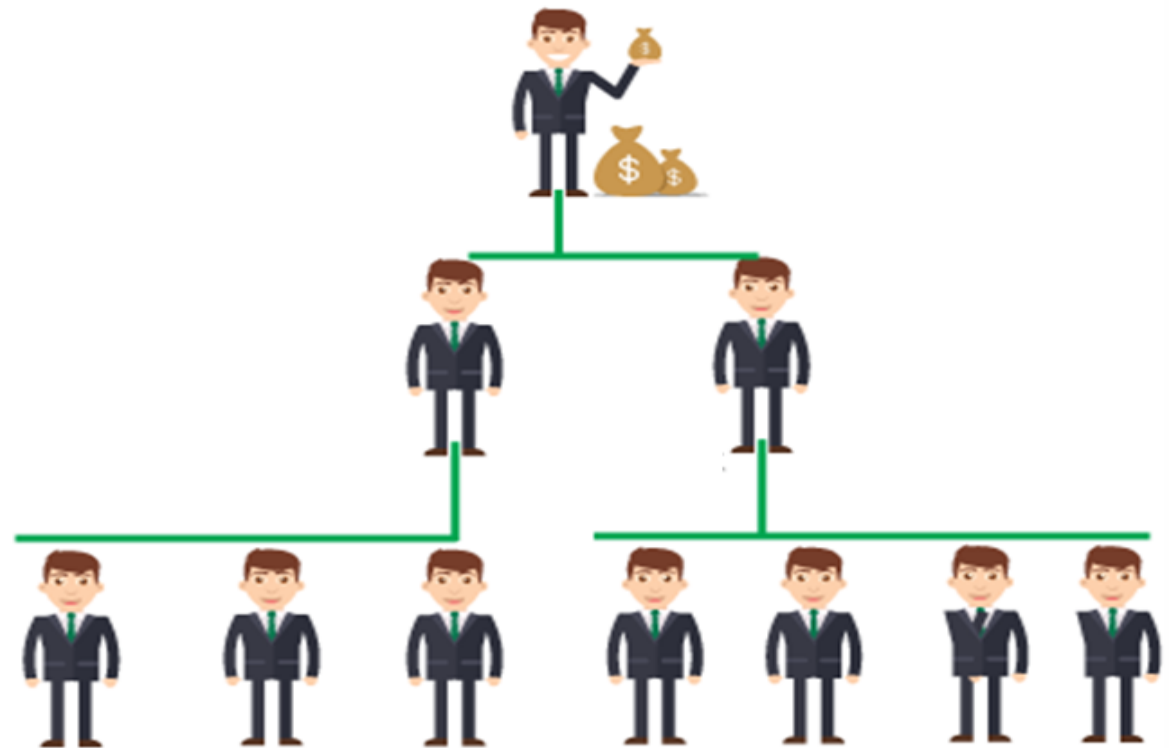
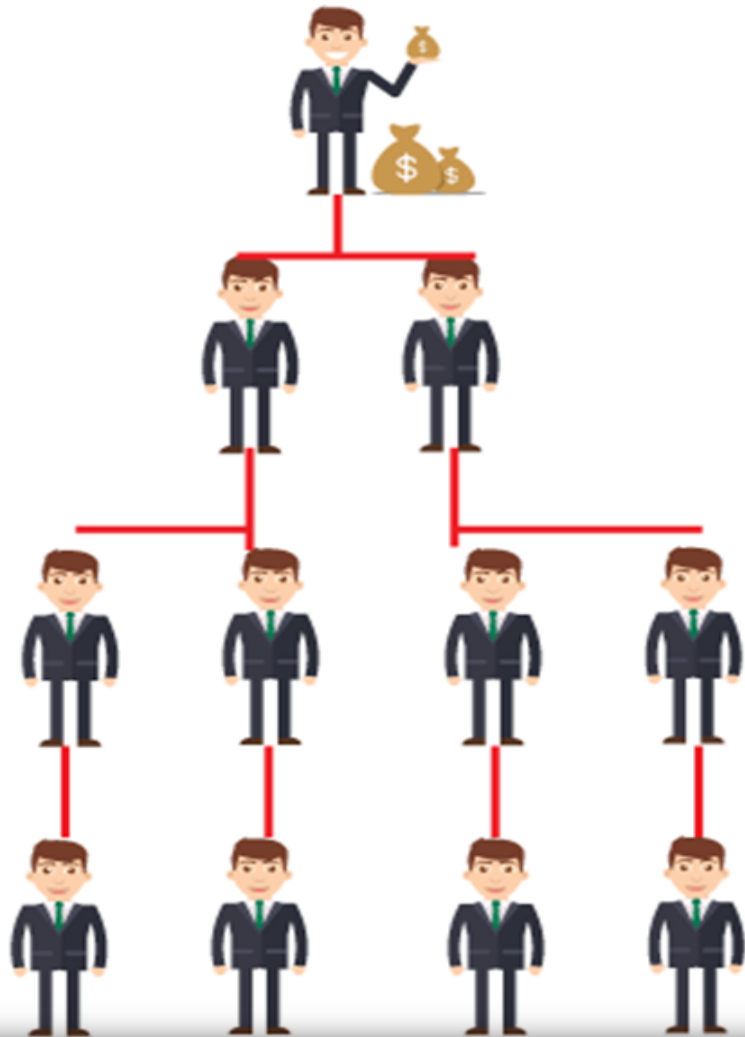




SPECIALIZATION/FUNCTIONAL AREAS

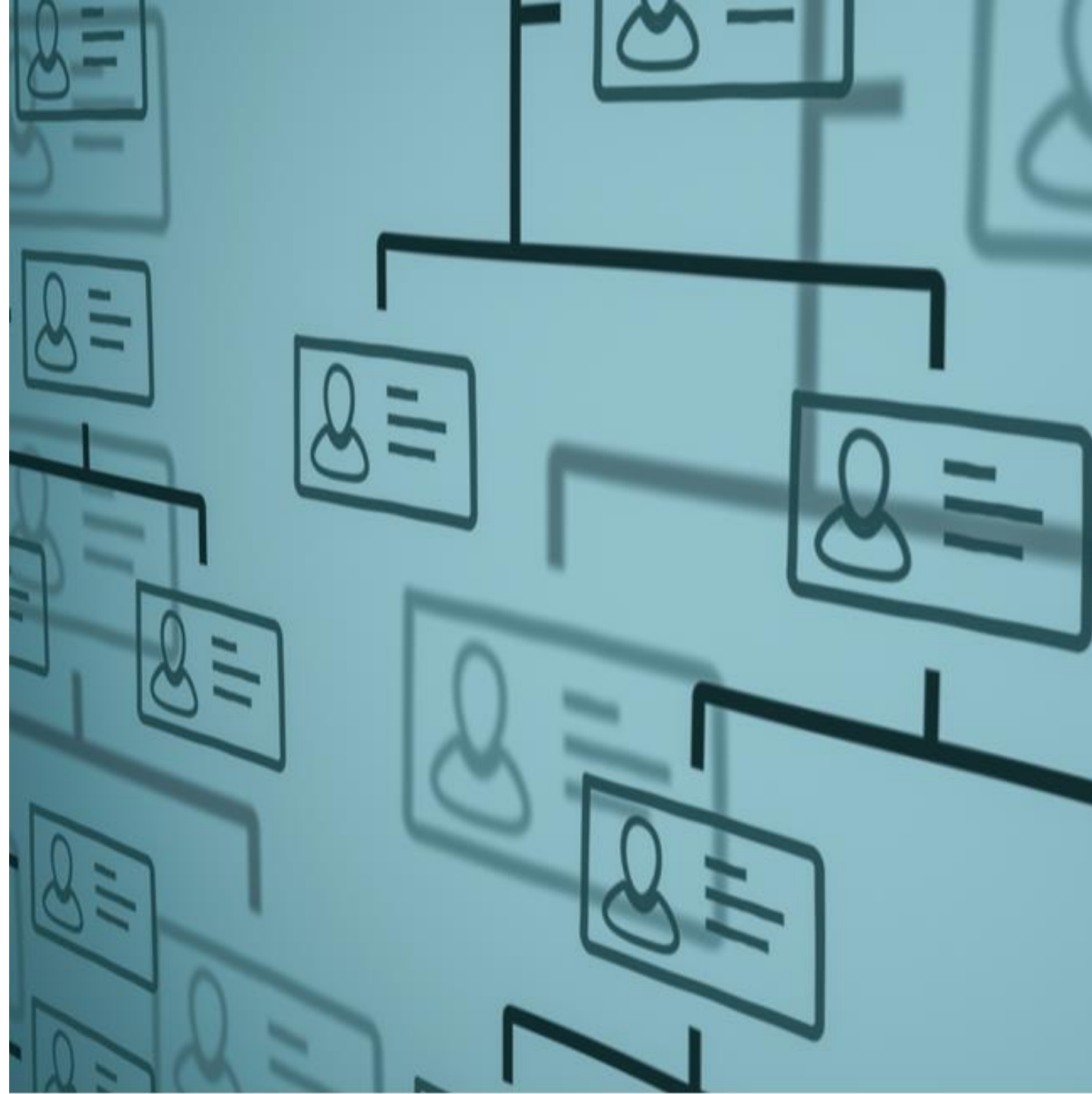
- Describe who will do what job
- Identify what and how much authority
- Focus on specific outcomes or product

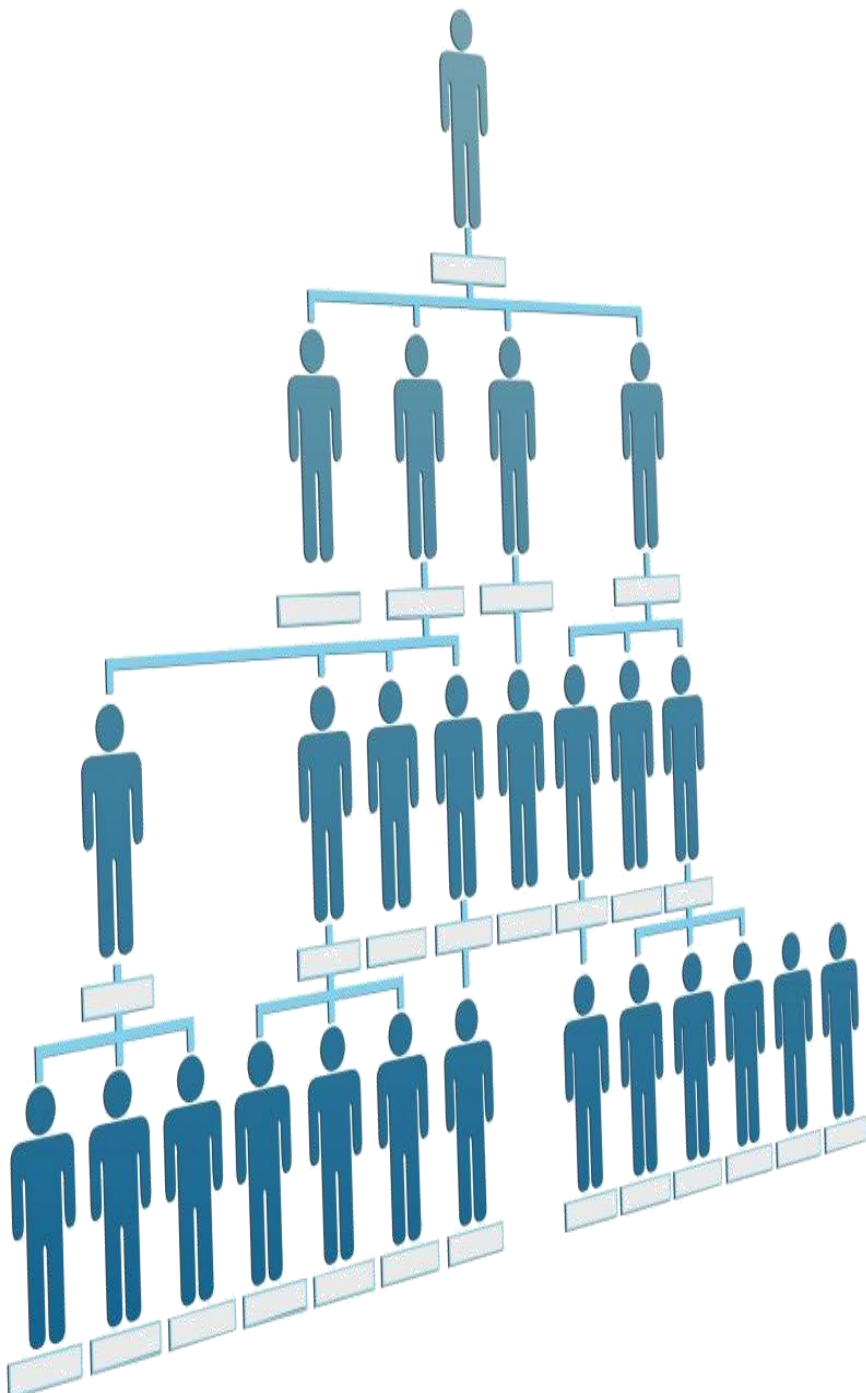
Tall/Vertical vs Flat/Horizontal Organizational Structures



