Final Qualitative Research: Organizational Structure and Processes

 [Name of Student]

[Class]

[Institution]

[Date]

Table of Contents

Introduction

Organizations can be divided into two main types: business organizations, and not –for –profit

organizations. Business organizations engage in commercial and industrial activities, with the

purpose of making profits. Not –for –profit organizations do not operate to generate a profit,

although they must grow within the limits of the funding and cash that is available to them. They

can be further divided into two main types: Public sector organizations and non –government

organizations. Former are government departments or organizations that are funded by the

governments. However later are not –for –profit organizations that are partly or wholly funded

from non –government sources. Instances are charities, club and societies. (David Needham,

Robert Dransfied, 1994).
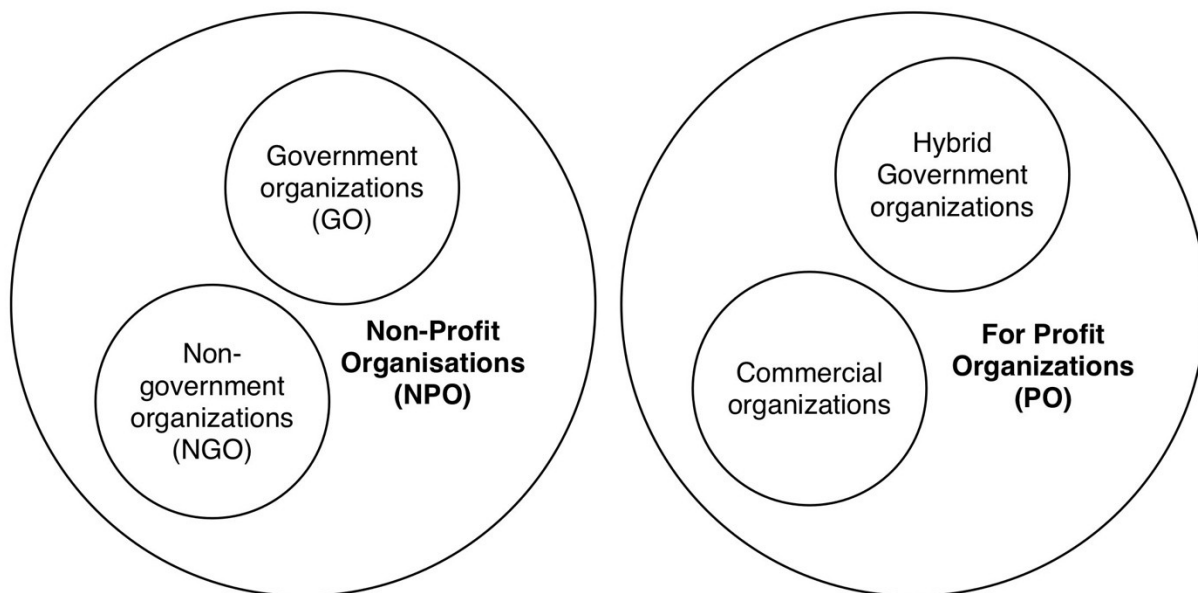
Organizations can also be analysed from the prospective of stakeholders. A stakeholder in an

organization is a person who has an interest (or 'stake') in what the organization does, and who

might therefore try to influence the decisions and actions of the organization. Stakeholders are

individuals and other organizations, but they often have a common interest. It is thus probable to classify many stakeholders into groups of individuals with an identical interest. Stakeholders can either be: people or group within the organization (internal stakeholders), or people, groups or other entities that are external to the organization (external stakeholders). (Jeffrey S. Harrison, Andrew C. Wicks, 2010)
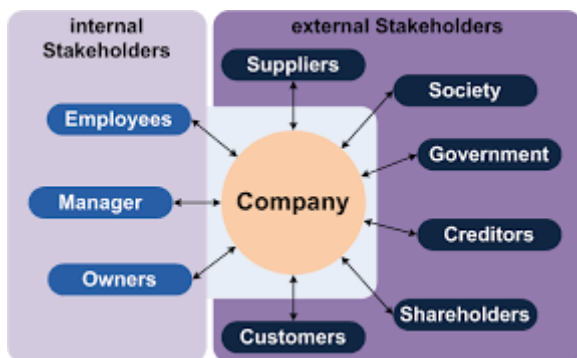

