Designing Work Organization
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Lecture-31
Organizational Design Challenges

In this particular session of the organization design challenges, we will talk about the different design challenges. That is what are the different organizational design challenges and what are the basic challenges which we can the organization can play by the different roles. The vertical and horizontal differentiation, managerial implication of differentiation, balancing differentiation and integration, integrating mechanisms or techniques are there, balancing the centralization and decentralization, balancing the standardization and the mutual adjustment and the case study research paper book recommendation and references as usual. Now, whenever we are talking about organization design challenges is not just what it looks like and feels like design it how it works is there. So, it is having a very important role because it is not the look of this, a victorious look of this organization design is there, but it is about the as soon as you design and place the people on this particular organization structure, you find that is the they are they have to play different roles and responsibilities and those roles and responsibility how then it is working that defines about by the organization structure is there. So, organization design challenges are that I feel a lot of challenges in designing their structure for the smooth functioning of the department of the employees are there.

The basic challenges of the organizational design are the balancing the differentiation and integration, balancing standardization and mutual adjustment and balancing the centralization and the decentralization are there. So, basically whenever we are talking about the organizational design, so these are the three challenges are there. So, first we will take the differentiation, the process by which an organization allocates people and resources to the organizational task and establishes the task and authority relationship that allow the organization to achieve its goals are there. And when we talk about the division of the labor, the process of establishing and controlling the degree of specialization in the organization is concerned.

The organizational roles which are very important are the in organizational role is a set of tasks related behaviors required of a person by his or her position in an organization. Organizational roles are the basic building blocks of the differentiation is there. So, it shows about the authority and control mechanisms are there. When we talk about the authority, the power to hold the people accountable for their actions and to make the

decisions concerning the use of organizational resources are there. The control is the ability to coordinate and motivate people to work in the organization's interests are there.

The subunits, the functions and divisions are a subunit composed of a group of people and the working together who process similar skills or use the same kind of knowledge, tools or techniques to perform their jobs are there. When we talk about a division, a subunit data consists of a collection of functions or departments so that they share the responsibility for producing a particular good or service is there. When we talk about these support deep functions that facilitate an organization's control of its relation with its environment and its stakeholders are there. Production functions that manage and improve the efficiency of an organization's conversion process so the more value is created. Here we have to understand that is whenever we are talking about the functions, division, support functions and the production functions are there.

So, these all they are making a particular subunit and these subunits is making the working of this organization structure is there. So, first we have to understand that is what functions that is the skills and the use of knowledge. So, here the every position which is placed into the organization structure, then they have to demonstrate their knowledge skills, knowledge and their skills. So, here it becomes important that is the this type of the production functions and the support functions both are the having the proper functioning division. And in that case, when you are making the proper division of the support functions and the production functions, then definitely in that case, it becomes a clear-cut division and decentralization is there.

Now organization structure normally when it talks about division is there, so it is the sharing of responsibility for and then for example, the marketing division, finance division, operation divisions, HR divisions and all. So, that will making these particular functions and divisions are there. In addition to the support functions, there are the maintenance functions are there and these maintenance functions that enable an organization to keep its departments in the operation is there. So, here the these particular maintenance working functions, there will be the organization structure designing where for example, post-post the feeders, turners, welders, electricians So, all these staff, these staff that will be having the maintenance and keep the departments in operation is there. So, making the proper operation, naturally they may have to the breakdowns also and to correct the breakdowns there is a need for this type of the maintenance functions are there.

There are certain adaptive functions and that allow an organization to adjust to changes in the environment is there and these particular changes in the environment that is the adaptive function that will be making the adoptions is there. So, normally like for

example, I will like to give an example, there is a suppose an export order is there and in an export order naturally there will be the certain changes are to be there in the environment. I would like to give an example of the textural industry where like the humidity is there and now to maintain the humidity you will require a particular staff and then in here then it will be the adaptive function will be there which you have to keep a provision because your product that require may be the texture industry, may be the food industry is required which requires a particular level of humidity. So, therefore, in that case, these adaptive functions are to adjust to changes are also very much necessary. When we talk about the managerial functions, then this facilitate the organizations that is the how you are going to manage these all these adaptive functions, managerial functions and the maintenance functions are there.