POINTS TO CONSIDER FOR ORGANIZATIONAL STRUCTURE

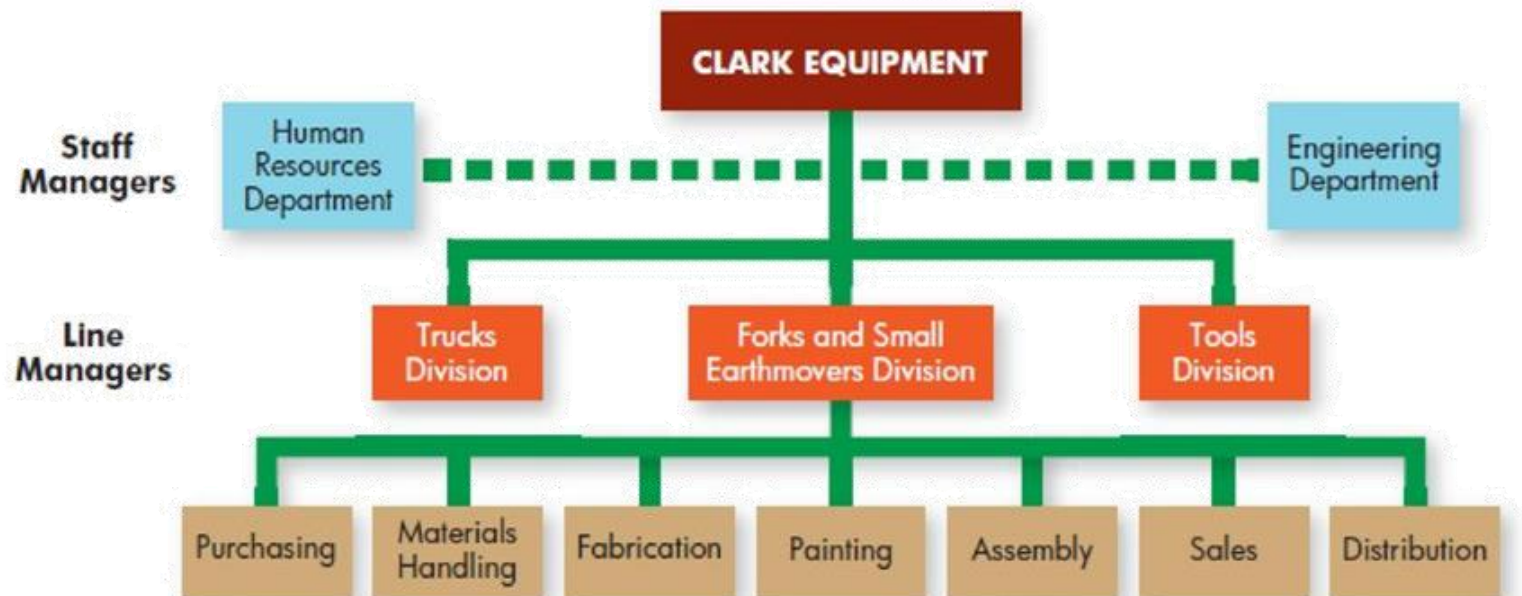
- Flat, horizontal,
- Few levels
- Managers have more people
- Slow, equality
- Tall, vertical, Many levels
- Fast, leader focused





LINE/STAFF

- Line **direct reporting**.
- **Solid line**, Uses a clear chain of command.
- Staff **consulting** or support.
- **Dotted line**, Includes functional groups who provide advice, guidance and special services to line members.



CLASSIC ORGANIZATIONAL STRUCTURE

- Information
- Power
- CEO
- Authority
- Responsibility
- Management
- Staff/workforce





ORGANIZATIONAL STRUCTURE

An important aspect of structure is Complexity which consists of three aspects:

- **Vertical** - how deep
- **Horizontal** - how wide
- **Geographic** - how spread

Another aspect of structure is **Formalization** which is the degree to which rules and procedures are spelt out in the organization.

The third aspect is **Centralization** which implies where decisions are made in the organization

-
- Therefore by structure we mean “ **the distributions, along various lines, of people among social positions that influence the role positions among these people.**” Implications are
 - **Division of labor-** people are given different tasks or jobs
 - Organizations contain **ranks or hierarchies**
 - The positions that people fill have **rules and regulations** that specify in varying degrees, how the incumbents are to behave in those positions





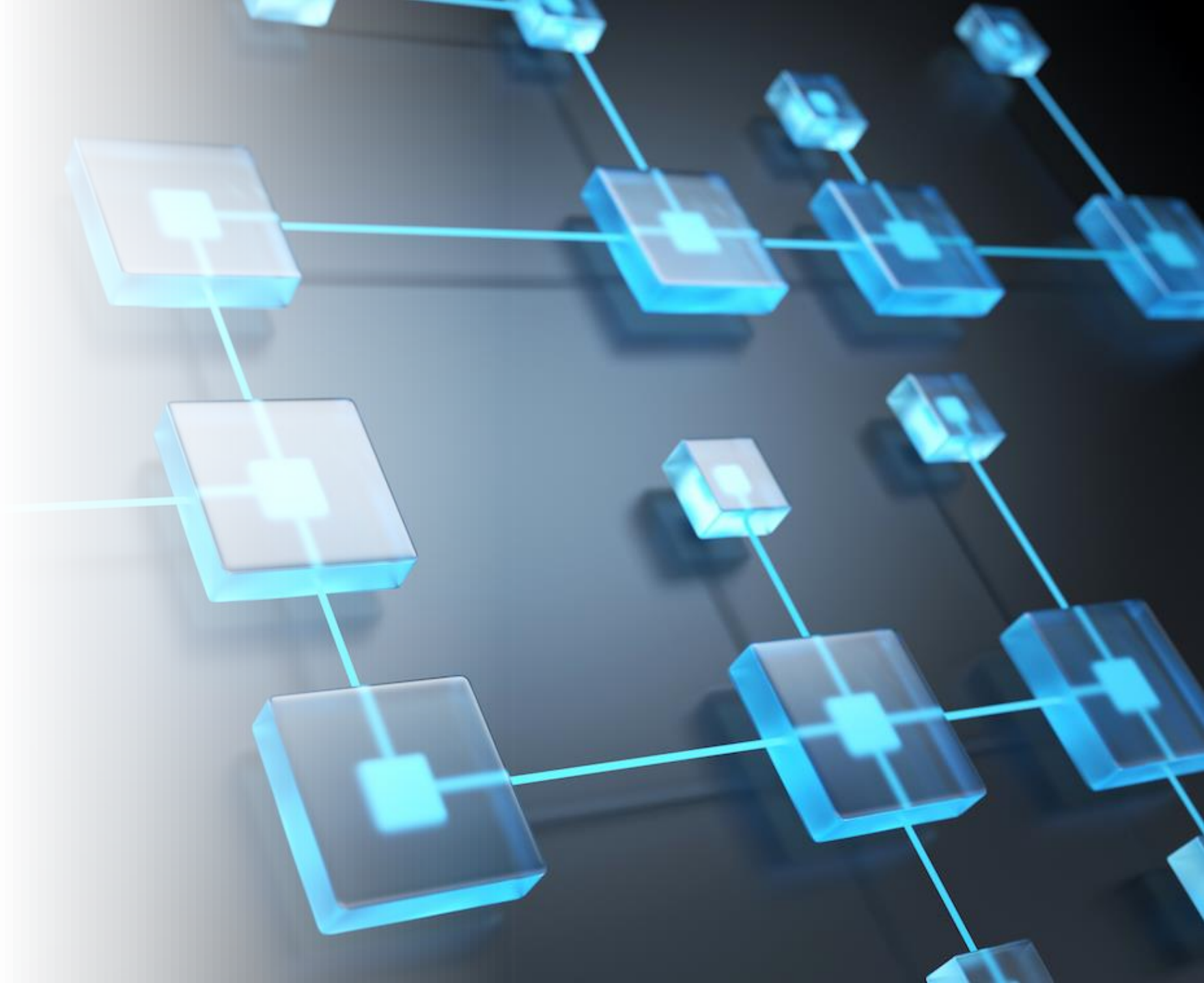
Organizational structures serve three basic functions

- Produce organizational outputs to achieve **organizational goals**
- To minimize or at least regulate the influence of individual variations on the organization. This is done to ensure that individuals conform to requirements of the organization and not vice versa
- Structures are the settings in which power is exercised(structures also set or determine which positions have power in the first place

FACTORS WHICH AFFECT STRUCTURE

- STRATEGY
- ORGANISATION SIZE
- TECHNOLOGY
- ENVIRONMENT

Strategy is a process that results in an outcome which is the basis for organizational decisions and actions.