Up to now it has been decided that organizations are formed to carry out certain objectives and stakeholders are associated with the organizations to extract the privileges of such objectives. So, there must be few organizational relationships, which may be implemented to accomplish organizational goals. Goals in the initial stage as plan are put into action by the co –ordinated efforts of many individuals and groups within the entity. The plans can be executed in two different ways: the nature of internal relationships and the nature of external relationships. (Dr. Azhdar Karami, 2012). Former are the relationships between different parts of the organizations however in later a sufficient amount of work is outsourced to other entities and individuals who are outside to the entity and not a component of it.

Actions are implemented within an entity through established processes. These processes vary on number of factors. For instance what is the shape of command structure usually follow in the organization? Either it is *tall –narrow* or *wide –flat*. (R. Wayne Pace, 2002). This concept known

as the span of control which means the number of individuals who directly reports to a manager in a hierarchical management command structure.

Tall –Narrow: In this type of structure, each manager has a small number of subordinates reporting directly to him. Consequently, in a large organization, there are many layers of management from the top down to supervisor level. The span of control is narrow, and the shape of the organization structure is tall, because of the many layers of management.
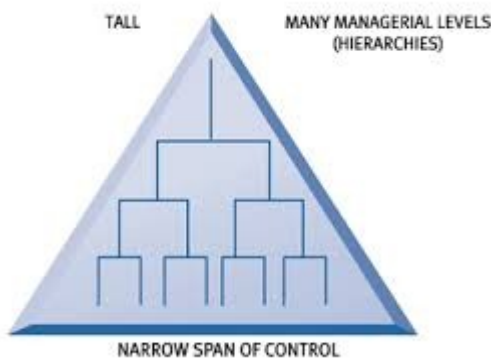
Wide –Flat: In this type of structure each manager has a large number of subordinates reporting directly to him. Consequently, even in a large organization, there are merely a few layers of management from the top down to supervisor level. The span of control is wide, and the shape of the organization structure is flat, because of the small number of management levels.
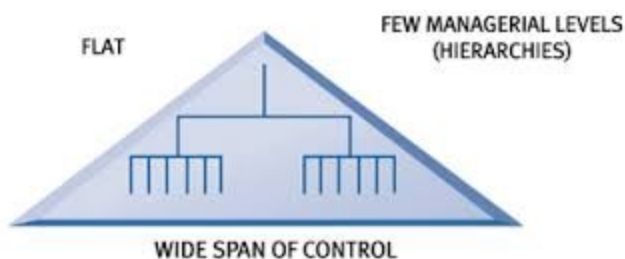

Processes influence the way in which plans are made and executed, and activities are managed. The nature of planning and control can differ widely between different entities. At one extreme,

actions are controlled through direct and close supervision of the work of individuals by their supervisor or superior manager. At the other extreme, there is minimal supervision, and controlled is exercised mainly by the individual himself.

Organizational configurations or organization structures are also exists to coordinate the activities of different individuals and work processes, and to implement plans into actions. The nature of the organization structure depends on the variation in processes and internal and external relationships. Mintzberg argues that there are five elements of 'building block' in an organization. The way in which an entity is organized most significantly varies on which of these elements is dominant. (Henry Mintzberg, 1983).

These five elements are show in the diagram below:
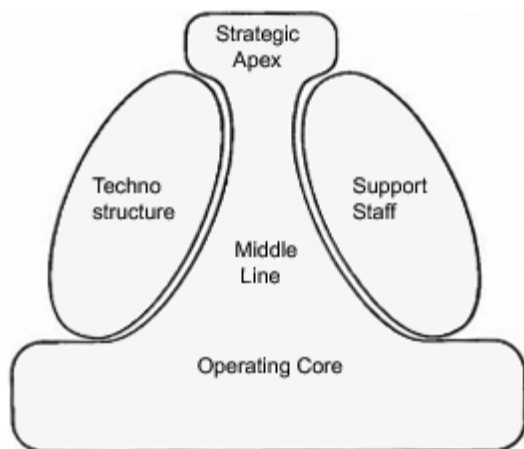
Strategic Apex: This is the top management in the organization.

Operating Core: This represents the basic work of the organization, and the individual who carry out this work.

