



# ORGANIZATIONAL DESIGN

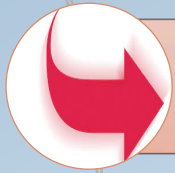
Prinsip-prinsip Manajemen  
Oktober 2013

# Foundations of Organizational Design

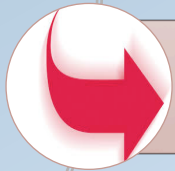
## Learning Outcomes:



**Describe** six key elements in organizational design



**Contrast** mechanistic and organic structures



**Discuss** the contingency factors that favor either the mechanistic model or the organic model of organizational design



**Describe** traditional organizational designs

# Six Key Elements in Organizational Design

## **Organizational Design –**

a process involving decisions about six key elements:

Work specialization

Departmentalization: functional, geographical, product, process, customer

Chain of command

Span of control

Centralization and decentralization

Formalization

# Mechanistic vs Organic Organizations

## Mechanistic

- High specialization
- Rigid departmentalization
- Clear chain of command
- Narrow spans of control
- Centralization
- High formalization

## Organic

- Cross-functional teams
- Cross-hierarchical teams
- Free flow of information
- Wide spans of control
- Decentralization
- Low formalization

# Contingency Factors Affecting Structural Choice



Overall strategy of the organization



Size of the organization



Technology use employed by the organization



Degree of environmental uncertainty

# Traditional Organizational Designs

## Simple structure

- Low departmentalization, wide spans of control, centralized authority, little formalization

## Functional structure

- Departmentalization by function
- Operations, finance, marketing, human resources, and product research and development

## Divisional structure

- Composed of separate business units or divisions with limited autonomy under the coordination and control of the parent corporation