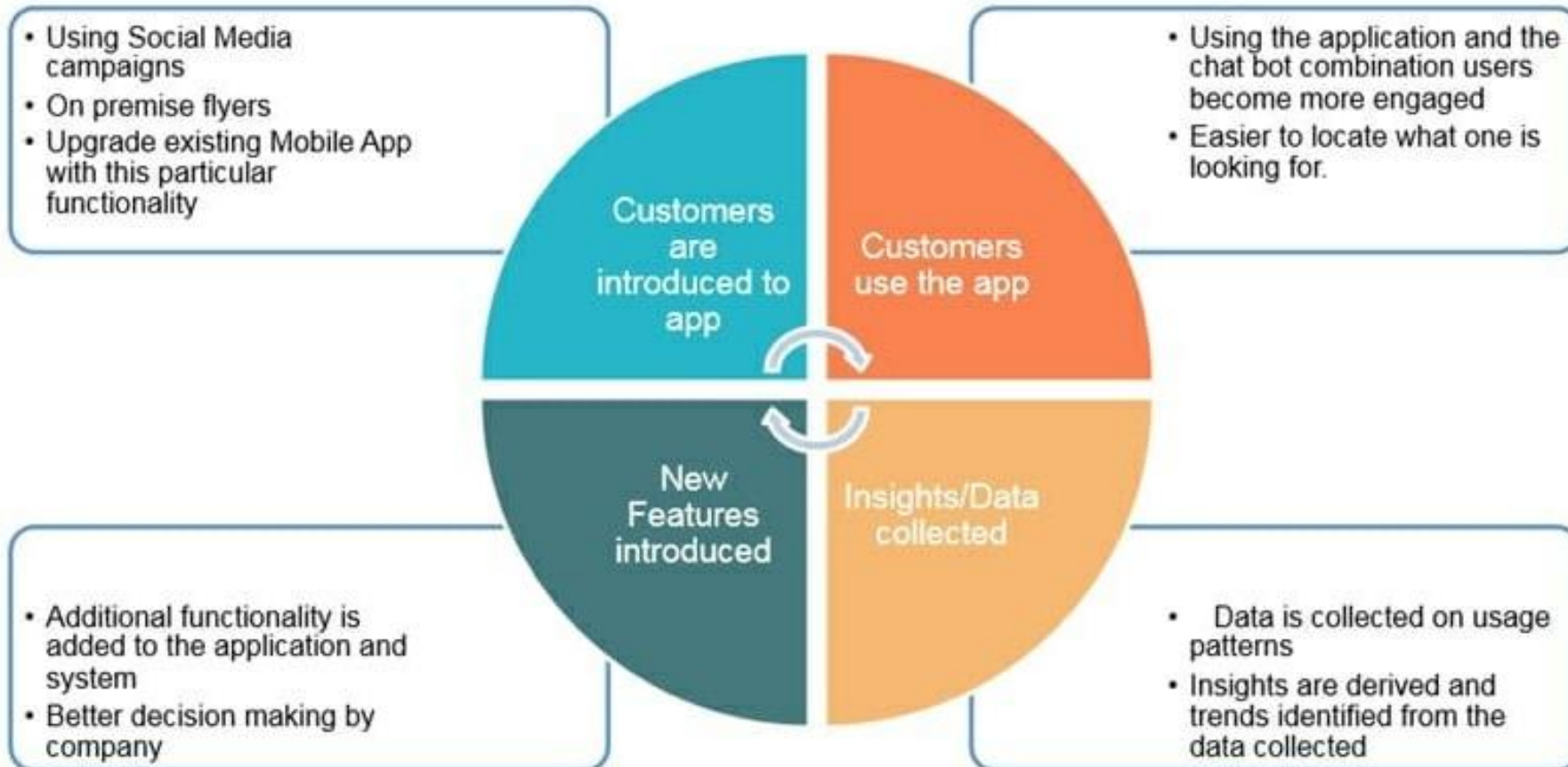


THERE ARE THREE STRATEGY DIMENSIONS

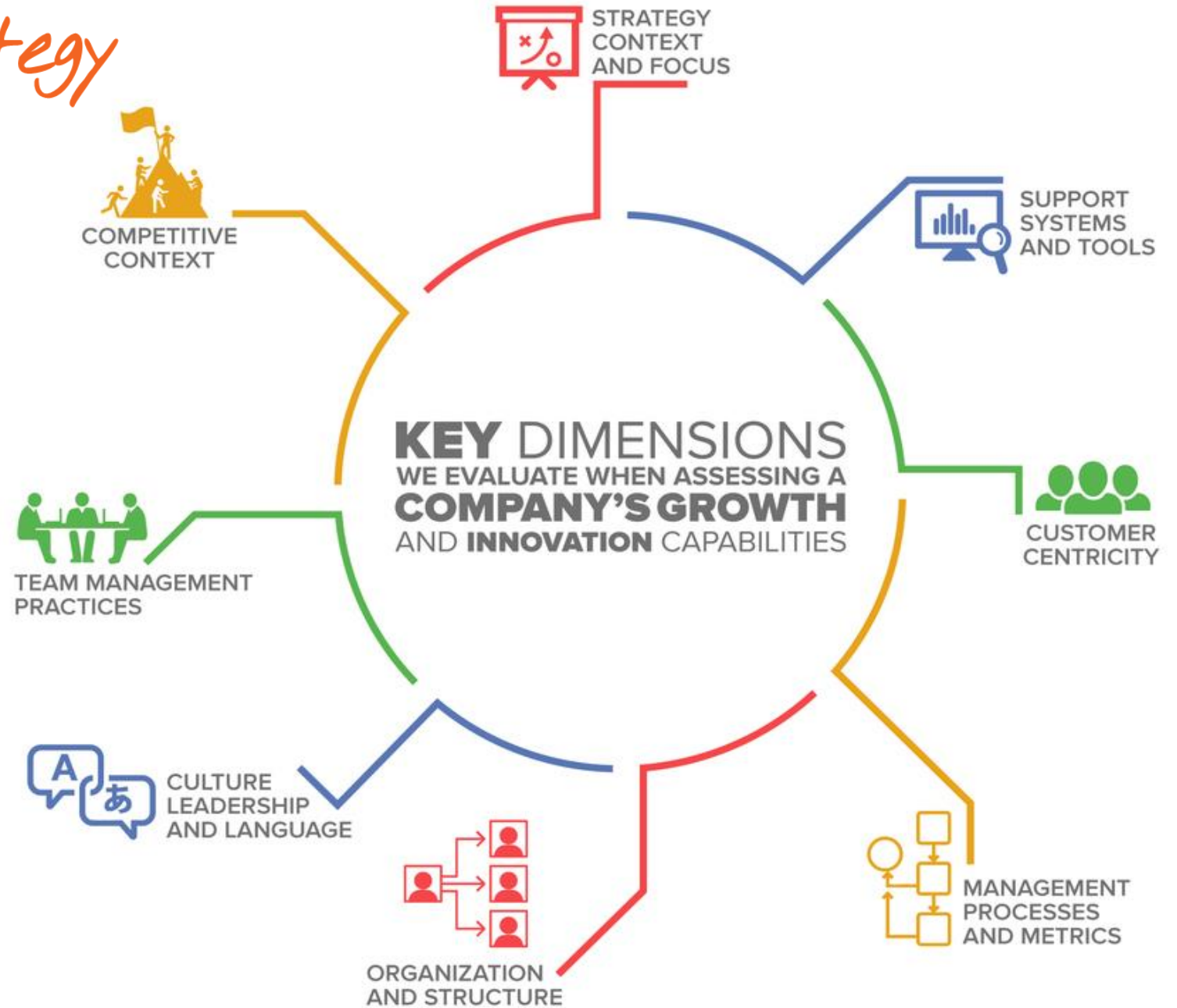
- Innovation Strategy
- Cost Minimization Strategy
- Imitation Strategy

innovation strategy

emphasizes the introduction of major
New products and services.



innovation strategy



- × **Cost Minimization Strategy** emphasizes tight cost controls, Avoidance of unnecessary innovation or marketing expenses, And price cutting.



COSTS

× **Imitation Strategy** seeks to move into new products or new Markets only after their viability has already been proven.

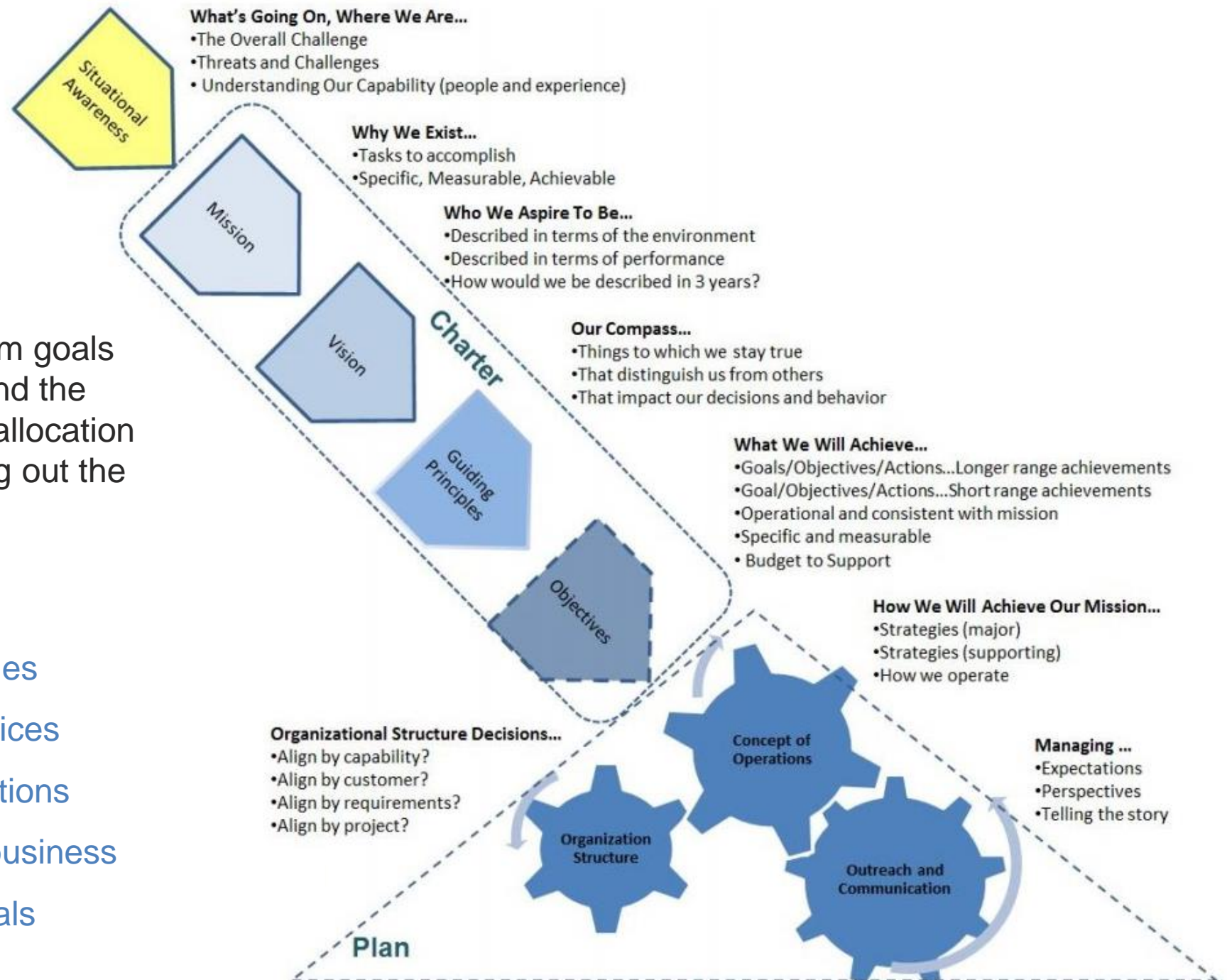



IMPACT OF STRATEGY ON STRUCTURE

Strategy can be defined as the determination of the basic long-term goals and objectives of the enterprise, and the adoption of courses of action and allocation of resources necessary for carrying out the goals.

Decisions involve:

- Expanding the volume of activities
- Setting up distant plants and offices
- Moving into new economic functions
- Diversifying into many lines of business involving defining new basic goals



A large billboard stands in a grassy field under a sunset sky. The billboard is supported by several orange and white pillars. At the top of the billboard, there is a row of six spotlights. The billboard displays text in black and orange. The background shows a green field and a bright orange sun setting on the horizon.

The above has to be done in response to:

- Shifting demands
- Changing sources of supply
- Fluctuating economic conditions
- New technological developments
- Actions of competitors

As Peter Drucker puts it “ Structure is a means for attaining the goals and objectives of an institution. Any work on structure must therefore start with objectives and strategy.”

IMPACT of STRATEGY ON STRUCTURE

Strategy Process	Strategic Thinking	Logic ↔ Creativity
	Strategy Formation	Deliberateness ↔ Emergence
	Strategic Change	Revolution ↔ Evolution
Strategy Content	Business Level Strategy	Markets ↔ Resources
	Corporate Level Strategy	Responsiveness ↔ Synergy
	Network Level Strategy	Competition ↔ Cooperation
Strategy Context	Industry Context	Compliance ↔ Choice
	Organizational Context	Control ↔ Chaos
	International Context	Globalization ↔ Localization
Purpose	Organizational Purpose	Profitability ↔ Responsibility

IMPACT OF STRATEGY ON STRUCTURE

There are four dimensions to Strategy

- **Innovation:** it means that strategy does **not mean merely simple and cosmetic changes** but meaningful and unique innovations **e.g. 3M OR Apple Computers**



- **Market Differentiation:** strives to create **customer loyalty** and uniquely meeting a particular need e.g. **designer apparel or MERC**
- **Breadth:** the scope of the market the business caters to in terms of **geographical range and number of products**
- **Cost Control:** considers tightly **controlled costs**, refrains from unnecessary expenses and cuts prices **e.g. Walmart**

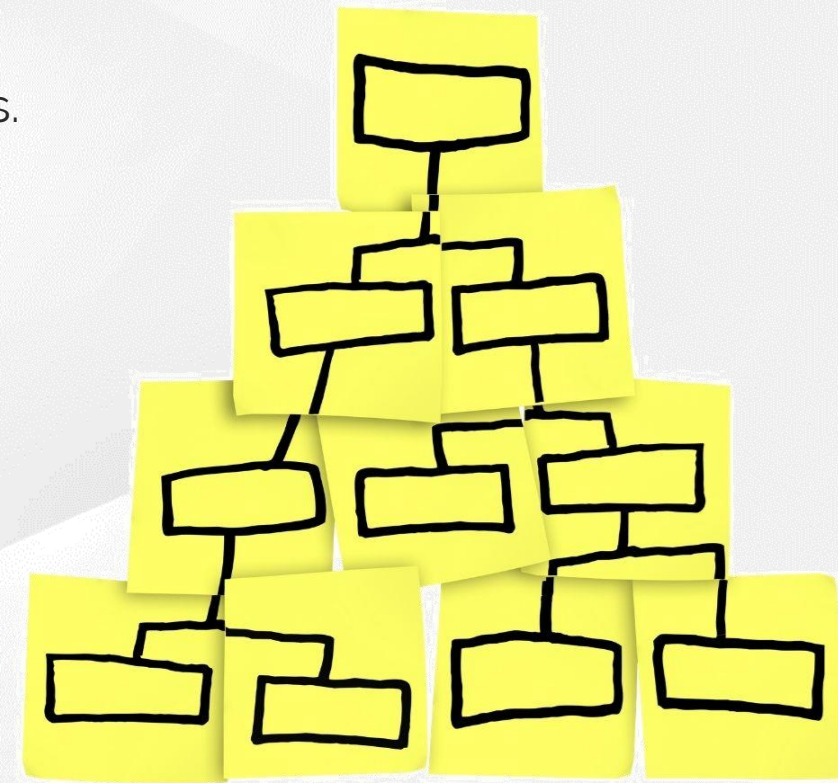
IMPACT OF SIZE ON ORGANIZATIONAL STRUCTURE

As an **organization grows** there is bound to be an **impact on its structure**. Generally, large organizations- those employing 2000 or more employees tend to be :

- More **Specialized**
- More **Departmentalized**
- Have more **vertical levels**
- More **rules and regulations** when compared to smaller organizations.

Furthermore, size affects structure at a decreasing rate for e.g. an organization of **2000 employees** is as it is **fairly mechanistic** and an addition of another 500 employees will not have any impact.