Middle line: These are the managers and the management structure between the strategic apex and the operating core.

Support Staff: These are the people who provide support for the operating core, such as secretarial staff, cleaning staff, repair and maintenance staff and IT staff.

Techno structure: These are the staff without direct line management responsibilities, but who seek to standardise the way the organization works. They produce procedures and systems manuals that others are supposed to follow.

Hypotheses

The qualitative research paper will bring the light on the idea that how organization structures and processes possess privilege and support in the achievement of its organizational objectives. Many types of structures or configurations will be discussed and evaluation will carry out on the characteristics of these structures and processes. Moreover, available strategies have been evaluated and the preferred strategies have been selected, the selected strategies must be implanted. Achieving organization objectives requires effective strategy implementation. Strategy implementation takes the form of day –to –day actions and relationships. One aspect of strategy implementation is the topic of this paper that is: organization structure, including the organizations of processes and relationships.

Research Question

"What is the most appropriate structure for a particular organization and how it is associated with its stakeholders that will help it to achieve its strategic objectives in the most successful way?"

Literature Review

Mintzberg's Six Organizational Configurations

Mintzberg identified six distinct organizational configurations, each having a unique blend of the five building blocks. Organizational configuration would vary on complexity of the operations performed by the entity. The six configurations are: simple structure, machine bureaucracy, professional bureaucracy, divisional zed form, adhocracy, missionary organization. (Henry Mintzberg, 1979).

Simple Structure

This is found in an entrepreneurial company. The strategic apex exercises direct control over the operating core, and there is no middle line. There is also no support staff or techno structure. The strategic apex might be an owner –director of the company. The type of structure is very flexible, and can react quickly to changes in the environment, because the strategic apex controls the operating core directly.

Machine Bureaucracy

In a machine bureaucracy, the techno structure is prevailing element in the organization. The entity is led and regulated by the bureaucracy and the prominence is on control through regulation. It is problematic for an entity with this kind of organization to respond swiftly to environmental change. This structure is therefore more appropriate for entities that operate in a stable business environment.

Professional Bureaucracy

In this type of structure, the operating core is the central division. Mintzberg suggested the name 'professional bureaucracy' is this kind of structure as it is usually seen in entities where the operating core contains of highly –skilled professional members. For instances, investment bankers in a bank, programmers in a software firm, doctors in a hospital, accountants and lawyers in a professional practice, and so on.

Divisional zed Form

In this kind of structure, the middle line is the leading component. There is an influential group of powerful executive managers, and the organization structure is a divisional zed structure, each controlled by a divisional manager. In few divisional zed structures, divisional managers are very authoritative, and are capable to limit the impact of the strategic apex on making choices.

Adhocracy

Mintzberg suggested a sort of entity that he called an 'adhocracy'. This is an organization with a multifaceted and muddled structure, making wide application of teamwork and project-based work. This sort of organization will be seen in a complex and dynamic business environment, where innovation is effective for success. These organizations might develop working

relationships with external consultancies and experts. The 'support staff' element can therefore very significant.

Missionary Organizations

In this sort of organization, all the individuals share a mutual set of beliefs and values. There is often a reluctance to conciliation or admit change. This sort of organization is mere appropriate for small entities that work in simple and fairly static business environments.

Burns and Stalker: Mechanistic and Organic Structures

Burns and Stalkers identified two categories of organization structure, a mechanistic structure and an organic structure. The variation between the two sorts of structure are set out in the table below:

| Mechanistic Organization	Organic Organization
Authority is delegated through a hierarchical management structure. Power over decision-making is obtained from a person's position in the management hierarchy.	There is a network structure of control. Individuals influence decisions on the basis of their knowledge and skills, regardless of their position in the organization.
A bureaucracy.	Control is cultural, not bureaucratic.
Communication is vertical, up and down the chain of command.	There is much more horizontal communication and free-flow of information.
Job are specialised, and individuals concentrate on their specialist area. Doing the job is the main priority.	Specialist knowledge and expertise are shared, and contribute to the 'common task' of the entity. Contributing to the common task is the

	main priority.
Job description are precise.	Job description are less precise.
Tasks and operations are governed by instructions from a superior manager.	Communications consist of information and advice, rather than decisions and instructions from a manager.

