Lecture – 29
Structure of Public Organizations – IV

Hello, dear learners. Let us continue our discussion on organizational design based on the article entitled 'Organizational design: fashion or fit' by Henry Mintzberg, which was published in Harvard Business Review. In the previous session, we talked about the design elements of the structures in terms of specialization of tasks, formalization of procedures, formal training, grouping of tasks, liaison devices, vertical and horizontal decentralization. And I have explained to you the meaning of all these elements of the structures as given in the article there. I strongly suggest readers to look into this article, find this article. It is available online and read about the meaning of these dimensions to get more clarity.

Because if you are clear about these dimensions, it becomes easy for you to understand the configuration that the authors have proposed in the article. After discussion on the element, the design elements, the five basic parts that the author described in the article, I have also discussed and highlighted. I'll just quickly briefly review what are the basic parts that the authors have suggested. First of all, the author talked about the strategic apex.

These are the aspect which is formed by the people who have idea and they are the one who are to start the business. They are actually the people behind the business venture. So this particular group of people will form the part of strategic apex. They are the one who will initiate the business proceedings. They are having ideas with them and then they are the one who are going to work for the business, right? They will have also a team of people working with them who will actually try to implement and work on the various activities depending upon the instructions and orders from the strategic apex group, they will form the part of operating core, operating core means these are the people who are actually implementing things they are the ones who are the working on the activities.

As the business expands, there is a requirement of a creation of the people in the middle who will act as representatives between the strategic apex and the operating core and in terms of increasing the coordination system as the business expands. Then is the technostructure. Technostructure are the analysts who design the work systems responsible for planning and controlling of the work activities and then there is a support staff which provide indirect services to the various other parts of the organization. They can be example from legal department, public relation you know the department or the

human resources department and so on and so forth. Now, depending upon this particular article and the elements of the configuration as proposed and the parts of the organization, the author has suggested five configurations that the organization structure can take shape in, you know in terms of the design, one is simple structure then is the machine bureaucracy, then professional bureaucracy and then the divisionalized form and finally adhocracy.

I will just give you very brief overview of each of the configuration mentioned here, but I suggest all the learners to go through this article and try to find out the details of all the configuration and tries to understand how different elements of the configuration they comes together to give organization structure a particular shape. in terms of simple structure, machine bureaucracy, professional bureaucracy, divisionalized form and adhocracy. So, let us pick all these configurations one by one and see what they are talking about. Now, if you talk about the very simplest form of the configuration as the author suggested, this is the simple structure. In the case of simple structure, what is happening is the strategic apex will be sitting at the top.

We are talking about the simple structure here. Please note we are talking about the simple structure. I am trying to first of all graphically design how this strategic apex structure will look like. Then they will have operating core and also some very minimal middle level management. operating core structure and some middle level management happening here.

That's how the configuration should look like. In case of simple structure, the strategy apex at the top and operating core which is functioning and this small intervention or inclusion of the middle level line. Now, in this case, what happened is we need to talk about how coordination takes place in this kind of a system. Now, in terms of coordination, the coordination in simple structure configuration takes place by direct supervision. Now, who will supervise direct supervision? By the strategic apex.

Let's consider this strategic apex is headed by CEO and the coordination in the system will happen with the direct supervision of the CEO. CEO gives order to the lower level in the organization, right? There is minimum staff and middle line. So, we are talking about the character of the simple structure. Coordination happens through the direct supervision. There is minimum staff and middle line. There is little behavioral formalization. So, in terms of standardization of the we talked about this. Look at this. We talked about the formalization of the procedure as the designed element of the structure. So, in case of your five configuration in simple structure, there will be little behavioral formalization.

There are minimum staff members, closer to no middle line there and also minimal use of planning. Minimal use of planning and liaison devices because the organization is not

huge they don't have many departments so we don't need to you know coordinate the activities between the various department and there is no formal planning required because the coordination directly happened through the strategic apex so these are some of the character of the simple structure now the question is where we will see this kind of structure, where you see the simple structures? This is the character of the start up organizations. Various start-up organizations where three to four to five people, they group together, they have a business idea and they want to start their start-up running. So they form the strategic apex and they need the help of some people who will be implementing their work ideas. They become the strategic core part, right? So, in this case, what happened is the top management, they are going to coordinate the activities of the business by giving direct instructions to the operating core and work.