# Contemporary Organizational Design

## Learning Outcomes:

**Describe** contemporary organizational designs



**Discuss** how organizations organize for collaboration

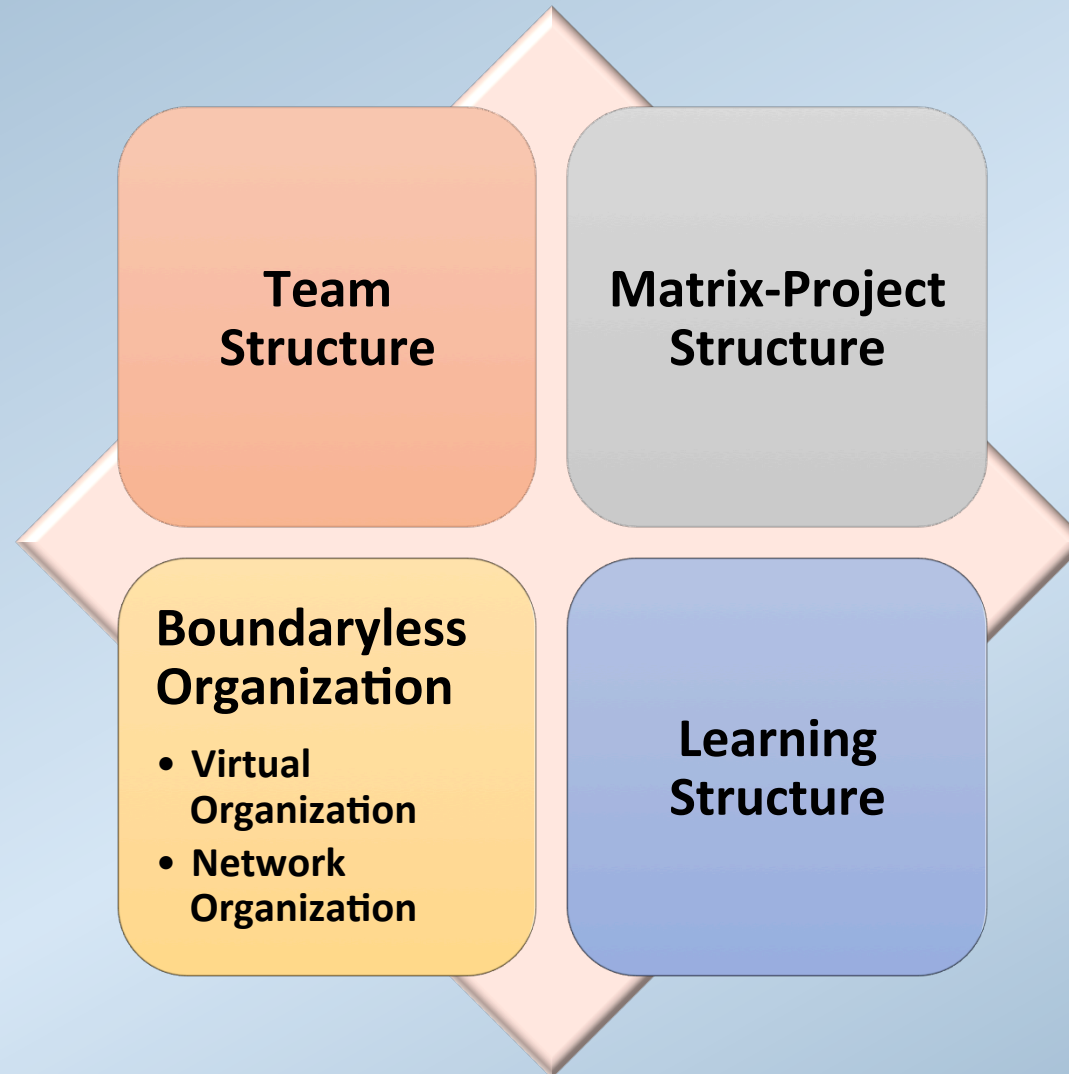


**Explain** flexible work arrangements used by organizations



**Discuss** organizing issues associated with a contingent workforce

# Contemporary Organizational Designs



# Team Structure

## Team Structure

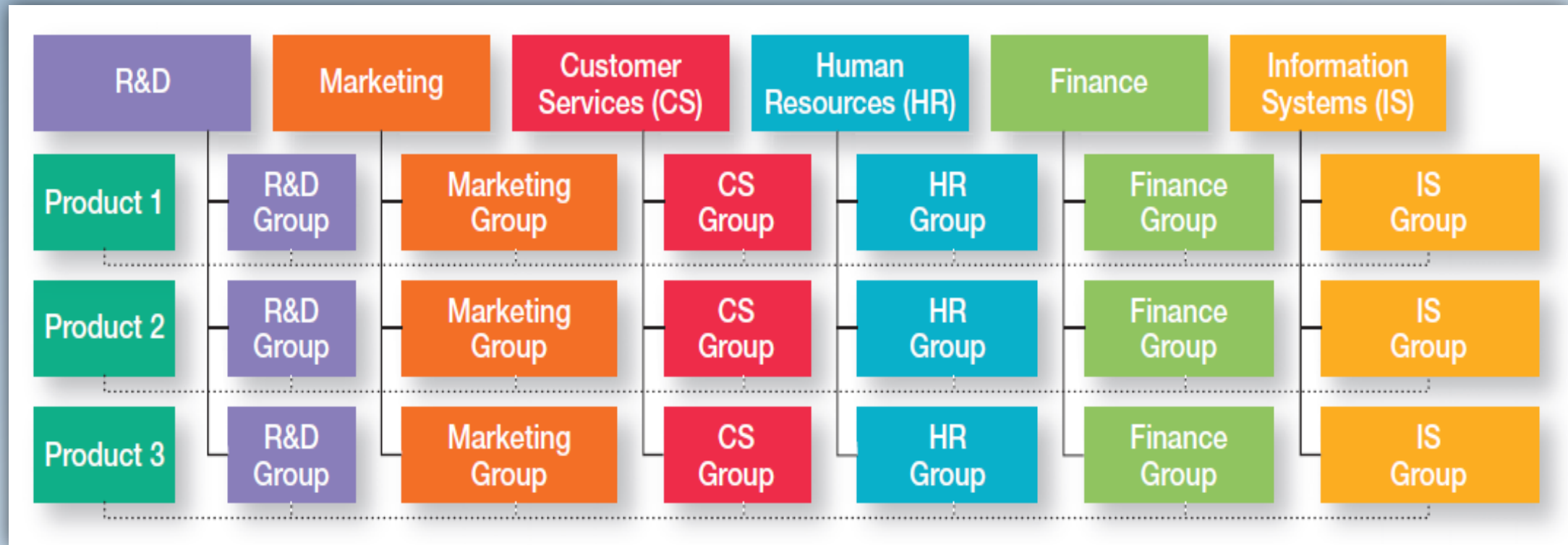
- What it is: A structure in which the entire organization is made up of work groups or teams.
- Advantages: Employees are more involved and empowered.  
Reduced barriers among functional areas.
- Disadvantages: No clear chain of command.  
Pressure on teams to perform.

