

LECTURE # 14  
Organizational structure  
(PSYC-6223)

k  
k



# *What is an organization*

- ▶ A social unit of a people systematically structured and managed to meet a need or to pursue collective goals on a continuing basis.



# Why do we need an organizational structure?

- ▶ All organizations have a management structure that determines the relationships between functions and positions and subdivides and delegates roles, responsibilities and authority to carry out defined task.



# *Organizational structure*

- ▶ It is a framework within which an organization arranges its lines of authorities and communications and allocates rights and duties




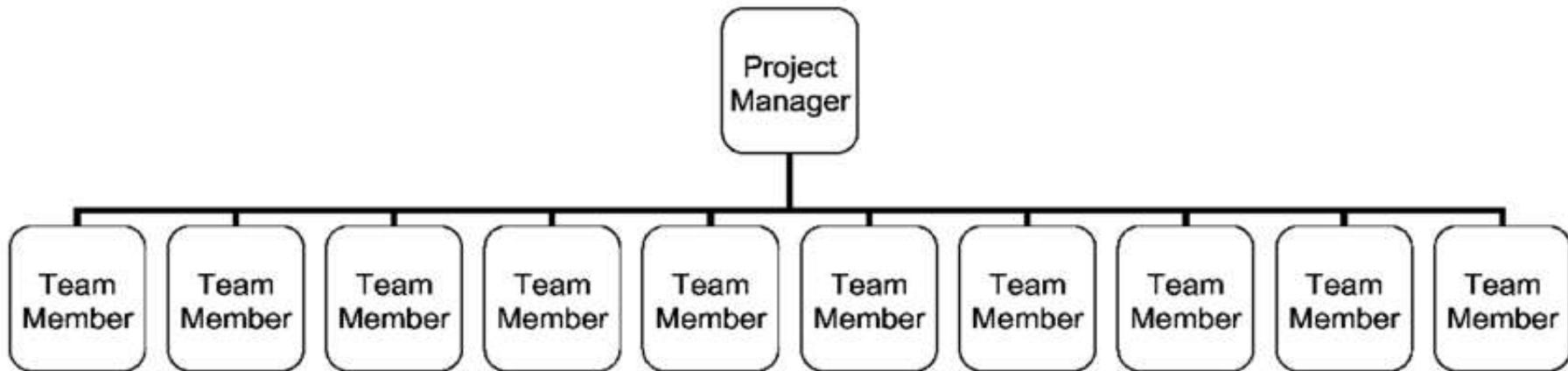
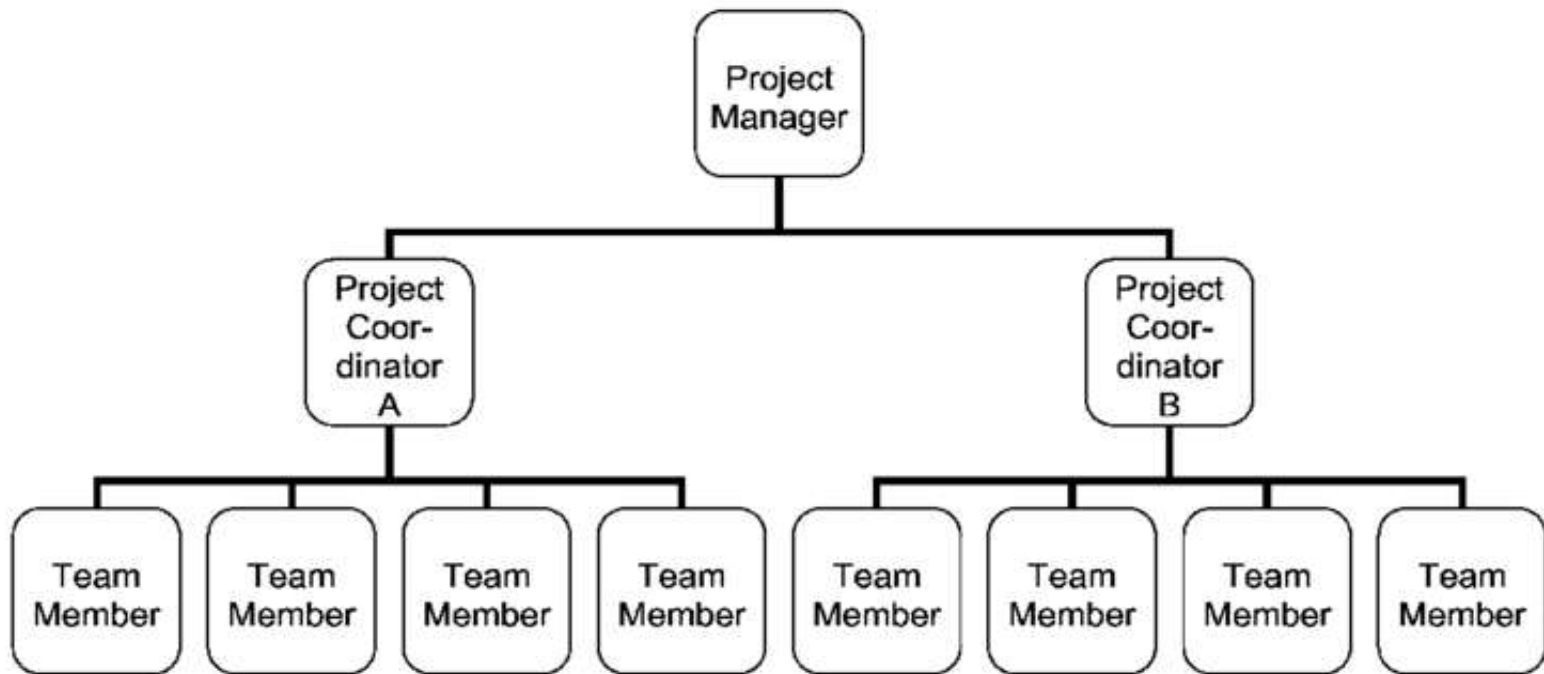
# *Types of organizational structure*