But an organization of 300 employees if it adds another 500 employees will have a **substantial impact** in terms of developing a more mechanistic structure



IMPACT OF TECHNOLOGY ON STRUCTURE

- Technology involves many elements including **engineering, organizational know-how, and economic, societal and managerial factors**-internal(cultural) and external(technical) factors.
- Technology is a set of **specialized knowledge applied** to achieving a practical purpose.
- **Hard Technology** – plant, machinery and equipment
- **Soft Technology** - training, know-how and more efficient means of organizing existing factors of production including goods and services

IMPACT OF TECHNOLOGY ON STRUCTURE

Categories of Technological Change:

1. Increased **ability to manage** Time and Distance
2. Increased ability to **generate , store , transport and distribute** energy, electricity etc.
3. Increased ability to **design new materials** and change properties of others
4. **Mechanization or automation** of physical resources
5. Mechanization or automation of **mental resources**
6. Extension of **human ability** to sense things
7. Increased understanding **of individual/ group behaviour**
8. Increased ability to understand **diseases and their treatment**

January February March April May June July August September October November December



BENEFITS OF TECHNOLOGY

- Greater **productivity**
- Higher **living standards**
- More **leisure time**
- Greater **variety** of products



PROBLEMS OF TECHNOLOGY

- Traffic jams
- **Pollution** of air & water
- Energy **shortages**
- Loss of **privacy**

N. B. There is need for a balanced approach to Technology introduction

PRODUCT ORGANISATION

Product - Inventory

Goal - Access

Process - Sequential events

Geographic Location, region, international

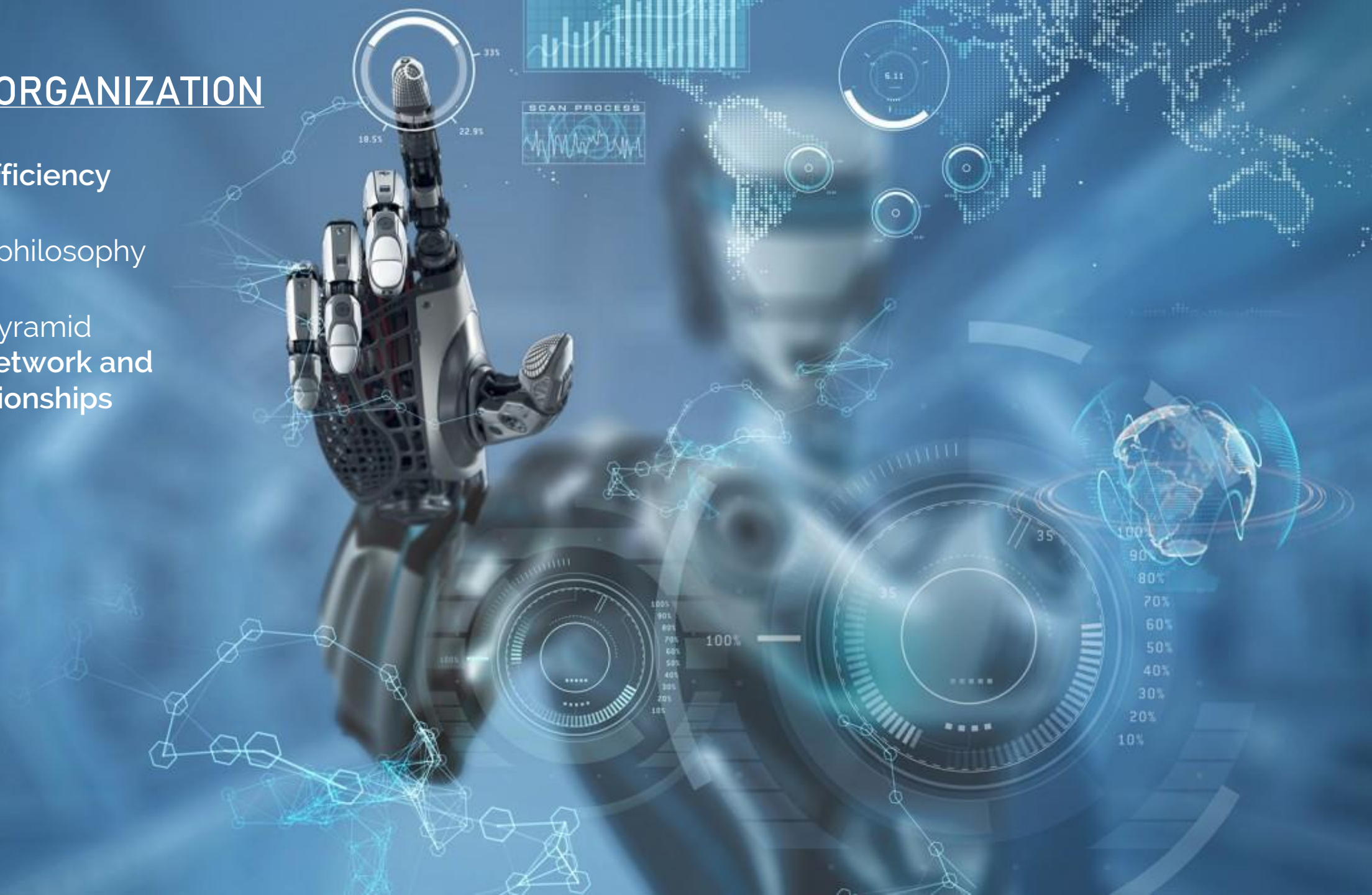
Function - Accounting, Sales

Customer - Retail store, maximize ease of shopping



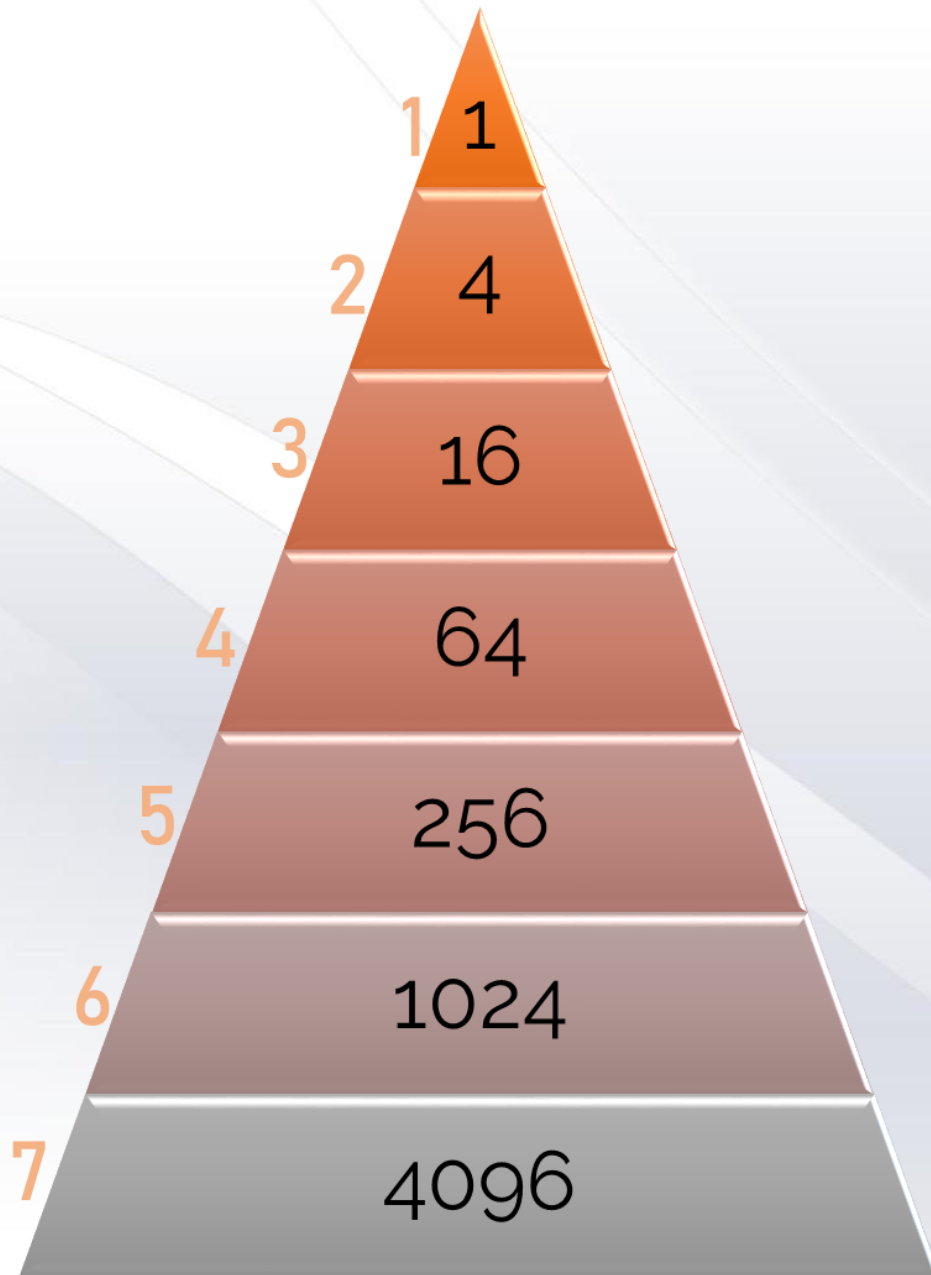
PROCESS ORGANIZATION

- Based on **efficiency**
- **Sequential** philosophy
- Shift from pyramid control to **network** and **matrix relationships**

