

LECTURE 5

ORGANISATION STRUCTURES

What is Organising?

Is the process of arranging people and other resources to work together to accomplish a goal.

What is Organisation Structure?

Is a system of task, work flows, reporting relationship that links individuals together in a group.

It can be divided into formal and informal structure.

What is an Organisation Chart?

Is a diagram describing all the following:

- Division of work
- Supervisory relationship
- Communication channels
- Major sub-units
- Levels of management

Organisation Structures

1. Traditional structures:

- Functional structure
- Divisional structure
- Matrix structure

2. Development structures:

- Team structure
- Network structure
- Boundaryless organisation

Functional structure

People within similar skills and performing similar task are grouped together in work units.

Advantages:

- Task assignment consistent with training
- High quality technical problem solving
- In-depth training and skill development
- Clear career path within function

...Functional Structure

Disadvantages:

- Difficulties in pinpointing responsibilities
- Functional chimney problem
- Low sense of co-operation and common goal
- Narrow views of objective

Divisional Structure

Groups together people who work on the same

- **Product/Services**
- **Customers/Clients**
- **Geographical Region**

This type of structure is quite common in complex organisations.

Divisional Structure

Advantages:

- More flexible in responding to environment changes
- Improved co-ordination
- Clear points of responsibility
- Expertise found in product, customer and region.

Divisional Structure

Disadvantages:

- Duplication of resources and efforts
- Competition and poor co-ordination among divisions
- Emphasis more on divisional goal rather than objectives as a whole.

Matrix Structure

This is a structure that combines both functional and divisional structures.

Matrix Structure

Advantages:

- Better inter-functional co-operation
- Better customer service
- Better performance
- Improved decision making
- Improved strategic management

Matrix Structure

Disadvantages:

- Two boss system causes power struggle.
- Two bosses can create task confusion.
- Team meetings can be time consuming.
- Team loyalty may loose focus on organisation goal.
- Increased cost.

Team Structure

Uses permanent and temporary cross functional teams to improve central relations.

Cross Functional Team:

Brings together members of different departments.

Project Team:

Is concerned with a particular task/project and disbands once completed.

Team Structure

Advantages:

- Improved co-ordination
- Breaks barrier between departments
- Shared knowledge and expert problem solving
- Sense of involvement

Team Structure

Disadvantages:

- Conflicting loyalties between team and departments
- Time management
- Cost

Network Structure

Uses Information Technology (IT) to link with networks of outside suppliers and service contractors.

Network Structure

Advantages:

- Operate with few employees and less internal problems.
- Able to outsource least important task.
- Allows business dealings across great distance.

Network Structure

Disadvantages:

- The more complex an organisation is, the more complicated it becomes.
- If any one part of network fails, the entire system will fail.
- Lack of control on external supplier.

Boundaryless Organisation

Eliminates all internal and external boundaries.

Internal: Teamwork and communication needed.

External: Organisation is able to shift contracts.

Advantages include:

- **Absence of authority.**
- **Technology utilisation.**
- **Knowledge-sharing.**
- **Work setting encourages creativity, quality, timeliness and reduced inefficiencies.**

Organisation Trends

- Shorter chain of command
- Less unity of command
- Wider span of control
- More delegation and empowerment
- De-centralisation and centralisation
- Reduced use of human resources