When you are making these particular changes in the environment, then definitely in that case the managerial functions that facilitate control and coordination because there are the different functions are there and these functions are to be planned, are to be organized, are to be controlled and there is a coordination is also there. So, therefore, here you will find that is these are the functions and divisions which are making this particular adoption is there. When we talk about the hierarchy, a classification of the people according to the authority and rank is there. Now, the here the whatever we are taking these organization structures. So, in the organization structures we find there is an hierarchy is there, hierarchy means like this, like this is a tall structure and in this tall structure there is a this person, this person is reported by this persons, this person is reported by these two persons and this person is reported by these two persons and like this there will be the hierarchy will be there and every person will be having that authority and the rank will be there.

So, this person is having one authority for example, the assistant manager, deputy manager and the manager is there. So, when we talk about this type of these hierarchy of these levels, then definitely in that case you will find that is the how you are maintaining a classification of the people is there. So, when you are having this classification of people and then the reporting system will be there accordingly. So, here it is important that is what type of the hierarchy you are having. Now, this is an example of the vertical differentiation is there.

The way an organization designs its hierarchy of authority and creates a reporting relationship to link organizational roles and the subunits are there. Now, we will see the horizontal differentiation is there. So, whenever we are talking about the horizontal differentiation, then in that case you will find that is the it is becoming the aspects of the that is how we are going for this type of these horizontal structure is there. Now, the way the organization groups organizational tasks into roles and into subunit functions

and division and these are into the horizontal positions, these are into the vertical positions. So, whenever we are talking about these vertical positions and these aspects of this type of the horizontal and the vertical structures, then definitely here we will find that is the this is creating the here all this type of those roles responsibilities and the functions and divisions are to be there.

So, these organizational task roles and into the subunits functions and divisions which are created and they will create this type of the structures or the hierarchy is there. So, here the differentiation will be there. As we have seen that is the reporting style will change and as soon as the reporting style will be changing, there will be the difference into the roles and the relationship also. Now, here the managerial implication what will be of this differentiation, when you making the vertical what how it makes a difference then the when you are making a horizontal organization structure. So, no matter what you position in an organization draw an organization chart to you can identify the distribution of authority and the division of labor is there.

So, here we find that is this authority and the division of labor is on the basis of either into the vertical structure is there or into the in the case of that is the you are having the horizontal structure, then these managerial implications will be there because the distribution of authority. So, here this person is having the more authority. Suppose I am putting this structure and this one person, so this third person, this third person here which is working he will have the less authority because in the structure we find that is they are making the differences there as a level, level is there. As you go into these different roles are there, then a division of labor is best for the that is a task being performed. So, here we will find that is the how many people you work with or supervise and analyze each person's role and the relationships are there.

So, it is also necessary for the task being performed that is you have to redefine the relationship and the responsibilities are there. So, as soon as you are changing from the vertical to the horizontal or horizontal to the vertical you will find that is it is you have to redefine it and the relationship will also change along with the responsibilities. So, if you supervise more than the one function or the department then analyze the relationship among the department wise. Now, naturally for the marketing department you may like to have a different organization structure for the HR department you may like to have a different organization structure. So, make sure that the division of labor that is the best source of the organization's mission, the creation of value for the stakeholders is there.

So, ultimately what is objective? The objective is that is a value creation for the stakeholders is there and when we are creating talking about the value creation for the stakeholders then these are best source the organization's mission and that is making this

particular change of these differentiation is there. Now, whatever the differentiation you make vertical or horizontal ultimately you have to keep in mind that is what is the organization's mission and how we can create the value for the stakeholders are there. Now, when you are having the differentiation, so there will be also necessity for the balancing the differentiation and integration is there. So, horizontal differentiation is supposed to enable people to specialize and thus become the more productive is there. So, however, the companies have often found that the specialization limits communication between the subunits and prevents them from the learning from one another is there.