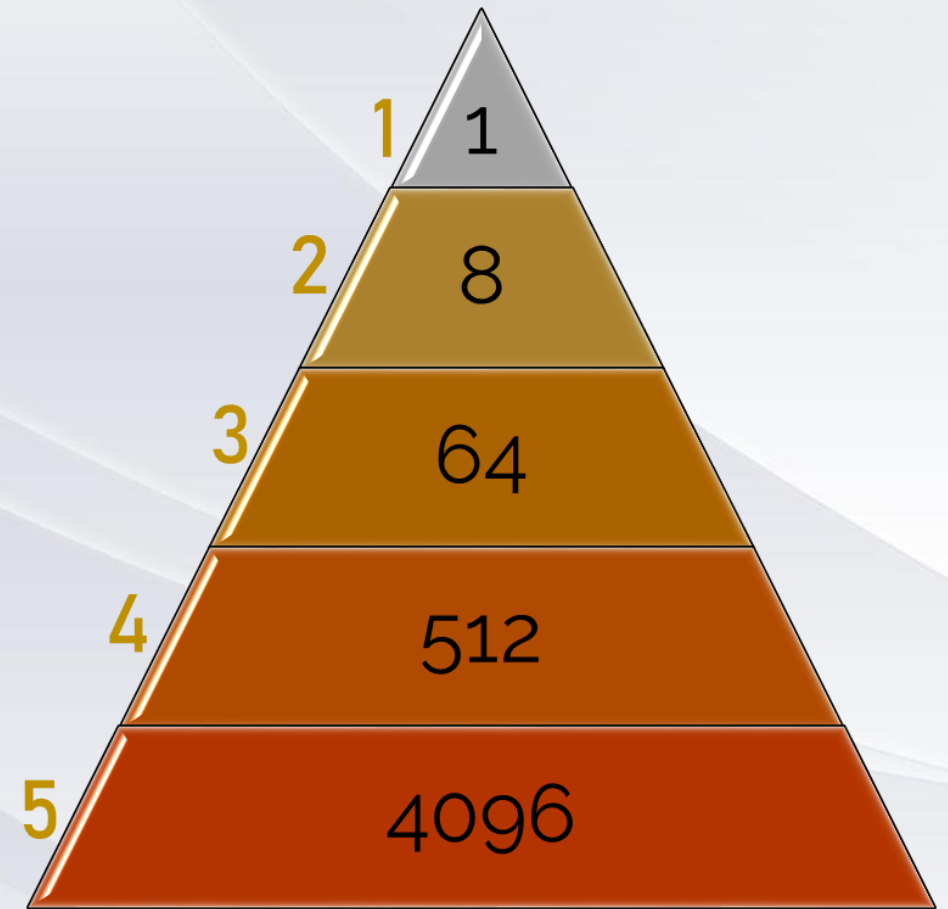


ORGANIZATIONAL STRUCTURE

SPAN OF CONTROL

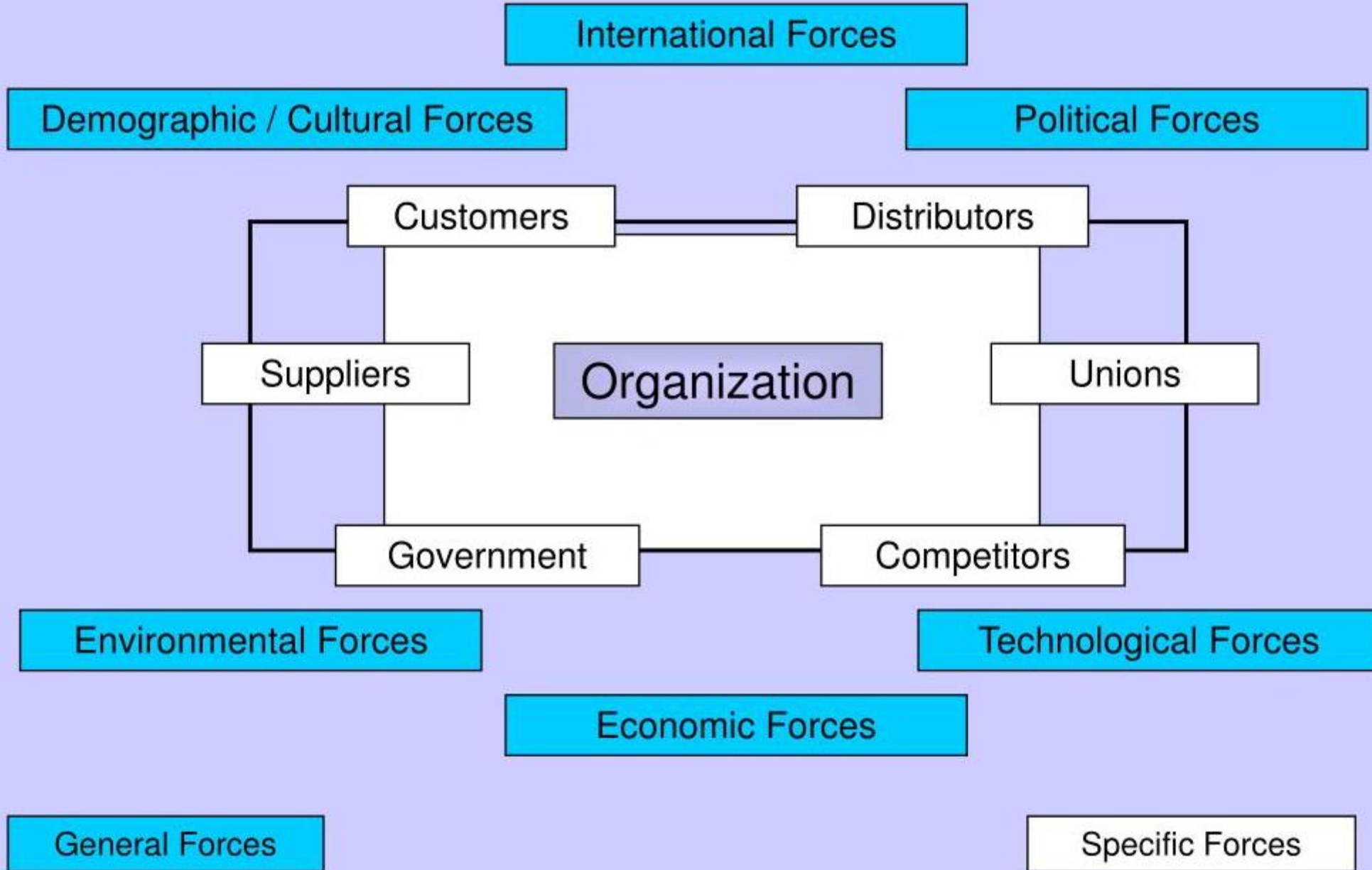


Supervision 1 : 4



Supervision 1 : 8

ORGANIZATIONAL GENERAL AND SPECIFIC ENVIRONMENT



We & He of STRATEGIC MANAGEMENT

Where do we want
to be?
Goals & Objectives

4

Why are we in
business ?
DRIVING FORCE
Vision & Mission

1

5

How can we get there?
STRATEGIES
Tactics & Resources

6

How will we know we've arrived ?
Coordination, Budgets, Controls,
Reports & Milestones

3

Where we are
now?
OCA & SWOT

2

How do we do
business ?
CLIMATE
Culture & Values



The Gap Analysis

Where we are now?

OCA & SWOT

Where do we want to be?

Goals & Objectives

THE UWI STRATEGIC FRAMEWORK 2012-17

MISSION	→ To advance education and create knowledge through excellence in teaching, research, innovation, public service, intellectual leadership and outreach in order to support the inclusive (social, economic, political, cultural, environmental) development of the Caribbean region and beyond.
VISION	→ By 2017, the University will be globally recognised as a regionally integrated, innovative, internationally competitive university, deeply rooted in all aspects of Caribbean development and committed to serving the diverse people of the region and beyond.
CORE VALUES	→ INTEGRITY · INTELLECTUAL FREEDOM · EXCELLENCE · CIVIC RESPONSIBILITY · ACCESSIBILITY · DIVERSITY · EQUITY
STAKEHOLDERS & PARTNERS	→ STUDENTS · STAFF · GOVERNMENTS · ALUMNI · INTERNATIONAL PARTNERS / DONORS · PRIVATE SECTORS

STRATEGIC PERSPECTIVES

FINANCIAL

EMPLOYEE ENGAGEMENT & DEVELOPMENT

INTERNAL OPERATIONAL PROCESSES

TEACHING, LEARNING & STUDENT DEVELOPMENT

RESEARCH & INNOVATION

OUTREACH

STRATEGIC THEMES & GOALS

A. Income Source Diversification

Reduce the reliance on government financial assistance and increase the contribution from other sources

B. Recapitalisation of UWI

Restructure the UWI's capital base toward operational independence, renewal and expansion

C. Efficient Resource Utilisation

Introduce systems to promote a culture of greater efficiency and accountability in resource use

A. Competency-based Development

Improve leadership and management capabilities and job competencies of all employees so that they can effectively fulfil their roles

B. Culture of Employee Engagement

Create an organisational environment that promotes personal growth and development for employees and positive cognitive, emotional and behavioural states directed toward optimum organisational outcomes

C. Strengthening Performance Management Systems

Improve and upgrade all HR systems

A. Efficient & Effective Academic & Administrative Processes

Re-engineer academic and administrative operational processes and procedures to make them simpler, more transparent, efficient, and effective to achieve optimal stakeholder satisfaction within and across campuses

B. Governance Arrangements

Integrate improved governance systems into the UWI's operations

C. Management Structures

Improve the effectiveness of executive and senior management structures at campus and university levels

A. Academic Quality

Ensure excellence of academic processes

B. Student Engagement & Experience

To provide a high quality student experience as a platform for enhanced regional and international student success and long-term commitment to the UWI

C. Open & Distance Education

Provide multiple, flexible paths for all constituencies to pursue tertiary education over their lifetime

A. Faculty-led Research & Innovation

Create an enabling environment to support, foster and increase the output of high quality research and innovation with an emphasis on the Caribbean.

B. Graduate Studies & Student Research

Enhance graduate studies and increase postgraduate research output.

C. Funding & Partnerships

Increase funding and strengthen research partnerships.

A. National & Regional Development

Become the driving force for economic, social, educational, and other critical developmental needs of the region

B. Internationalisation

Enhance the global reach and impact of the UWI

C. Marketing & Communication

Present a unified brand image for UWI aligned with its strategic vision and initiatives

D. Alumni Engagement

Facilitate the UWI's development through alumni advocacy and structured involvement in UWI and campus life

Digital Vision

The long-term vision for how digital channels will be used to drive a brand's business.
Provides framework for evaluating opportunities and new ideation.

Digital Objective

How the vision will be addressed over the a specific period of time. The brand's goals and aspirations for the year.

Digital Creative Platform

Guides the tone, look, feel, voice of digital creative, mood board, conversation workshop.

Strategy	VISIBILITY Increase brand awareness and visibility	EDUCATE Engage users in a dialogue around the category	CONVERT Acquire new customers via online channels	RETAIN Provide meaningful and useful tools to build a strong bond
Objectives	<ul style="list-style-type: none">Comms awareness to xx%SE Rank above fold	<ul style="list-style-type: none">xx in-bound links to contentSocial media score +xx%	<ul style="list-style-type: none">Conversion rate of xx%BIC ecommerce by JDP	<ul style="list-style-type: none">Retention rate of xx%CS survey
Tactics	Rich media SEO/SEM Blog seeding Vibrant media Content syndication Email sponsorship	Webinars Social content Site enhance Portable content PR placements White papers	Acquisition email/adv. DR creative Site enhance Comparison tools Seasonal discount Sweepstakes	Mobile App Newsletter Exclusive content Rewards program Service reminder Retailer toolkit
Metrics	<ul style="list-style-type: none">SE RankingsBranded search termsImpressions	<ul style="list-style-type: none">ParticipationTime spentPass-along	<ul style="list-style-type: none">Click-through ratesOpen rates – A/B testingCompletion time / Cart value	<ul style="list-style-type: none">Re-purchase intentAffinity/loyaltyExit survey

Vision
without action
is a daydream.

