

JOB DESIGN/SPECIALIZATION AND DEPARTMENTALIZATION

Building Blocks of Organizing

1. Job design

- A. Job design is an essential part of organizational structure.
 - 1. **Job design** is the specification of task activities, usually repeated on a regular basis, associated with each particular job.
 - a. Task activities need to be grouped in reasonably logical ways for each job.
 - b. The way the jobs are configured influences employee motivation.
 - 2. **Work specialization** is the degree to which the work necessary to achieve organizational goals is broken down into various jobs.

In Work specialization the tasks in an organization are divided into separate jobs. Another term for this is *division of labor*.

- 1. Work specialization can be traced back to the writings of Adam Smith.
 - 2. Work specialization was seen as a way to make the most efficient use of workers' skills because workers would be placed in jobs according to their skills and paid accordingly.
 - 3. Other advantages of work specialization included improvement in employees' skills at performing a task, more efficient employee training, and encouragement of special inventions and machinery to perform work tasks.
 - 4. Work specialization was viewed as a source of unending productivity improvements. And it was—up to a certain point.
 - 5. The human diseconomies from work specialization included boredom, fatigue, stress, lowered productivity, poor quality of work, increased absenteeism, and higher job turnover.
- B. There are four approaches to job design.
 - 1. **Job simplification** is the process of configuring or designing jobs so that job holders have only a small number of narrow, repetitive, activities to perform.
 - a. The concept of job simplification was championed by economist Adam Smith and by Frederick Taylor
 - b. Training new workers becomes relatively easy and workers become almost interchangeable.
 - c. The advantage is that major production efficiencies may be gained.
 - d. The disadvantages are that, if carried too far, job satisfaction may be destroyed by narrow, repetitive, boring jobs and the firm may become too inflexible to serve customers with varying needs.

Types of Departmentalization

Departmentalization is the clustering of individuals into units and units into departments and larger units in order to facilitate achieving organizational goals.

- 1. An organization design is an overall pattern of departmentalization.
- 2. There are four major patterns of departmentalization.
 - a. The functional structure groups jobs into units based upon similarity of expertise, skills, and work activities, e.g., marketing, accounting.
 - b. The divisional structure groups jobs into units according to the similarity of products or markets.

- c. The hybrid structure combines aspects of both the functional and divisional forms, with some jobs grouped into departments by functions and other grouped by products or markets.
- d. The matrix structure superimposes a horizontal set of divisional reporting relationships onto a hierarchical functional structure.

Assessing Structural Alternatives

- A. Each of the four most common types of departmentalization has major advantages and disadvantages.
- B. **Functional structure** is a type of departmentalization in which positions are grouped according to their main functional (or specialized) area.
 - 1. Typical functional form of organization has several major advantages.
 - 2. The functional form of organization has several major advantages.
 - a. In-depth development of expertise is encouraged.
 - b. Employees have clear career paths within their function.
 - c. Resources are used more efficiently.
 - d. Economies of scale may be possible because of specialized people and equipment.
 - e. Intradepartmental coordination is facilitated.
 - f. Specialized technical competencies may be developed and may constitute a competitive advantage.
 - 3. The functional form of origination has several disadvantages.
 - a. Response time on multifunctional problems may be slow due to coordination problems.
 - b. Major issues and conflicts between departments may have to be resolved by top management, with resultant delays.
 - c. Bottlenecks due to sequential tasks.
 - d. Over specialization may lead to a restricted view of the department's and the organization's needs.
 - e. Performance may be difficult to measure because several functions are responsible for organizational results.
 - f. Managers may be trained too narrowly in a single department.
 - 4. The functional form of departmentalization is more appropriate under certain circumstances.
 - a. The organization is small or medium-sized.
 - b. There is a limited number of related products or services, or a relatively homogeneous set of customers or clients.
 - c. The organization is large and diverse, but the environment is stable.
- C. **Divisional structure** is a type of departmentalization in which positions are grouped according to similarity of products, services, or markets.
 - 1. Divisional structures are also called “self-contained structures” because each division contains the major functional resources it needs to pursue its own goals with little or no reliance on other divisions.
 - 2. The three major forms of divisional structure differ according to the rationale for forming the divisions.
 - a. **Product divisions** are divisions created to concentrate on a single product or service or at least a relatively homogeneous set of

- products or services.
 - b. **Geographic divisions** are divisions designed to serve different geographic areas.
 - c. **Customer divisions** are divisions set up to service particular types of clients or customers.
- 3. Divisional structure has several major advantages.
 - a. Divisions can react quickly to changes in the environment.
 - b. Coordination across functions is simplified.
 - c. Each division can focus upon serving its customers.
 - d. The division's goals can be emphasized.
 - e. Performance is more easily measured.
 - f. Managers can be trained in general management skills.
- 4. Divisional structure has several disadvantages.
 - a. Duplication of resources in each division often occurs.
 - b. In-depth expertise may be sacrificed.
 - c. Divisions may compete for limited resources.
 - d. Expertise across divisions may not be shared.
 - e. Innovations may be restricted to single divisions.
 - f. Divisional goals may take priority over overall organizational goals.
- 5. The divisional structure is likely to be used in large organizations where substantial differences exist among products or services, geographic areas, or customers served.