- ▶ 1. Tall organizational structure
- ▶ 2 . Flat organizational structure
- ▶ 3 . virtual organizational structure
- ▶ 4. Boundary less orga




# *Tall organizational structure*

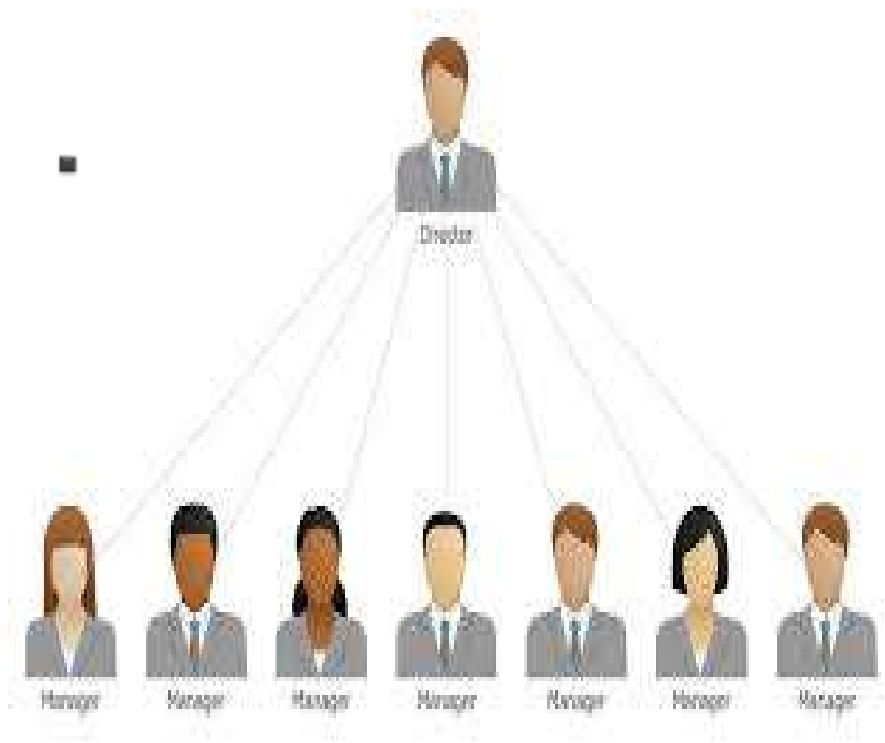
- ▶ Large complex organization often require a taller hierarchy
  - ▶ In its simplest form a tall structure results in one long chain of command similar to the military
  - ▶ As an organization grows the number of management level increases and the structure grows taller. In a tall structure managers form many ranks and each has small area of control.
- 