Action
without vision
is a nightmare.
Japanese proverb

Vision

Right Skills

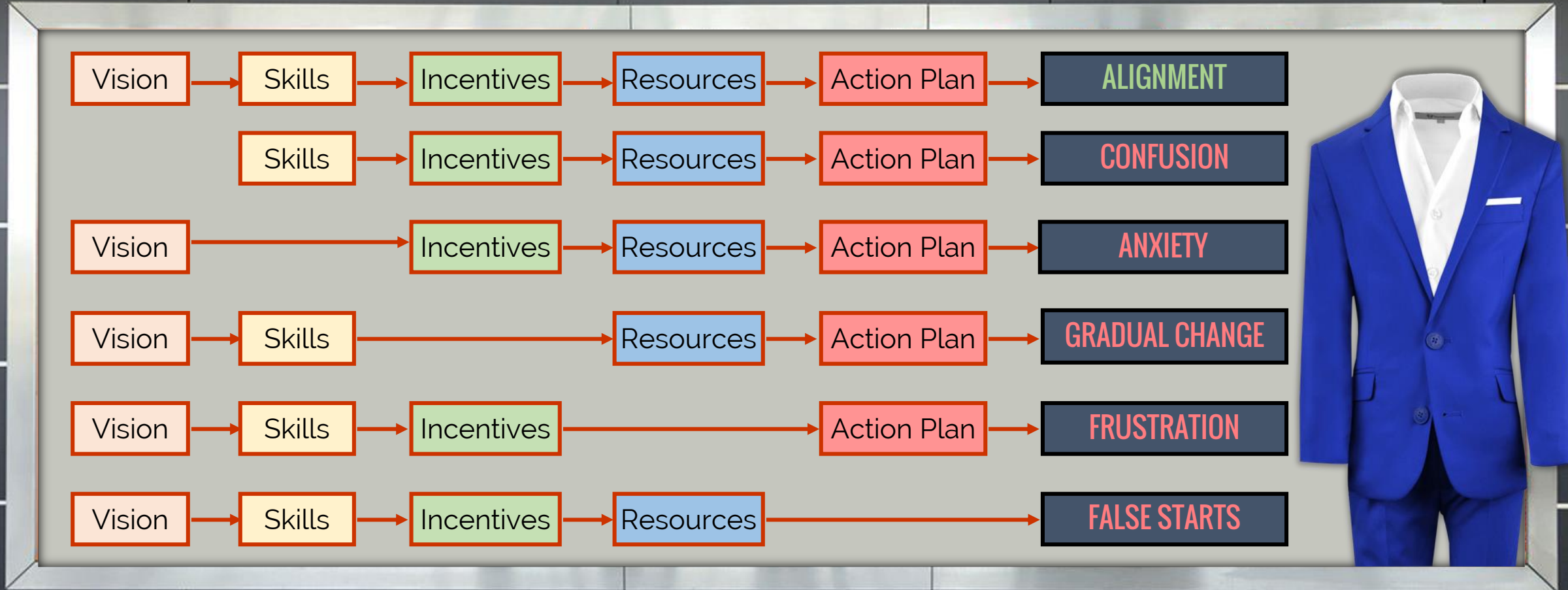
Action Plan

Required Resources

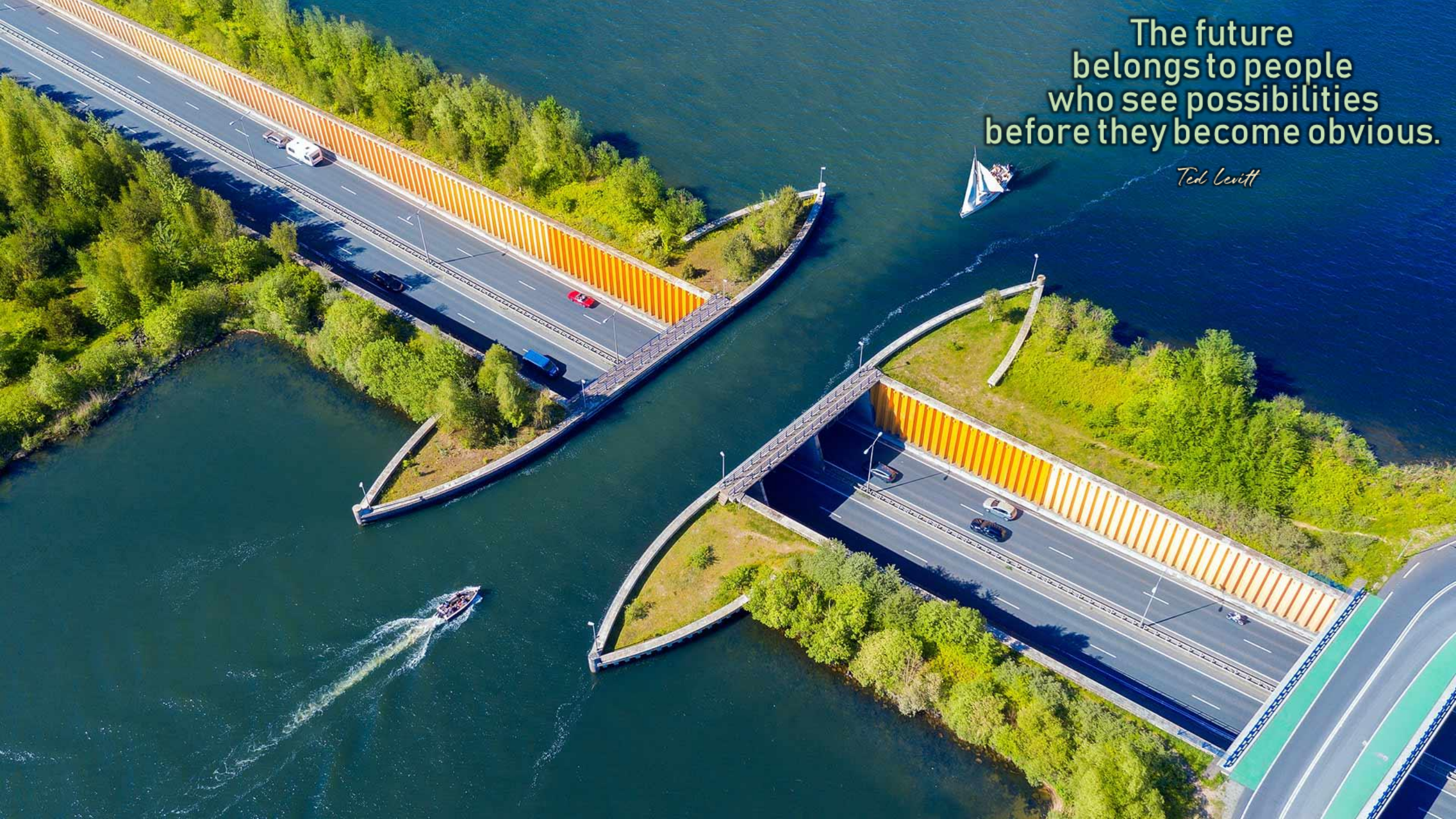
Rightly Compensated



Vision + Right Skills + Action Plan + Required Resources + Rightly Compensated



MAINTAINING ALIGNMENT

An aerial photograph of a modern bridge with distinctive yellow slatted railings crossing a wide river. The bridge has multiple lanes for traffic, with several cars and a truck visible. The surrounding area is lush with green trees and vegetation. A small boat is visible on the river to the right, and another boat is in the lower left. The sky is clear and blue.

The future
belongs to people
who see possibilities
before they become obvious.

Ted Levitt



"WORKING TOGETHER ISN'T ALWAYS EASY!"

ARGUING



Is usually a battlefield
for a bigger issue.

- Harmony is normal and **conflict is abnormal**.
- **Conflicts and disagreements** are the same.
- Conflict is the result of “**personality problems**.”
- **Conflict and anger** are the same thing.



MISCONCEPTIONS ABOUT CONFLICT

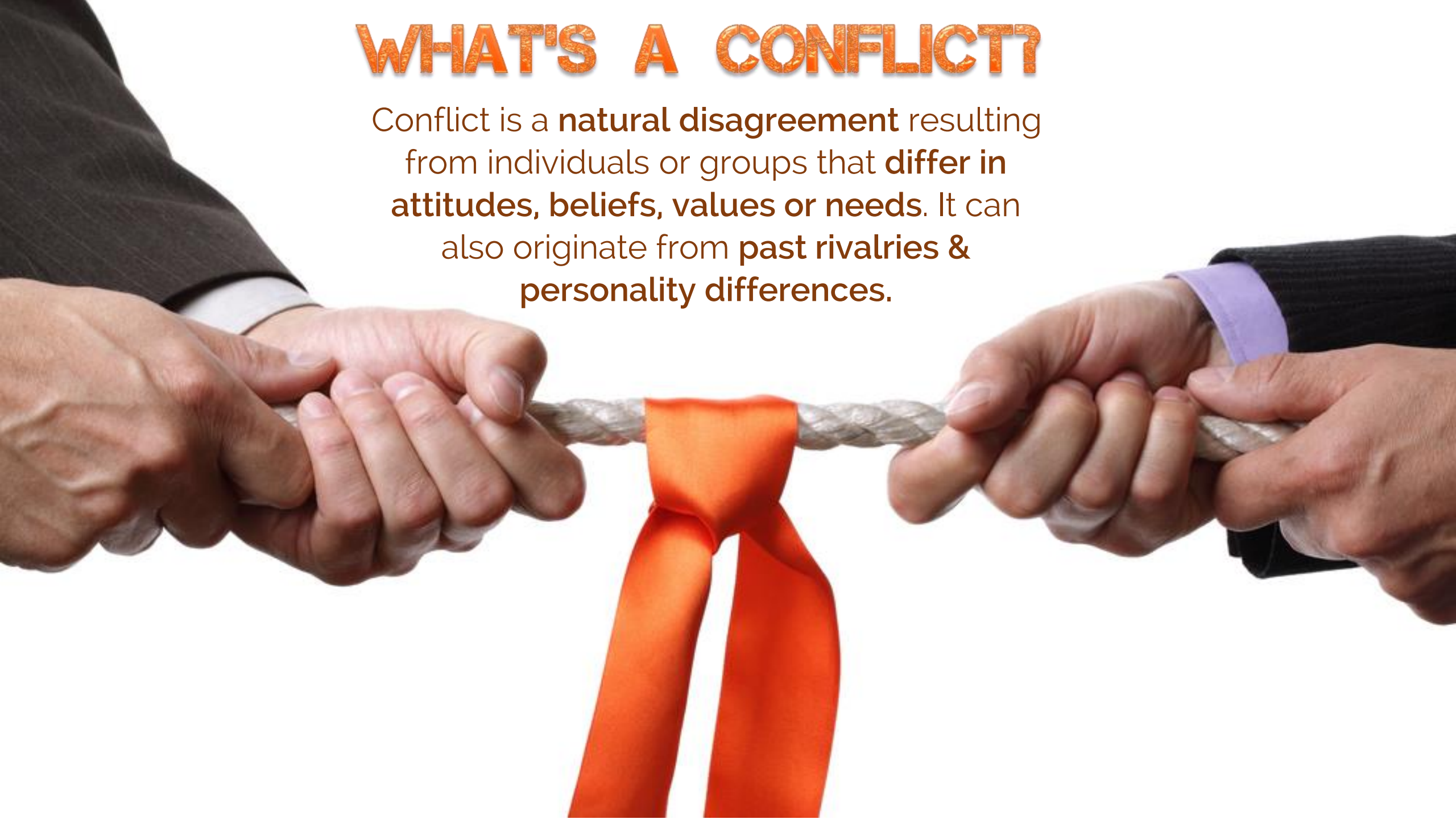
WHY DO CONFLICT OCCUR?

- Lack of Communication
- Value conflicts
- Lack of effective leadership/decision-making
- Discrepancies in role performances
- Low productivity
- Unresolved prior conflicts



WHAT'S A CONFLICT?

Conflict is a **natural disagreement** resulting from individuals or groups that **differ in attitudes, beliefs, values or needs**. It can also originate from **past rivalries & personality differences**.