Burns and Stalker found from their research that one type of organization is not necessarily better than the other. However, they did find that: an organic structure is better-suited to an entity that requires to be reactive to change in its products and markets, and in its environment, and a mechanistic structure is better-suited to an entity in a stable environment, where change is gradual.

Burns and Stalker also found that entities with an organization structure better suited to their environment perform better than entities whose structure is not well suited to their environment.

(Burn & Stalker's, 1961). For instance, an entity with a mechanistic structure performs better in a stable market than an entity with an organic structure.
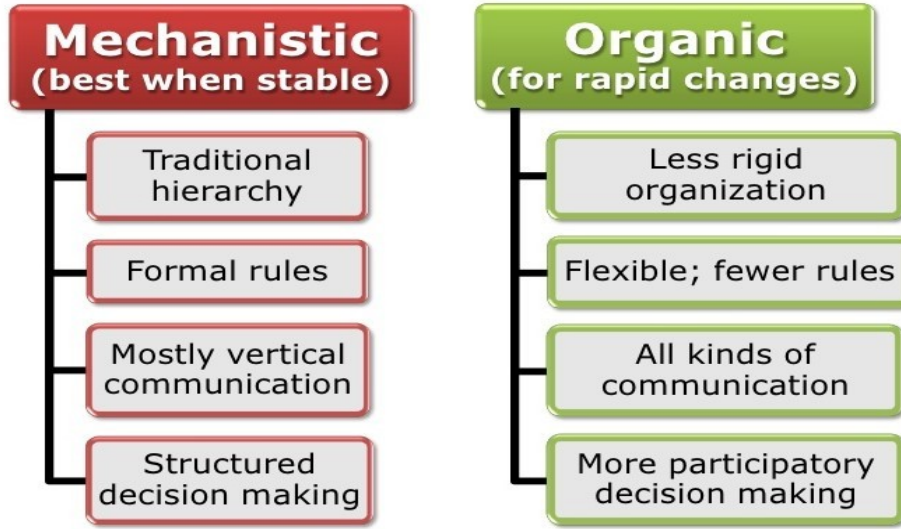
The organizational configurations suggested by Mintzberg, or the idea of Burns and Stalker, can be used to consider whether the organization structure of an entity is well-suited to its circumstances and situation. The key point to note is that the organization structure should be designed to enable the entity to implement its strategies effectively.

Johnson, Scholes and Whittington have commented: *"Poor performance might be the result of an inappropriate configuration for the situation or inconsistency between structure, processes and relationships"*.

Corporate Culture and Four Different Structures: The Views of Handy

Charles Handy suggested that there are four different categories of corporate that is actually represented four different structures. He described these as cultural 'stereotypes'. : A power culture, also called as club culture and a spider's web culture; a role culture; a task culture; a personal culture, also known an existential culture. (Charles B. Handy, 2011).

Power Culture

In a power culture, there is one major source of power at the centre of the organization. Power, authority and influence spread out from this central point, along functional or specialist lines, but control remains at the central point. A power culture is often found in small entrepreneurial organizations, where the boss is usually the founder of the business and also a dominant personality, who exercises close control over activities.

Role Culture

A role culture is probably the most readily-understood of the four corporate cultures. It exists in bureaucracy, where the responsibilities of each individual are defined by the job that he or she has, the job definition in the organizational structure. There is a traditional hierarchical structure to the organization, and each job (role) has a specific function. The organization relies on formal communication rather than informal communication.

Task Culture

In task culture, the focus is on tasks and getting tasks completed in the most efficient and effective way, and the main aim is the successful solution of problems. A task culture is typically found in project teams and development groups. This structure is well-suited to an organization that is continually facing new problems and challenges. In task structure personal relationships matter, and individuals are 'led' rather than 'managed'.

Person Culture

In a person culture, the entire organization structure is built around one individual or a group of individuals. It is unusually for an entire organization to have a person culture, but small parts of an organization might be structure in this way. In an organization with a person culture, the

central individuals may share some common resources, such as a small administrative support

function. However, the individuals operate independently and have some dedicated support staff

of their own.