D. Hybrid structure is a form of departmentalization that adopts parts of both functional and divisional structures at the same level of management.

- 1. Hybrid structures are adopted by large organizations to gain the advantages of functional and divisional structures.
 - a. Functional departments are created to take advantage of resource utilization efficiencies, economies of scale, or in-depth expertise.
 - b. Divisional departments are usually created to benefit from a stronger focus on products, services, or markets.
- 2. The hybrid structure has several advantages.
 - a. Corporate and divisional goals can be aligned.
 - b. Specialized expertise and economies of scale can be achieved in major functional areas.
 - c. Adaptability and flexibility may be achieved in handling diverse product or service lines, geographic areas, or customers.
- 3. The hybrid structure has several disadvantages.
 - a. Conflict may arise between departments and divisions.
 - b. Hybrid organizations tend to develop excessively large staffs in the corporate-level functional departments.
 - c. There may be a slow response to exceptional situations requiring coordination between a division and a corporate functional department.

4. The hybrid structure is best used under particular conditions.
 - a. The organization faces environmental uncertainty best met by a divisional structure.
 - b. The organization requires functional expertise and/or efficiency.
 - c. The organization has sufficient resources to justify the structure.

E. A **matrix structure** is a type of departmentalization that superimposes a horizontal set of divisional reporting relationships onto a hierarchical functional structure.

1. An organization with a matrix structure has a functional and a divisional structure at the same time.
2. Employees who work in a matrix organization report to two “bosses,” thus, the unity-of-command principle is violated.
3. Organizations that adopt a matrix structure usually go through several identifiable structural stages.
 - a. Stage 1 is a traditional structure, usually a functional structure, which follows the unity-of-command principle.
 - b. Stage 2 is a temporary overlay in which managerial integrator positions are created to handle issues of finite duration that involves coordinating across functional departments.
 - c. Stage 3 is a permanent overlay in which the managerial integrator positions become permanent.
 - d. Stage 4 is a mature matrix, in which matrix bosses have equal power.
4. As an organization passes through the matrix stages, horizontal integration increases at the cost of greater administrative complexity. The matrix form of organization has several advantages.
5. The matrix form of organization has several advantages.
 - a. Decision making can be decentralized.
 - b. Horizontal coordination is strengthened.
 - c. Environmental monitoring is improved.
 - d. Responses to environmental changes are quickly made.
 - e. Functional specialists can be added to or resigned to projects as needed.
 - f. Support systems can be allocated to projects as needed.
6. Matrix designs have several disadvantages.
 - a. Administrative costs are increased.
 - b. Lines of authority and responsibility may not be clear to individual employees.
 - c. Possibilities of conflict are increased.
 - d. Individuals can become preoccupied with internal relations at the expense of clients and project goals.
 - e. All decisions may become group decisions, leading to gross inefficiency.
 - f. Reactions to change may be slowed if interpersonal skills are lacking or top management fights for control.
7. Matrix designs are usually appropriate when the following three conditions are met:
 - a. The considerable pressure from the environment that necessitates a simultaneous and strong focus on both functional and divisional dimensions.
 - b. The demands placed on the organization are changing and unpredictable, making it important to have a large capacity for processing information and coordinating activities quickly.
 - c. There is pressure for shared resources.

8. Research indicates some of the factors that may be necessary to the success of a matrix systems
 - a. The organizational culture may need to be changed to support collaboration.
 - b. Managers may need special training, especially in interpersonal relations.

F. Of particular interest are two new types of organizational structure that have recently emerged: the **process structure** and the **networked structure**.

1. A process structure is a type of departmentalization which groups positions into process team which are given beginning-to-end responsibility for that process or that specified work flow. The process

structure is sometimes called the horizontal organization.

2. The networked structure is a form of organizing in which many functions are contracted out to other independent firms and coordinated through the use of information technology networks. Sometimes the networked structure is called the virtual corporation because it performs as virtually one corporation.