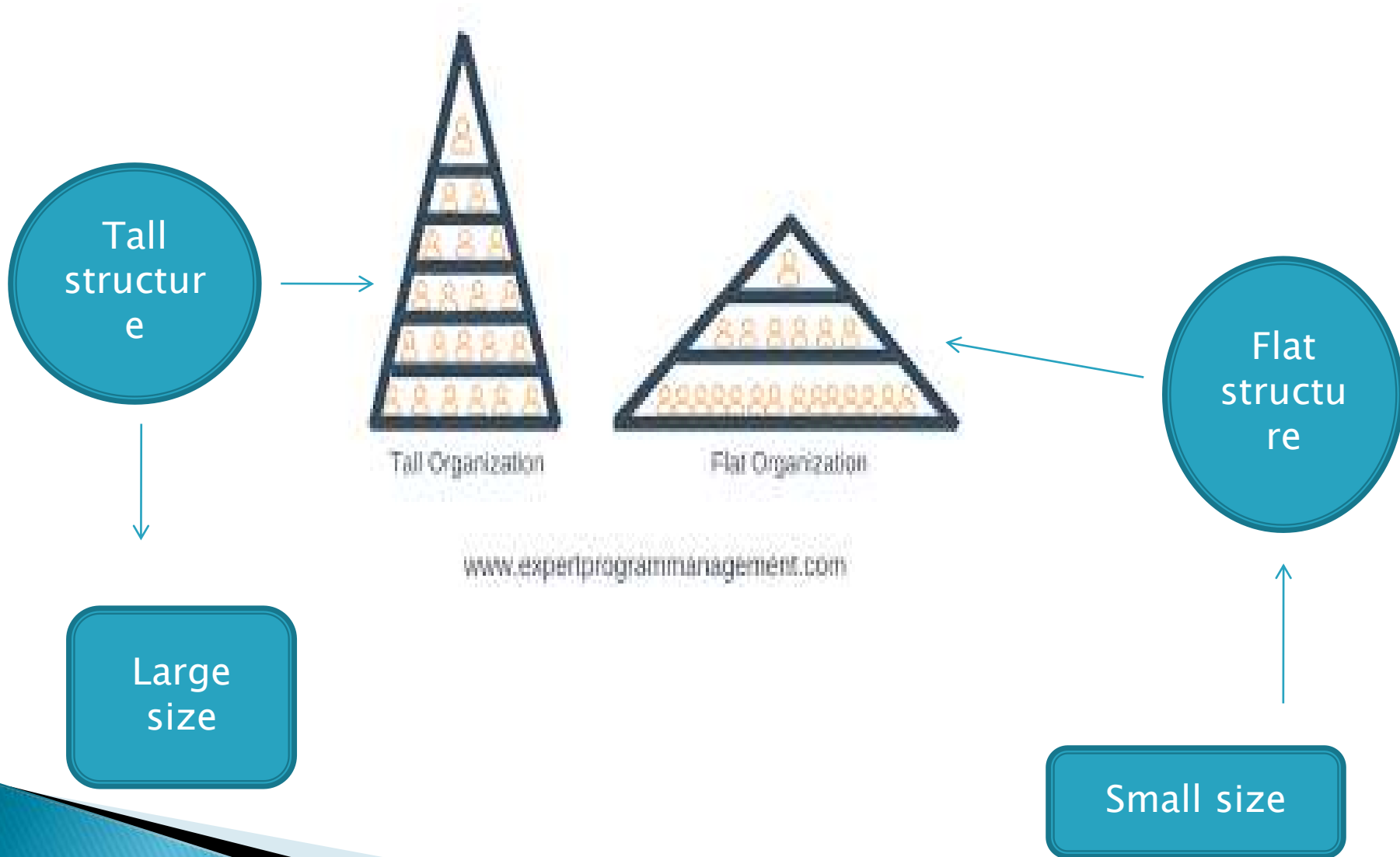
# *Flat organizational structure*

- ▶ A flat structure have fewer management levels which each level controlling a broad area or group
  - ▶ Flat organizations focus on empowering employees rather than adhering to chain of command
  - ▶ By encouraging autonomy and self direction flat structure attempt to tap into employees creative talents and to solve problems by collaboration.
- 