Different cultures may exist in different parts of the same organization. The culture of an

organization, or a part of organization, determines how it is managed, and how individuals within

the organization think and act.
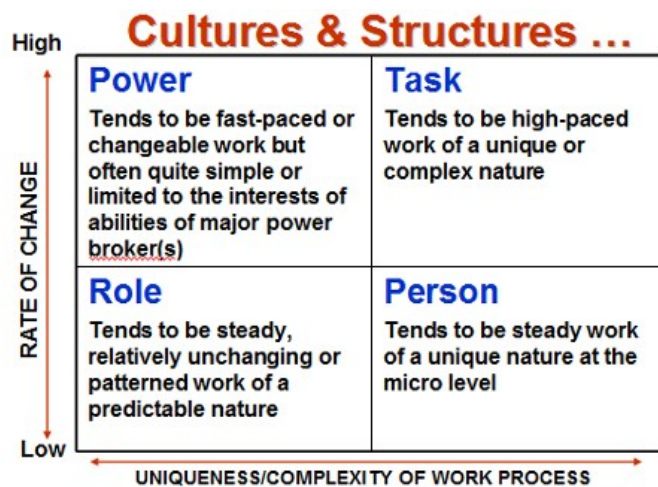
Data Analysis

Organization Structure

Organization structure is an aspect of strategy implementation. Strategy is implemented through

actions, and actions are planned and controlled through the management and decision-making

structure within the entity. The organization structure for an entity should be appropriate for the

size of the entity, the nature of its operations, and what it is trying to achieve. Most important, the organization must enable the entity to develop plans and implement them effectively.

There are several distinct types of organization structure. Within a single entity, particularly a large entity, there might be a mixture of different organization structures, with different structures in different parts of entity. (Aquinas, 2009). One should also be familiar with the following basic structures that might exist within any entity or part of an entity: an entrepreneurial organization structure, a functional structure, a divisional structure and matrix organization.

Entrepreneurial Organization
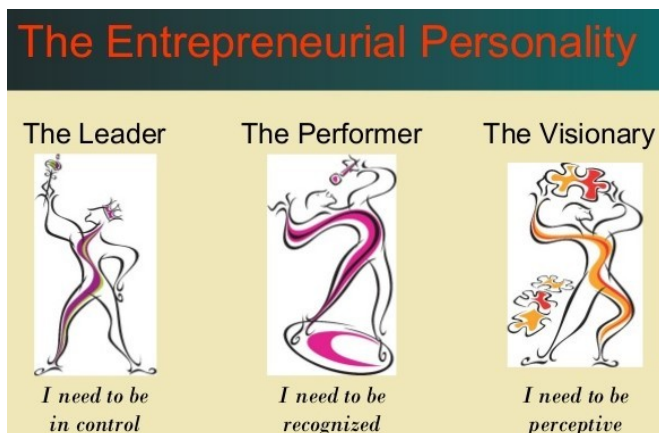
It is an entity that is managed by its entrepreneurial owner. The main features of an entrepreneurial organization are usually that: the entrepreneur takes all the main decisions, and does not delegate decision-making to anyone else; the entity is therefore organized around the entrepreneur and there is no formal management structure and operations and processes are likely to be simple, and the entity will probably sell just a small number of products and services.

It is appropriate when an entity is in early phase of its life. As it grows larger, however, an

entrepreneur structure will become inefficient, and a formal management structure is needed.

Functional organization Structure

It is usually the next stage in the development of the organization structure of a growing entity.

Decision –making authority is delegated in a formal arrangement, and responsibilities are

divided between the managers of different activities or functions. (Les Dlabay, 2008). An