As a result of the horizontal differentiation, the members of the different functions or divisions develop a subunit orientation a tendency to view one's role in the organization strictly from the perspective of the timeframe, goals and interpersonal orientation of one's subunit are there. So, here horizontal differentiation is to make people is there and that becomes the more productive is there. So, similarly, we find so, however, the companies have often found that the specialization limits communication between subunits and prevents them from the learning from one another. As a result of the horizontal differentiation, the members of the different functions or division develop a subunit orientation, a tendency to view one's role in the organization strictly from the perspective of the timeframe, goals and interpersonal orientation of the one's subunit is there. Here, it is becoming very, very important that is the whatever the balancing you are making like for example, the horizontal differentiation is there, then definitely in that case, the people they will be more or less at the equal level and then in that case, that balancing between the interpersonal relationship will be requiring the more concern is there and limit communications.

And here also you will find that is the communication that is between the subunits and prevents them from learning from the one another is there. Here, it is also to be noted as a result of the horizontal differentiation, the members of the different functions or the divisions develop a subunit orientation, a tendency to view one's role in the organization strictly from the perspective of the timeframe, goals and interpersonal orientation of one subunits are there. So, these when you are talking about the interpersonal relationship, definitely it will also change the goals and then they will also change the interpersonal orientations are there. So, please understand that is the whatever the relationship is there in these between the two aspects, then it has to be concerned for the relationship is there. So, how to facilitate communication and coordination among subunits is a major challenge for the managers are there.

So, here we have to understand that is the how we are facilitating these communication because the all are at the equal level and therefore, in that case, their authority, their

responsibility, their roles, they are becoming more or less common and equal. So, this coordination among subunits is a major challenge for the managers. One reason for the problems on this front is the development of the subunits orientations that makes communication difficult and complex. Here these it is becoming very, very important that is what type of these development or the communication is level is maintained because it is more or less it has been observed in the limitation of the horizontal organizational structure is that is organization or management has to coordinate this communication very strictly and because there is a difficulty and it becomes complex. So, what is the role and responsibility of the management? Management has to integrate it.

So, this integration of process of coordination among various tasks, functions and divisions, so that they work together and not at the cross purposes are there. So, seven integrating mechanism are the techniques are there that managers can use as their organizations level of the differentiation increases are there. These integration of mechanism can be done by the hierarchy of authority is there. The simplest integration technique in the organization hierarchy of authority which differentiates people by the amount of the authority they possess because the hierarchy dictates who reports to whom if coordination various organizational roles are there. Manager must carefully divide and allocate authority within a function and between the one function and other to promote the   coordination   is   there.

So, direct contact between the people of the different subunits is a second integrating mechanisms that are often more problem associated with using it effectively then with the hierarchy of authority is there. So, the principal problem with the integration across function is that a manager in one function has no authority over a manager to the another is there. Now here whenever we are talking about this type of the responsibilities, so manager has to take the and have a direct contact with these all the people those who are working and more problem which are associated with using this horizontal mechanism that is to be effectively resolved. The principal problem and integration across the function is that here the manager has no authority over the another is there. As I mentioned because it is a horizontal structure all are equal and therefore there is not an authority   one   over   the   another.

If it is the situation then in that case the management has to be very careful in the integration because there is a direct contact and there will not be a superior subordinate relationship. Now, the third one is the lies and roles are there. So, as a need for the communication between the two subunits becomes increasingly important often because of a rapidly changing environment one or a few members from the each subunit are often given the primary responsibility to work together to coordinate subunit activities are

there. So, naturally in there are the different groups are there and they are working together. So, all to get work done from all so it is a coordinator has to be there.