# Organizational Hierarchies




## *Virtual organizational structure*

- ▶ Virtual organizational structure can be thought of as a way in which an organization uses information and communication technologies to replace or augment some aspect of the organization
  - ▶ People who are virtually organized primarily interact with electronic means
- 


- ▶ For example many customer help desks link customers and consultants together via telephone or the internet and problem may be solved without ever bringing people together face to face




# *Boundary less organizational structure*

- ▶ A boundary less organizational structure is a contemporary approach in organizational design
  - ▶ It is an organization that is not defined by or limited to the horizontal vertical or external boundaries imposed by a pre defined structure it behave more like an organism encouraging better integration among employees and closer partnership with stakeholders
  - ▶ It is highly flexible and responsive and draws on talent whatever its found
- 

## *Features of organizational structure*

- ▶ Determines the manner and context to which roles power and responsibilities are delegated
  - ▶ Depends on objective and strategies
  - ▶ Act as a perspective through which individuals can see their organizations and its environment.
- 

## *Importance organizational structure*

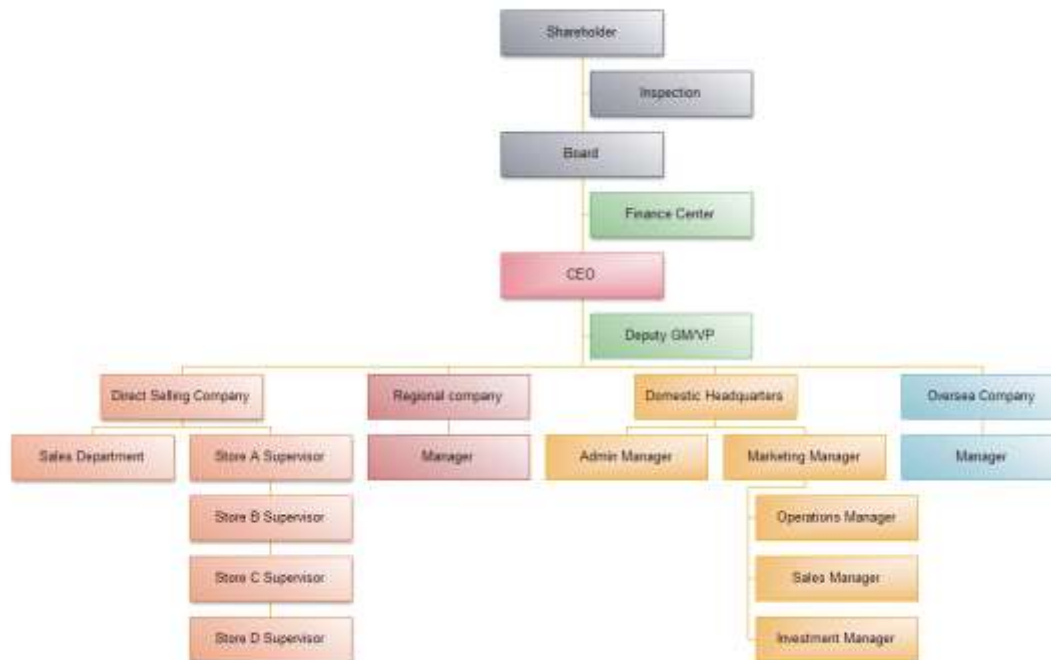
- ▶ Impact effectiveness and efficiency.
  - ▶ Reduces redundant actions.
  - ▶ Promotes teamwork.
  - ▶ Improves communication.
  - ▶ Contributes to success or failure.
- 


# *Purpose of organizations*


- Divide work to be done in specific jobs and departments.
- Assign tasks and responsibilities associated with individual jobs.
- Coordinates diverse organizational tasks
- Establish relationship between individual, groups and departments.
- Establish formal lines of authority.
- Allocates organizational resources