organization chart showing a simple functional structure is shown below:
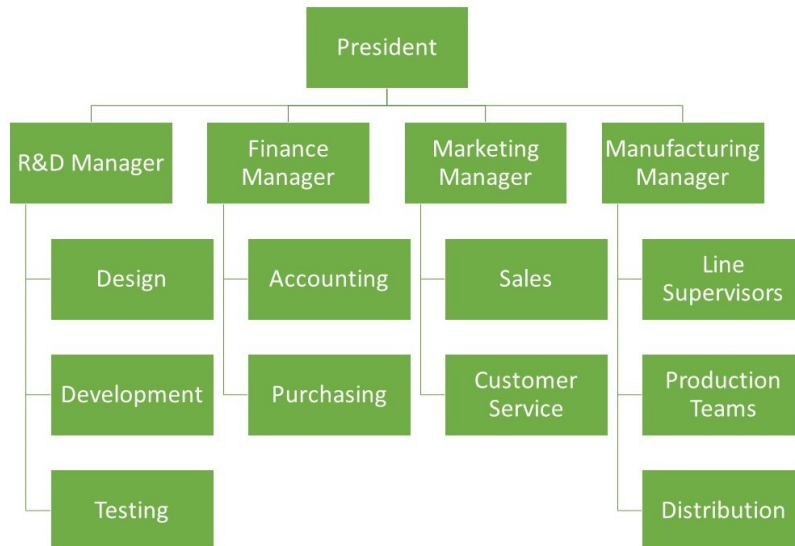
Divisional Organization Structure

As entities grow still further, and develop their business operations into different product-

markets, a divisional structure might become appropriate. (Richard L. Daft, 2012). A division is

an area of operations, defined by: markets in different geographical areas (for instance, the

Europe and the North American divisions); different products (for instance the bus division and

the rail division of a transport company); different customers (for instance, industrial products

and consumer products). The simple organization chart below shows the organization structure

for a divisional zed organization.
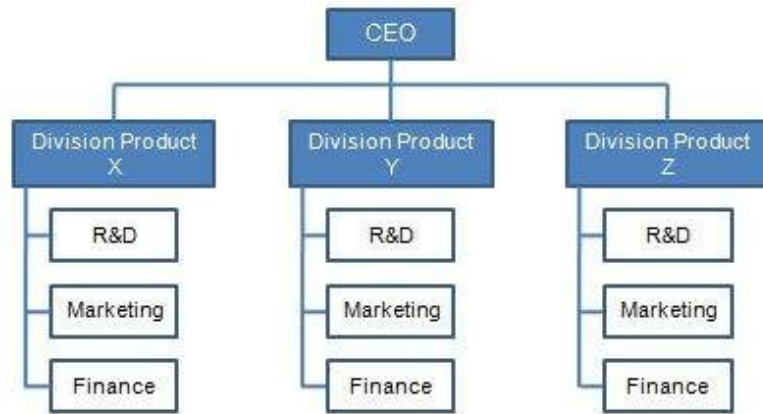
Matrix Organization Structure

A matrix structure has been defined as: 'any organization that employs a multiple command

system that includes not only a multiple command structure but also related support mechanisms

and an associated organizational culture and behaviour pattern'. (Davis and Lawrence, 1977).

The difference between a matrix organization structure and a project organization is that with a

project organization, the project management comes to an end when the project ends. With

matrix organization, the matrix structure of authority and command is permanent.
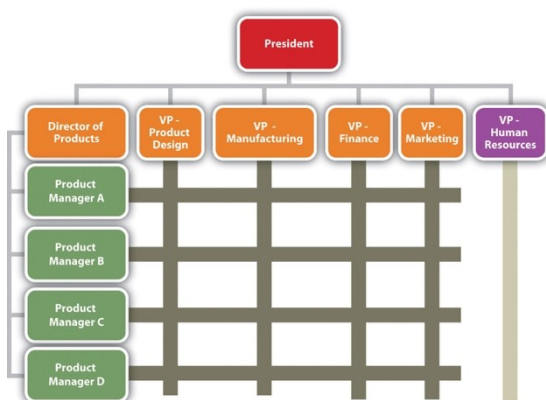
Internal Relationships: Centralization versus decentralization.

An important aspect of an organization structure is the internal relationship that determines at which extent the decision-making power is centralized, so that major planning decisions are made and implemented by 'head office' or decentralized. In a centralized organization, senior management retain most or all of the authority to make the important decisions. (Chris Hendy, 2012). In a decentralized organization, the authority to take major decisions is delegated to the management of units at lower levels in the organization structure, such as, strategic business units (SBU), managers and divisional managers.

External Relationships

An entity might use external relationships to deliver a particular strategy. These are relationships with other entities, or with individuals who are not a part of the entity but are external to it. (Donal O'Connell, 2012). External relationships may take the form of: strategic alliances; value networks; outsourcing of functions and virtual organizations.