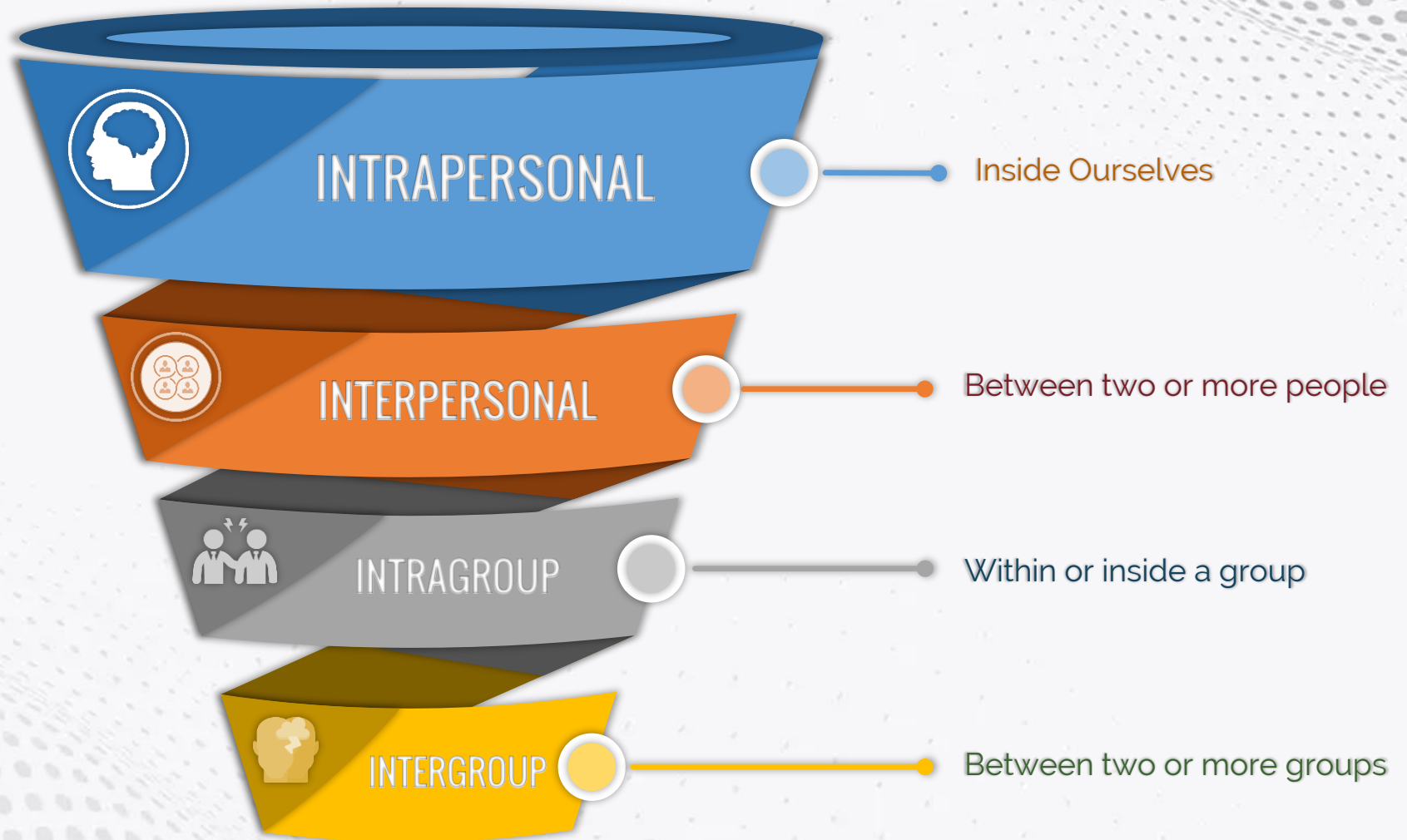


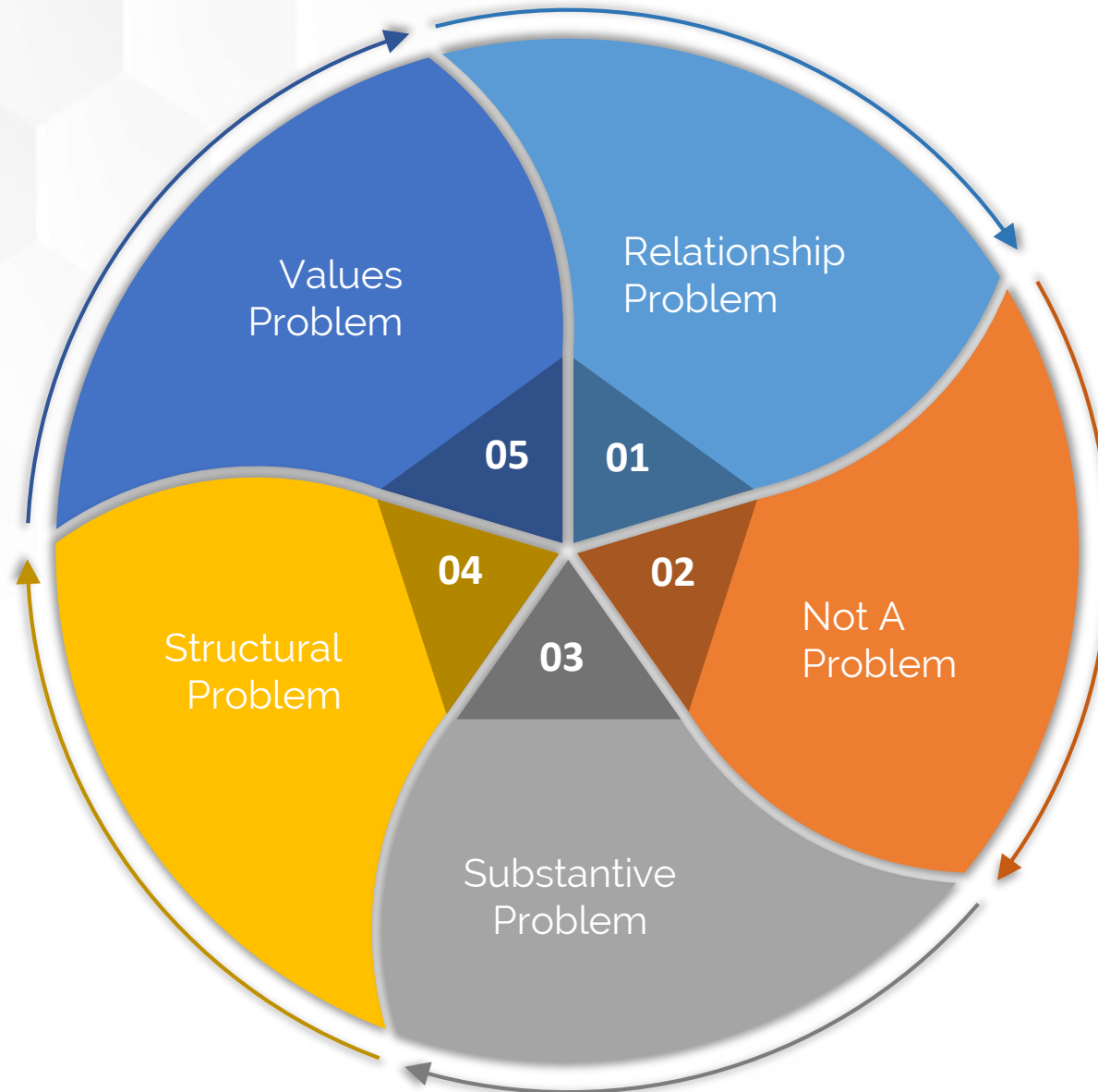
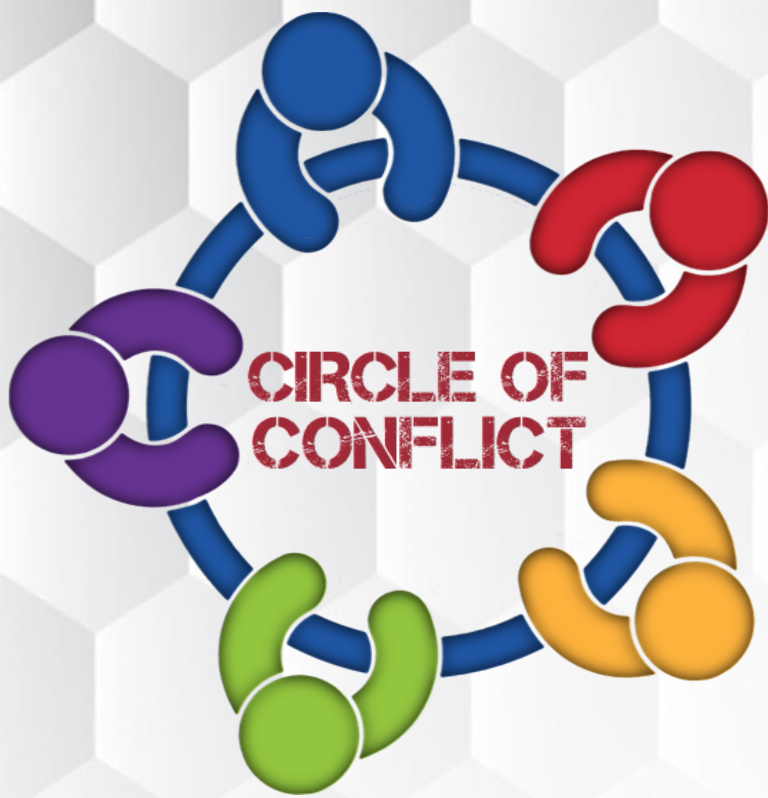
Interaction between
interdependent parties who perceive
incompatible goals and
interference in achieving their goals.

A person wearing a light blue button-down shirt is shown from the chest down, reaching forward with their right hand to push over a row of wooden blocks. The blocks are arranged in a line on a white surface. The first three blocks are standing upright, while the fourth is being pushed over by the person's hand, and the subsequent blocks are falling in a chain reaction. The background is a plain, light-colored wall.

CONFLICT DEFINED: 4 I'S

KINDS OF CONFLICT







PERSPECTIVE

All people are different.

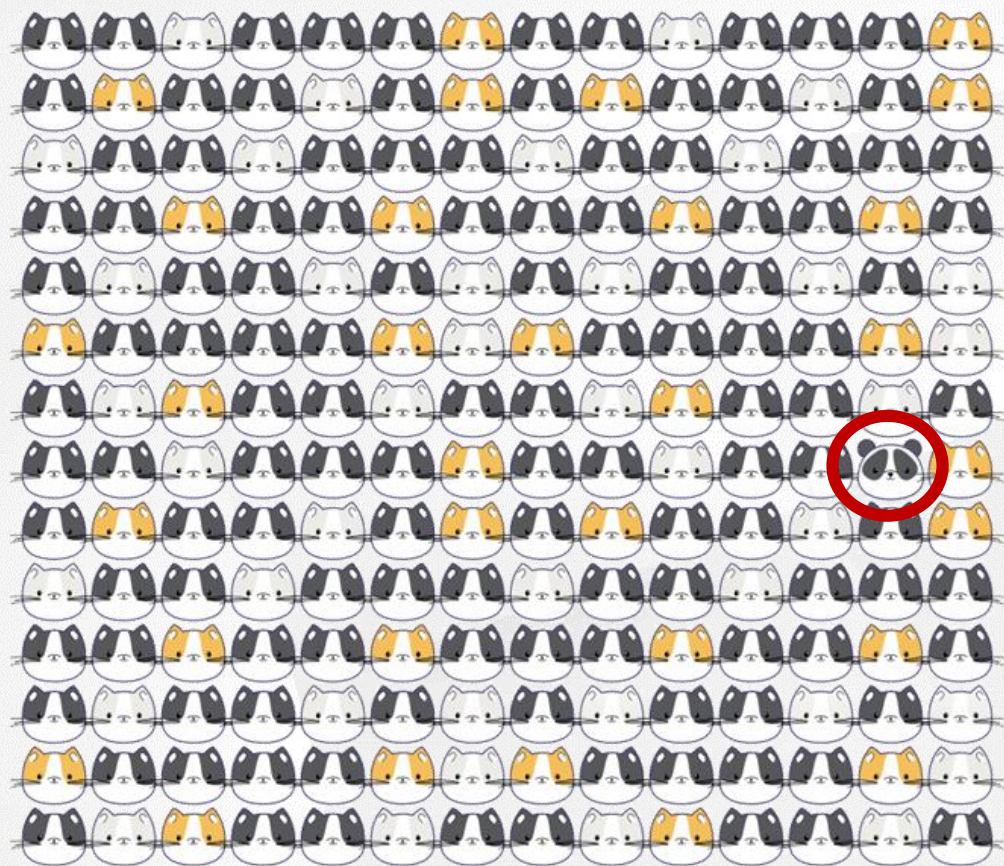
We have different likes, dislikes,
beliefs, and values.

These differences make up our
individual perspective



PERCEPTION *Test*

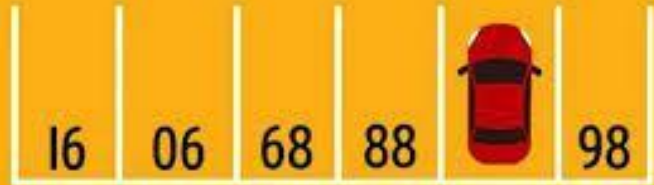
Find the Panda



Can you find the mitsake here?

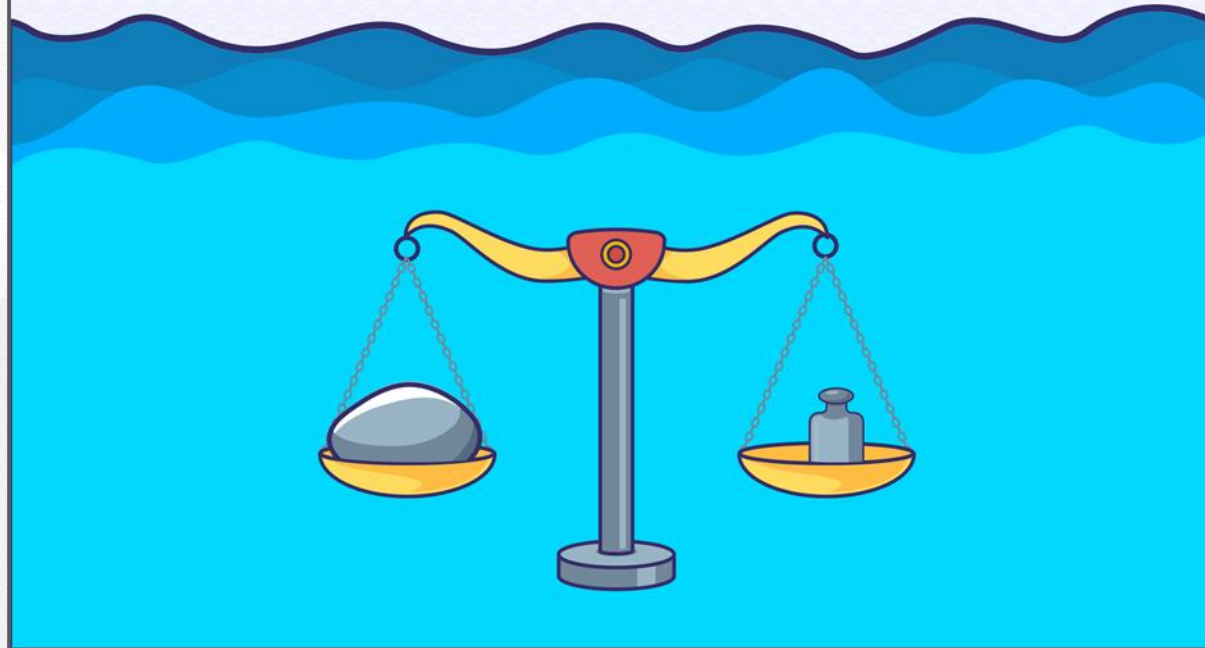
1	2	3	4	5
6	7	8	9	10
11	12	13	14	15
16	17	18	19	20

What is the **number** of the parking spot?



A stone of 2 kg and an iron balance of 2 kg weight are kept on each side of a scale — and immersed in water.

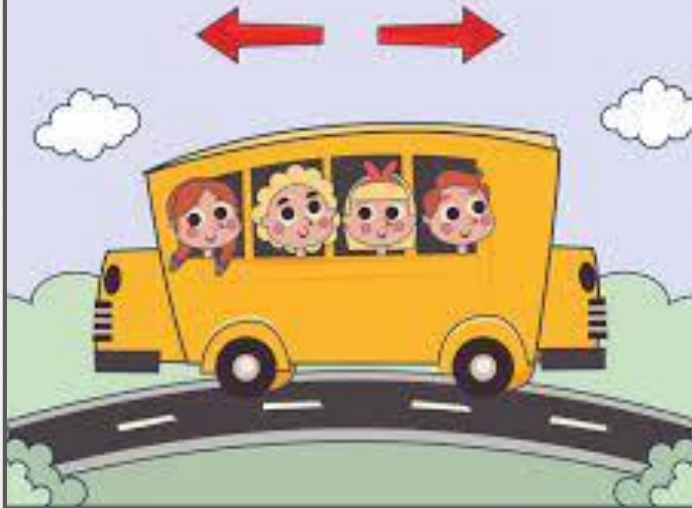
Will the scale remain balanced or will tilt to one of the sides?