## Simple Organization Structure



- ▶ *Chain of command:*
  - ▶ The continuous line of authority that extends from upper level of organization to lowest level of organizational clarify who reports to whom.
  - ▶ *Authority.*
  - ▶ The rights inherent in a managerial position to tell people what to do and expect them to do
- 

- ▶ *Responsibility:*
  - ▶ The obligations or expectation to perform. Responsibility brings with it accountability
  - ▶ *Unity of command:*
  - ▶ The concept that a person should have one boss and should report only to him
  - ▶ *Delegation:*
  - ▶ \_the assignment of authority to another to carry out specific duties.
- 

# *Departmentalization*

When a company expands to....

- ▶ Supply goods or services
- ▶ Produces variety of different products
- ▶ Engage in several different markets

In such conditions the company can adopt departmentalization.

# *Forms of departmentalization*

- ▶ Functional
- ▶ Product
- ▶ Customer
- ▶ Geographic
- ▶ Process



### The Five Common Forms of Departmentalization

<b>Functional</b>	Based on the primary functions performed
<b>Product</b>	Based on the goods/services produced or sold
<b>Process</b>	Based on the production process used
<b>Customer</b>	Based on the primary type of customer served
<b>Geographic</b>	Based on the geographic segmentation of organizational units

## *Functional departmentalization*

Arranging the business according to what each section or department does.



## *Geographic departmentalization*

It is base on geographical or regional structure

Process departmentalization.

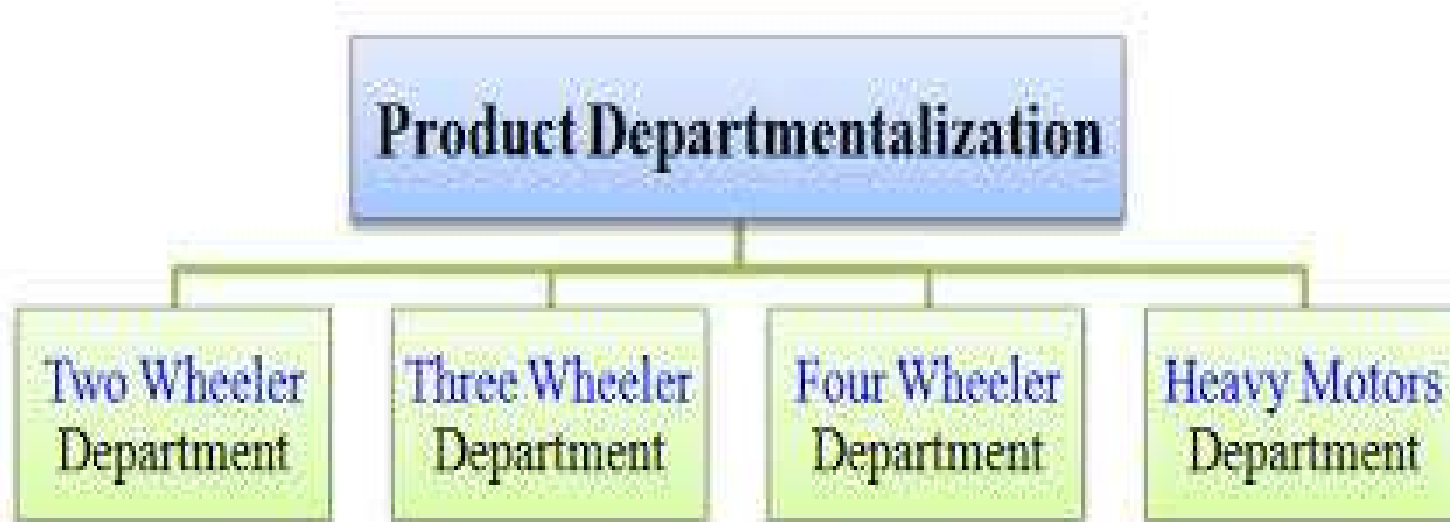


Diagram Credits © Moon Rodriguez



## ▪ *Product departmentalization*

Where products have to go through stages as they are made



# *Process departmentalization*

Organizing according to the different types of products produced



## *Customer departmentalization*

Where different customer groups have different needs