The Virtual Organization

The virtual company or virtual organization does not have an identifiable physical existence, in the sense that it does not have a head office or operational premises. (Yogesh Malhotra, 2000). It might not have any employees. A virtual organization is operated by means of: IT systems and communications network –normally telephone or e-mail and business contacts for outsourcing all operations.

Types of Stakeholders

Types of stakeholders

There are four types of stakeholders that are linked with the organization structure, these include: internal stakeholders, external stakeholders, connected stakeholders and main stakeholders. (Bidhan L. Parmar, Simone de Colle, 2010).

Internal Stakeholders

Within a business organization, these can be categorized into groups as follows: shareholders; executive directors and senior managers and other managers and current employees. It might be appropriate to divide management and employees into sub-categories, where there are groups with differing interests and concerns. For instance, managers and employees in different divisions of the company or in different functional departments might have different interests and concerns

External Stakeholders

Business organizations, particularly large organizations, have a large number of external stakeholders. These include: lenders; suppliers; government; customers; local communities; the general public and non-executive directors.
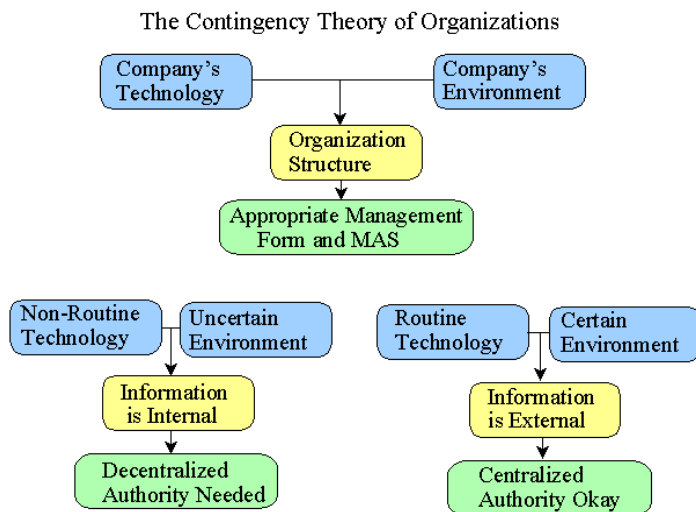
Connected Stakeholders

The term 'connected stakeholder' means a stakeholder who: is not a decision-maker, or is not a part of the permanent (full-time) infrastructure of the organization, but is nevertheless very influential in shaping the future of the organization and the decision of its leaders. The main connected stakeholder in an organization are usually: non-executive director, employees, key suppliers and key customers.

The Main Stakeholders

The main stakeholder in a business organization, internal or external, are those who exercise the greatest influence.

Conclusion

The Contingency Theory of Organizations

Company's Technology — Company's Environment

Organization Structure

Appropriate Management Form and MAS

Non-Routine Technology — Uncertain Environment

Information is Internal

Decentralized Authority Needed

Routine Technology — Certain Environment

Information is External

Centralized Authority Okay

Therefore, Contingency theory of organization structure is that the most effective organization structure for an entity depends on the circumstances. An entity should use the organization structure that is best suited to its size, complexity and strategies. Organization structure will vary according to differences in organizational processes and internal and external relationships. (Michael Jackson, 2007). The consequences of adopting the wrong organization structure may at best be mere inefficiency and at worst corporate failure.

Benefits of adopting an appropriate structure are: staff morale is high as employees embrace reporting lines and logistics, employees understand their roles and objectives, relationships and processes appear logical and well organized, the company's operations are highly efficient and the structure helps to add value, customers and clients receive quality products, on time and at fair prices, decisions can be made quickly and by the right people and in the last inefficiencies such as redundant layers of management and delays in responding to customers queries are minimized.

However, consequences of adopting a deficient structure are: staff can become frustrated through perceived overly bureaucratic processes, decision making can be delayed as it may be difficult to identify or communicate with decision makers who are not local to the customers, moreover decisions made within a centralized where cultural variation is widespread may be inappropriate to sensitive customers; there may be a lack of clarity of roles and responsibilities, particularly where multiple reporting lines exist in matrix organizations; the operations may be inefficient – for instance, the delivery cost of adopting one large country-based central warehouse may exceed the cost of operating three regional-based warehouses; customers and clients lose out through delays and lower quality.