They will have minimal staff and middle line. There is no requirement of the formalizations of the procedure in terms of little behavioral formalization means that because everyday interactions are happening they need not to be told that what they're expected in terms of their behaviour formalization because on daily basis it can happen because a lot of interactions are happening directly between the strategic apex and the operating core, this is the first type of configuration that the author suggested like simple structure which you see in most of the entrepreneurial ventures which have just kind of started operating their business and just started to converted their idea into the business foundation. Second kind of the configuration that the author proposed was machine bureaucracy. Now, in this case, what is happening is, first of all, we'll see how machine bureaucracy looks like. Now, we'll have the top management, okay? There's a top management.

Then there is also middle management, right? And then there is operating core, strategic apex, and there is middle line and there is also operating core. Side by side, you always see that there is techno structure and there is operating staff. This techno structure, this is operating staff. Now, let us look at the characteristics of this particular configuration that the author proposed. The coordination in this case, coordination in case of machine bureaucracy takes place through standardization of work.

The work which is to be completed with standard across. Because there is a lot of focus on standardization of work, the techno structure and the other administrative structure in this particular configuration will have a prominent role to play right because they need to design the, remember we talked about the techno structure, what is the role played by techno structure, because they are the analysts which design the work system with proper planning and control system so because we are talking about the standardization of work here the techno structure role is more elaborated Technostructure role is more elaborated and you will have the role of middle level and then this is operating core which is functioning. And of course there is some kind of supporting staff also there. Now what is the example that you see? Because it is a case of standardization of work. The article

mentioned the example of McDonald's, in terms of techno structure, in terms of the machine bureaucracy because wherever you go in terms of McDonald outlet if you know that there is a standardization of work they all the services and the products that they have across various outlets you will find them the same their procedure is going to be same now Author also talked about whenever there is a lot of external influence on the functioning of the organization, there is lot of control from the outside, then also the organizations tend to take shape of a machine bureaucracy.

I mean when I say organization, I am talking about the structure within the organization, it tend to take the shape of a machine bureaucracy. So, in that case you can see that large public organizations and government Public organization and government, they also come under as an examples of structure with a machine bureaucracy. There is a top level, operating core, middle level and techno structure and operating staff. There is a lot of focus on standardization of work there. So, whenever there is outside influence, lot of control over the organization from outside.

There's a political authority. I've talked about it so many times and there are influences outside which directly or indirectly impact the functioning of the organization. So, this organization tend to take a structure which looks like more of a machine bureaucracy. So, if you ask public organization in that way, because they are externally influenced, there are a lot of you know, the constituencies or lot of powerful people there who are influencing the functioning of the organization, especially the political, because of political intervention, they tend to take the shape of the machine bureaucracy because they have to take care of the concepts like accountability, and control. So, they have to follow tough rules, regulations and the similar things.

This was about the second configuration which was proposed by the author. Then we will move to the third type of configuration that the author suggested which is called as professional bureaucracy. Professional bureaucracy, if you look at first of all, we will look at the graphically how it looks like professional bureaucracy and then I will talk about the various character of this. Now, in this case also, we will have strategic apex. There will be a technical structure, but you will notice here that here the support staff is going to be elaborated and then of course, we will have an operating core.

I'll tell you why it is happening. Now, when we talk about professional bureaucracy, in this case, what is happening is the coordination in this particular configuration, it happens through standardization of skills. Because standardization happens through scale, you will have lot of operating, sorry, a lot of supporting staff there helping the operating core to, supporting the operating core to do the functioning. In this case, what is happening is we require a lot of trained professionals. In this kind of structures and organization, lot of trained professionals are required who will be forming the operating core for the organization.

And to support them, there will be elaborated support staff. The examples of this professional bureaucracy include hospitals, educational institutions, for example, business schools, You see that in case of hospitals, educational institutions and business schools, lot of trained professionals would be required. And to help these trained professionals, lot of supporting staff would also be required. And they coordinate through the standardization of the skills. For example, if the business school teacher has to teach a concept or let's say to deal with the one particular class teaching there dealing with the case teaching and talk about the case method in the class.

And of course, across the class, the standardization has to be taken care of. The skill set, you know, the training is such that the standardization of skills is being taken care of. So, the examples like hospital doctors, what kind of methods are to be used by them, right? The skills are very, very important. So, in that case, this particular configuration suits well and takes shape of professional bureaucracy in the examples which I have just mentioned like hospitals, educational institutions such as business schools and so on and so forth, right? Then the fourth one is about divisionalized form which the authors have talked about. In case of divisionalized form we will look into first of all how the graphical structure look like.