So, you have to select the one member and that he will work as a coordinator amongst the all members are there. So, he will make the function smooth. So, communication will not be a problem he will be able to communicate to the rest of the members and similarly the rest of the members can communicate to this particular coordinator about a particular issue. Now, the task forces are there as an organization increases in size and complexity more than two subunits may need to work together to solve the common problems. So, task force is a temporary committee set up to handle a specific problem is there.

So, either you can have the liaison or you when there is a larger size or complexity is there then definitely you can involve a task force which will be solving the common problems are there. So, task force is a temporary committee set up to handle a specific problem is there one or a few members of the each function join a task force that meets the regularly you need a solution is found. So, therefore, this particular task force which will be integrating these mechanism other techniques are there. So, here it has the importance that is how the task force can create this type of the relationship or the playing the role. So, that the horizontal structure that these all the committee members they set up a relationship with the all other members are there.

Task force members are the responsible for taking the solution back to their functions to gain their input and approval is there. So, here in what will be the role and responsibility of this task force. So, therefore, they will be functioning to get the input they will be like communicating between the rest of the members and the management is there. So, they can get the inputs and approval to increase the effectiveness of the task forces as in a manager who is not a member of any functions involved usually chairs the meeting. So, therefore, in that case, he will be able to coordinate for the rest of the functions.

There are the certain teams also when the issue is task force is dealing with becomes an ongoing strategic or the administrative issue, the task force becomes the permanent is there. A team is a permanent task force or the committee is there and therefore, this team or committee and that will be taking integration of mechanism amongst the all. So, these integrating roles or the departments are there and organization becomes large and complex communication barriers between the functions and divisions are likely to increase. So, managers in a division making different products for example, may never meet one another and integrating roles is a full time managerial position established to improve to proper communication between the divisions are there. So, these are

balancing   the   centralization   and   the   decentralization.

The hierarchy defines the area of each person's authority within the organization. So, more companies however, complain that when hierarchy exists, employees are constantly looking for their superiors further direction is there. Now, when we are talking about the hierarchy structure, then naturally there is a one person is reporting to another person and the levels of these reporting is high. So, therefore, in that case many companies they are having this type of this problem that is there is a huge hierarchy is there. So, reach to the top person is become difficult and what top person communicates it reaches to the last person   in   a   very   different   form.

So, the employees are constantly looking to their superiors further direction that is what is the direction is there. So, when some new or unusual issues arises, they prefer not to deal with it or they pass it on their superior is there because there is a big hierarchy. So, why take the risk therefore, they will pass on their decision-making role to the superior rather than assume responsibility and the risk of dealing with it, but in the case of the horizontal structure, no you are supposed to take responsibility and take the decisions are there. The solution involved decentralizing authority and it is implies at the low level in the hierarchy were given the authority to decide how to handle the problems and the issues that arose while they perform their jobs are there. The issues of how much to centralize or the decentralized authority to make the decisions offers a basic design challenge   for   the   all   the   organizations   are   there.

So, there it is ultimately it is the responsibility of those coordinators or those the decision makers, those who are having that authority and they have to make the challenge to get this particular the coordination. When the authority to make the important decision is written by the managers at the top of the hierarchy, authority is said to be highly centralized. The advantage of centralization is that it lets top managers coordinate organizational activities and keep the organization focus on its goals. Centralization becomes a problem however, when the top manager becomes the overloaded and immersed in the operational decisions and making about day-to-day resource issues. By contrast, when the authority to make the important decisions about organizational resources and to initiate new projects is delegated to the managers at all levels in the hierarchy   authority   is   highly   decentralized.

So, the advantage of decentralization is that it promotes flexibility and the responsiveness by allowing the lower level managers to make on this decisions. Managers remain accountable for their actions, but have the opportunity to assume greater responsibility and take potentially successful risk.   The downside of the decentralization is that if so much authority is delegated that managers of all levels can

make their own decisions, planning and coordination becomes very difficult. Thus, too much decentralization may lead an organization to lose control of its decision making process is there. So, the challenges facing all organization large and small is to design a structure that achieves the right balance between the standardization and the mutual adjustment   is   there.