References

-Henry Mintzberg (1983), *Structure in Fives: Designing Effective Organizations*, Prentice-Hall.

-R. Edward Freeman, Jeffrey S. Harrison, Andrew C. Wicks, Bidhan L. Parmar, Simone de Colle (2010), *Stakeholder Theory: The State of the Art*, Cambridge University Press.

-David Needham, Robert Dransfied (1994), *Business Studies*, Nelson Thornes.

-Dr. Azhdar Karami (2012), *Strategy Formulation in Entrepreneurial Firms*, Ashgate Publishing, Ltd.

-R. Wayne Pace (2002), *Organizational Dynamism: Unleashing Power in the Workforce*, Greenwood Publishing Group.

-Jay M. Shafritz, J. Steven Ott, Yong Suk Jang (2015), *Classics of Organization Theory,* Cengage Learning. Page 322.

 -Eugene F. McKenna (2000), *Business Psychology and Organizational Behaviour: A Student's Handbook,* Psychology Press, page 446.

 - Charles B. Handy (2011), *Gods of Management: The Changing Work of Organizations*, Souvenir Press.

-Aquinas (2009), *Organization Structure & Design: Applications and Challenges*, Excel Books India.

-Chris Hendry (2012), *Human Resource Management*, Routledge.

-Donal O'Connell (2012), *Harvesting External Innovation: Managing External Relationships and Intellectual Property,* Gower Publishing, Ltd.

- Yogesh Malhotra (2000), *Knowledge Management and Virtual Organizations,* Idea Group Inc (IGI).

-Michael Jackson (2007), *Systems Approaches to Management,* Springer Science & Business Media.

-Richard L. Daft, Jonathan Murphy, Hugh Wilmot (2012), *Organization Theory and Design*, Cengage Learning EMEA.

-Las Dlabay, James L. Burrow, Brad Kleindl (2008), *Intro to Business*, Cengage Learning.

Appendices

Appendix A: Differences between the Six Organizational Configurations

Coding Schedule

	Simple Structure	Machine Bureaucracy	Professional Bureaucracy	Divisional zed form	Adhocracy	Missionary Organization
Business Environment	1	2	3	4	5	2
Internal Features	1	2	3	4	5	6
Key Organizational Element	1	2	3	4	3,5	-
Main Coordinating factor	1	2	3	4	5	6

Coding Manual

Business Environment

1- Simple and dynamic
2- Simple and static
3- Complex but static
4- Fairly Static, diverse activities
5- Complex and dynamic

Internal Features

1- Small entity and simple tasks

2- Large and well-established entity and regulated processes and systems
3- Simple processes and control by the professionals
4- Large and well-established with divided activities
5- Complex tasks, young entity
6- Simple systems, fairly well established(not young)

Key Organizational Element

1- Strategic apex
2- Techno structure
3- Operating core
4- Middle line
5- Support staff or operating core

Main Coordinating Factor

1- Direct control by strategic apex
2- Standardised procedures
3- Standardization of skills
4- Standardizations of Output
5- Flexibility and adaptation
6- Standard beliefs and values

Appendix B: Sources of Power

The main connected stakeholders in a business organization must have some power that they are able to use to influence decision. Some sources of power, and the stakeholders who might have them, listed below:

External

The power comes from an external source	Instances
Legal rights	Shareholders have some legal voting rights under company law. Lenders have legal rights under the terms of their leading agreements. A lender have a right to take action in the event of default by a borrower.
Publicity, and ability to influence customers or legislators	Pressure groups and protest groups might influential. These include environmental protection groups, human right protection groups and animal welfare activists.
Control over key resources	A major supplier could exert influence by controlling the supply of a key resource to the

	organization.
Buying power	Customers can exert influence collectively through their buying power. If they do not like what a business organization is doing, they can switch to buying from competitions

Internal

The power comes from an internal source	Instances
Position power	Individual employees might be in a position of power within the organisation, perhaps because of special expertise that they possess. Top consultants and investment bankers are example.
Claims on resources	Power might arise from a claim or control that exist over particular resources of business. For example the power of employees or trade union representatives might come from their ability to withhold labour in the event of a dispute with managements
Personal charisma or influence	Some individuals might exercise considerable influence through their personal qualities and charisma