# Matrix-Project Structure

## Matrix-Project Structure

- What it is      Matrix is a structure that assigns specialists from different functional areas to work on projects who then return to their areas when the project is completed. Project is a structure in which employees continuously work on projects. As one project is completed, employees move on to the next project.
- Advantages:      Fluid and flexible design that can respond to environmental changes.  
Faster decision making.
- Disadvantages:      Complexity of assigning people to projects.  
Task and personality conflicts.

# Matrix Organization



# Boundaryless Structure

## Boundaryless Structure

- What it is: A structure that is not defined by or limited to artificial horizontal, vertical, or external boundaries; includes *virtual* and *network* types of organizations.
- Advantages: Highly flexible and responsive.  
Utilizes talent wherever it's found.
- Disadvantages: Lack of control.  
Communication difficulties.

**Virtual Organization** - an organization that consists of a small core of full-time employees and outside specialists temporarily hired as needed to work on projects.

**Network Organization** - an organization that uses its own employees to do some work activities and networks of outside suppliers to provide other needed product components or work processes.

# Learning Structure

## Learning Structure

- What it is: A structure in which employees continually acquire and share new knowledge and apply that knowledge.
- Advantages: Sharing of knowledge throughout organization. Sustainable source of competitive advantage.
- Disadvantages: Reluctance on part of employees to share knowledge for fear of losing their power.  
Large numbers of experienced employees on the verge of retiring.

# Organization's Collaboration Efforts

## Benefits

- Increased communication and coordination
- Greater innovative output
- Enhanced ability to address complex problems
- Sharing of information and best practices

## Drawbacks

- Potential interpersonal conflict
- Different views and competing goals
- Logistics of coordinating

Internal Collaboration

External Collaboration

# Internal Collaboration



**Cross-functional team** - a work team composed of individuals from various functional specialties.



**Task force (or ad hoc committee)** - a temporary committee or team formed to tackle a specific short-term problem affecting several departments.



**Communities of practice** - groups of people who share a concern, a set of problems, or a passion about a topic, and who deepen their knowledge and expertise in that area by interacting on an ongoing basis.

# Making Communities of Practice Work

- Have top management support and set clear expectations.
- Create an environment that will attract people and make them want to return for advice, conversation, and knowledge sharing.
- Encourage regular meetings of the community, whether in person or online.
- Establish regular communication among community members.
- Focus on real problems and issues important to the organization.
- Have clear accountability and managerial oversight.

# External Collaboration

- opening up the search for new ideas beyond the organization's boundaries and allowing innovations to easily transfer inward and outward.

## Open innovation



- collaborative relationships between two or more organizations in which they combine their resources and capabilities for some business purpose.

## Strategic partnerships



# Benefits and Drawbacks of Open Innovation

Benefits	Drawbacks
<ul style="list-style-type: none"><li>• Gives customers what they want—a voice</li><li>• Allows organizations to respond to complex problems</li><li>• Nurtures internal and external relationships</li><li>• Brings focus back to marketplace</li><li>• Provides way to cope with rising costs and uncertainties of product development</li></ul>	<ul style="list-style-type: none"><li>• High demands of managing the process</li><li>• Extensive support needed</li><li>• Cultural challenges</li><li>• Greater need for flexibility</li><li>• Crucial changes required in how knowledge is controlled and shared</li></ul>

# Flexible Work Arrangements

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**Telecommuting** a work arrangement in which employees work at home and are linked to the workplace by computer.

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**Compressed workweek** a workweek where employees work longer hours per day but fewer days per week

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**Flextime (or flexible work hours)** a scheduling system in which employees are required to work a specific number of hours a week but are free to vary those hours within certain limits.

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**Job sharing** the practice of having two or more people split a full-time job.

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# Contingent Workforce

- **Contingent workers** - temporary, freelance, or contract workers whose employment is contingent upon demand for their services.



# The End

Thank You