So, as the name indicates it is a divisionalized form there you will see that first of all we will have strategic apex. Then you will also see the technical technostructure, support staff, we will have middle line, very elaborated middle line here and then we will see lot of divisions here. I am just making it with the help of triangles here, lot of division. So, in this case what happened is lot of divisions are created, parallel divisions are created in the organization. I will tell you how these divisions can.

For example, if you look at the product based structures. So, in some cases the departments in the organization will be based on the divisions depending upon the product. For example, product A, product B are the divisions being created. Product A, B, C and D, if I look at these triangles which are being made here, they are the part of the operating core. Then middle line level managers, they will get more autonomy in these kind of structures because they have more control power.

So, these people in the middle line, they have more autonomy. So, I will say middle line they have more autonomy to do what to handle the activities of each of the division right, now coordination because these are the different divisions right so we need to coordinate by creating the standardization of output, that output that these organizations are going to give this should be standardized, standardization of output should be taken into consideration. In case of professional bureaucracy, it was standardization of the skill. In case of machine bureaucracy, it was the standardization of the work, how work is to be completed. Here, it is the standardization of the output.

So, the coordination will take place with the help of standardization of the output. The example, if you look at what kind of organization will have more of the divisionalized form, you will see that most of the automobile companies will have this divisionalized structure. which is one of the configuration as proposed by Henry Mintzberg. Okay, moving on, we will have the final configuration which the author described and this particular configuration is termed as adhocracy. Now, in case of adhocracy, they say this is the one of the fluid structure.

It does not have much of the standardization of across things like that. There is most of the fluid structure. It is basically found in complex organizations. you don't have no very rigid structure there, complex organization who engages specialized people for their working. And the coordination in this kind of structure takes place through mutual adjustments.

Now you see what is happening, they are complex organization dealing with the complex issues. They engage highly sophisticated, specialized people with competencies and the coordination happens through mutual adjustment. Now this particular adhocracy configuration, it clearly contrasts what we have discussed in terms of specialization of task, formalization of behavior and so forth. They strongly contradict all those, the design element they discussed. So, examples of this kind of structure you will find in consultancy firms.

Consultancy firms you will find them. Then there could also be examples from the industry organization in the industry aerospace. The article also talks about that filmmaking is also one kind of organization which takes the shape of adhocracy. Adhocracy in simple terms that they don't have very rigid structure, they are more fluid and the coordination happens through the mutual adjustment between the members. These organizations they engage very sophisticated specialized people and they are complex organization. Examples are consultancy, aerospace, think tanks consultancy and so on and so forth.

Now you see what is the idea that we have got from this particular example. So, this was published in 1981, but still very well cited and prevalent. You will see that most of the business books, management books on organizational structure and design, they talked about this particular paper at length. Now, the conclusion of this is that depending upon the configurations and how the design elements of the structure, they come together, in a various ways and in particular shape and try to become part of you know take a shape with these basic parts of the organization and take the shape of these five structures simple structures, machine bureaucracy, professional bureaucracy divisionalized form and adhocracy and gives the organization a shape. Depending upon from which particular industry they come in for example in case of simple structure we we talked about the

example of entrepreneurial firms, the start-up businesses right who have just started their business that particular structure suit their environment.

In case of machine bureaucracy because they say that organization they are controlled by outside world more, they have direct influence of these agencies and then there's a lot of control by these agencies on the public sector organization. So, hence we can say that in public organization machine bureaucracy is something which is more prevalent or also it focus on the standardization of the work and that's how the example of McDonald was given. On the other hand, professional bureaucracy will take shape in the organization which require, of course, specialized people for which we need standardization of skills. Examples, hospitals, doctors, nurses and educational institutions, you know, and for example, business management, business schools. So there it can take the shape of professional bureaucracy.

In case where we have large organizations and then the organization is dealing with multiple products or we can also say that divisions can also be created depending upon the geography or the product then in case of divisional form middle line managers they will have got more autonomy to control the activities of these operating core divisions and the coordination happens through the standardization of the outcomes, examples we talked about the most of the automobile sector organizations will come under this particular form I'm noticing most of it they can also have a different kind of a form but largely they will be more suitable to go for when we're talking about the divisionalized form and finally we talked about the adhocracy which means that these are the complex organization that require engagement of sophisticated specialized people, and in this case the coordination between you know in this case happens through the mutual adjustment examples of this particular type includes the filmmaking the organization in filmmaking, organization in aerospace industry or consultancy think tanks and so and so forth right so with this we have you know concluded, we are concluding the topic on organizational design. In the next session I will talk about the concept of types of organization structures and design and then we will conclude this session with reorganization uses and the benefits of this I'll see you in the next session