It will tilt.

It's because of the principle of Buoyancy. Although the two objects are of the same weight, when they are immersed in water they go through weight loss. The weight loss is equal to the water displaced. So the larger object — the stone — will displace more water than the iron weight. So the scale will tilt.

In Which Direction the bus is going?



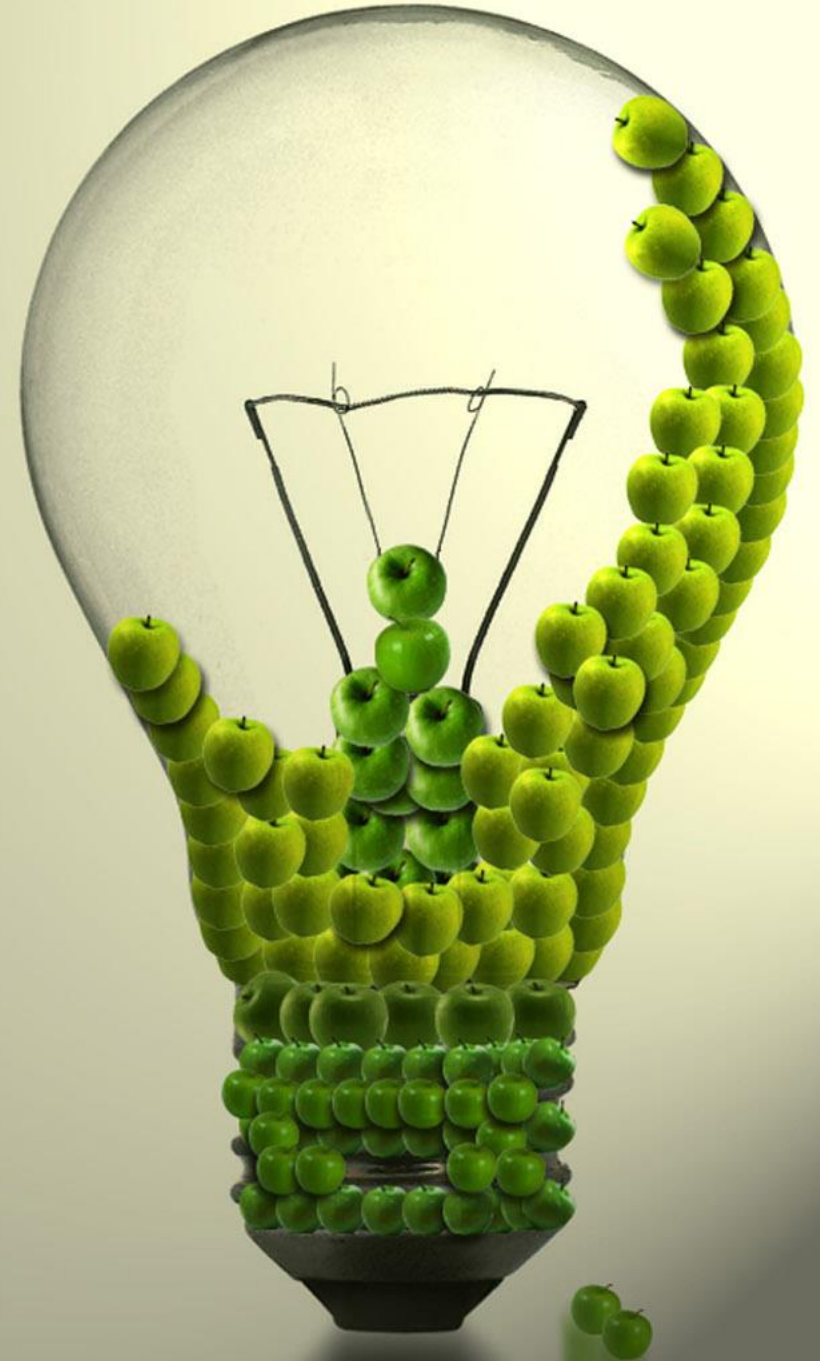
POSITIVE ASPECTS OF CONFLICT

- Opens communication between people
- Replacement of old goals with more relevant ones
- Increase innovation through a greater diversity in view points
- Strengthens relationships
- Improves problem solving skills



NEGATIVE ASPECTS OF CONFLICT

- Misallocation of resources
- Barriers to communication
- Lowers productivity
- Stressful
- Creates "us versus them"
- Produces irresponsible behavior

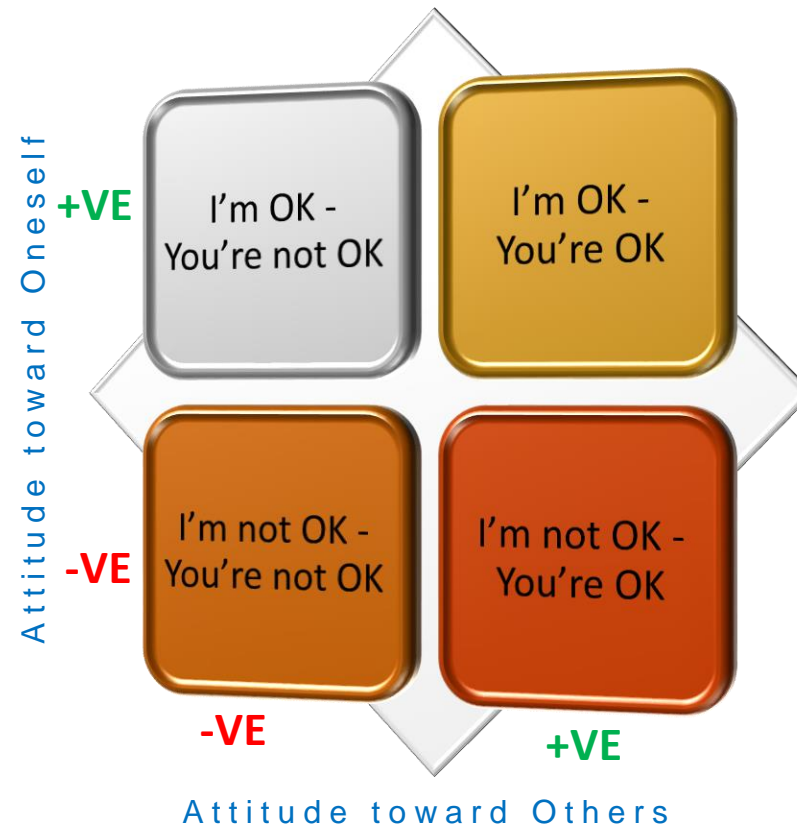


HOMEWORK FOR CONFLICT MANAGEMENT

- Is it a **real problem** worth solving
- What's the **root cause**
- Prepare the group to work towards a **mutually agreeable solution**
- Prepare them to **listen**
- Remind participants that it's all **right to disagree**

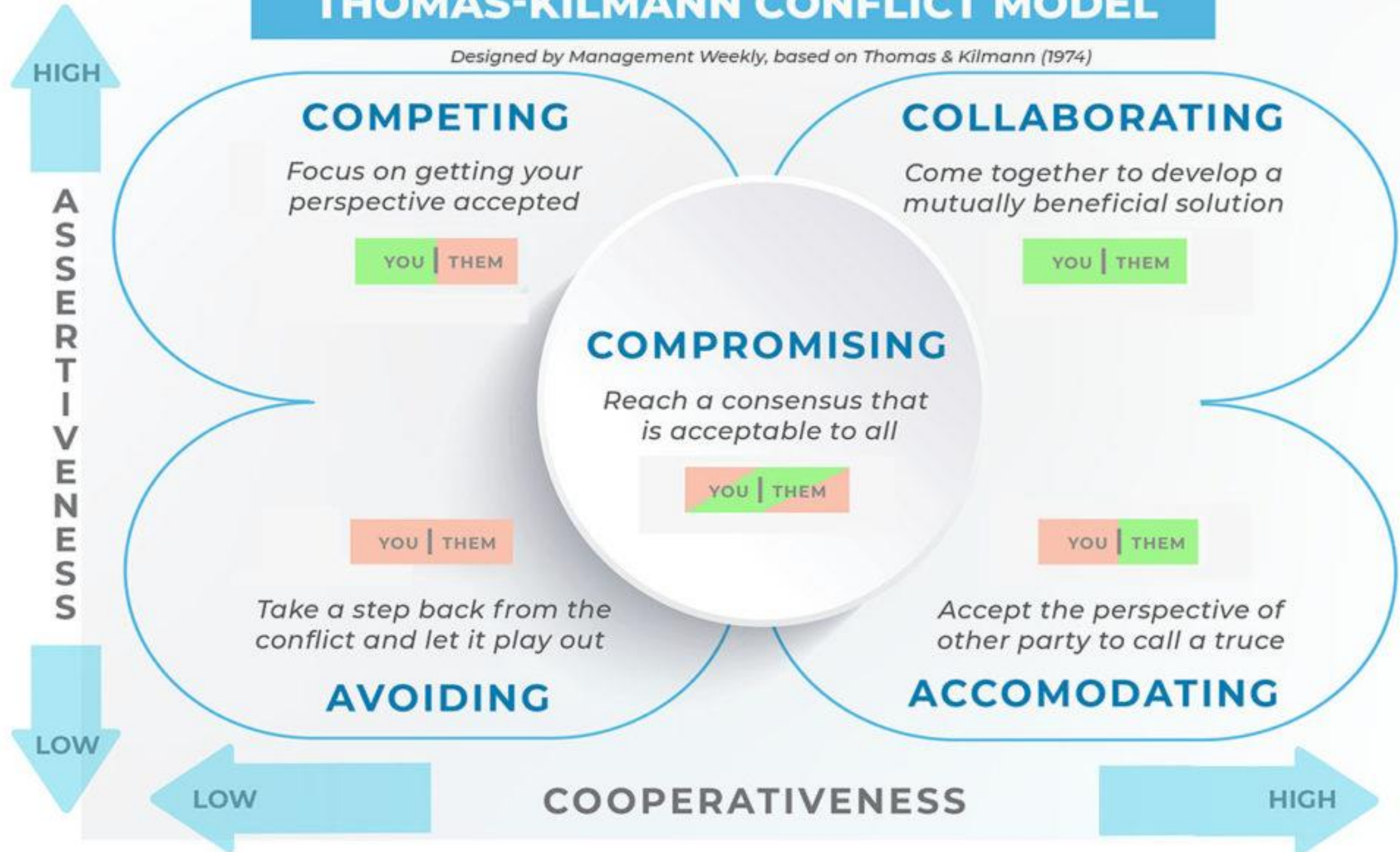


LIFE POSITIONS








THOMAS-KILMANN CONFLICT MODEL

Designed by Management Weekly, based on Thomas & Kilmann (1974)



Selecting Appropriate Conflict Management Style at Workplace



Conflicting Style	Description	Importance of Issue	Trust Between Both Parties	Limitations
 Avoiding the conflict	<ul style="list-style-type: none">Conflict is smallRelationships are stakeNo power in hand	Not important	Low	<ul style="list-style-type: none">Postponing conflicts lead to impede relationship among parties
 Accommodate	<ul style="list-style-type: none">Resolving conflict without hurting relationship with other party	Fairly unimportant issue	Extremely important	<ul style="list-style-type: none">Loss of credibility
 Compromise	<ul style="list-style-type: none">Time saving by reaching midway resolution parts of difficult issues	Moderately important issue	Important	<ul style="list-style-type: none">Not acceptable in long term
 Collaborate	<ul style="list-style-type: none">Teamwork cooperation to achieve goals and creative solutions satisfying both parties	Important Issues	Important	<ul style="list-style-type: none">Requires lot of time and energy
 Compete	<ul style="list-style-type: none">Used in case of immediate decisions requirement	Extremely important	Low	<ul style="list-style-type: none">Damage relationships

CRISIS MANAGEMENT



"It is impossible to defeat an **ignorant** man in argument."

William Gibbs McAdoo



SOLVING CONFLICTS :

FAIR FIGHTING RULES



1. **No hitting**
2. **No personality attack** (name calling destroys ego, you can never take back what you say in anger.)
3. **Attach the problem, be specific**, do not bring in other issues until this one is finished.
4. **Fight in private**. Do not involve others.
6. **Fight it out at the time**, if you can. Do not let it build and fester. However, if a time out is needed, use it constructively and agree on a time to resolve the problem at hand.
6. **No refusing** to quarrel or **withdrawing** before it is finished.
7. **Talk one at a time and listen** when the other is talking. You are responsible for understanding the other person's point.
8. **No mind reading**. You cannot assume what the other person is thinking or expect them to know what you are thinking.
9. **Come to conclusion**, then let it end; **compromise**, if you can. Give in occasionally, agree to disagree.