  So, standardization is the conformity to specific model or the examples defined by the well established sets of rules and norms that are considered proper in a given situation. Standardized decision making and coordination through rules and procedures make the people's actions routine and the predictions are there. Now, when we talk about the mutual adjustments, on the other hand at the evolving process that which people use their current and judgment of events rather than standardized rules of action to address problems, guide decision making and promote coordination. As a result, the right balance makes a very actions predictable so that the ongoing organizational task and goals are achieved. Yet it gives the employees the freedom to behave flexibilities so they can   respond   to   new   roles   and   responsibilities.

  The challenges facing all organization whether it is required that is they are having actions   routine and the predictions are there. So, that will be the creating the standardization.   The right balance is always required between these central standardization and the mutual   adjustment is there. Because when you mutual adjustment on one side, they are making these guide decision making and the promoter coordination and the right balance makes many actions predictable so that the ongoing organizational task and goals are achieved. Yet it gives the employees the freedom to behave flexibly so they can respond to new and changing sustainable creativity is there.

  Another way of standardization and mutual adjustment is the formalization that is a written rules are there. So, formalization is the use of the written rules and the procedures of the standardized operations. Rules of format written statement specifies the appropriate means by the reaching desired goals. When people follow rules then they become in accordance with the certain specified principles. A high level of formalization   typically   implies   centralization   of   the   authority   is   there.

  A low level of the formalization inspires that the coordination, the product of the mutual adjustment among the people across the organizational functions and decisions making a dynamic process in which the employees apply their skills and abilities to respond to change and the solve problems. The mutual adjustment typically implies decentralization of the authority because employees must have the authority to commit the organization to certain actions when they will make the decisions are there. Now, in the socialization and understood norms are there. So, norms or standards are the styles of

behavior that are considered typical or representative of a certain group of people and which also regulate and govern their behavior. So, members of the group follow a norm because it is a generally agreed upon standards for behavior.

So, many norms arise informally as people work together over time is there. Now, the name given to the process by which the organization members learn the norms of an organization and they intend that these unwritten rules of the conduct is the socialization. In general, organization can encourage the development of standardized responses to the innovative ones are there. So, in the standardization versus the mutual adjustment when you have the facing these managers, then the mutual adjustment can provide the employees with the opportunity to discover the new and better ways of achieving the organizational goals. So, managers facing the challenges of balancing the need for standardization against the need for mutual adjustment need to keep to mind that if people at higher levels and in functions that perform complex uncertain tasks rely more on these mutual adjustment then on the standardization of the coordinate their actions are there.

This is the case study, how can Coca-Cola fizzle out on globalization and infamous example of a big corporation facing the disastrous consequences from the making the frequent shift in its organization design is Coca-Cola. This case study will be helping you that is the how when you are going at the global level, how to think the global and act globally is there. This case study will be also giving you that is the how we can make the local business the while the way we become the global and then how to control these global organizations are there. And as you can find out that is this globalization will lead to a great success with the proper departmentation and the decentralization. This is the research paper organizational design change in the multinational supply chain organizations and the purpose of this is becoming increasingly complex.

So, therefore, managers to balance to diverse needs as a result of managers continuously face the need to change how they are organize their internal support chains are there. This is the research paper which will be helping you to understand and discuss supply chain management capabilities that which a quick and one manager can develop to meet the perceived changes in the business needs are there. This is the book organizational structure and design applications and challenges. This book will be helping you to more understanding about the what type of the organization structure and designing of the organization structure will be there. And throughout this book is the effective management of organizations requires an understanding of the theory research and practice you will be having.

Now these are the references that you can go through these references to study more

into the details and which will give you an idea that is the what type of the organization structure that is a horizontal or the vertical organization structure and what are the challenges are associated with this particular designing of the structures are there. Thank you. Thank you.