Organizational Design

A plan for arranging and coordinating the activities of an organization for the purpose of fulfilling its mission and achieving its goals.

Organizational Design Components
Organizational Structure

- Reporting relationships …
  - Chain of command
  - hierarchy of responsibility
  - Authority
  - Accountability

Forms of Organizational Structure

- Functional structure
  - Divisional structure
  - Matrix structure
  - Network structure

Functional Structure

[Diagram showing a functional structure with divisions for Marketing, Production, Sales, Human Resources, and Finance]

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Forms of Organizational Structure

- Functional structure
- Divisional structure
- Matrix structure
- Network structure

Divisional Structure

- Common products
- Geographic markets
- Customers served

Product Divisional Structure
Geographic Divisional Structure

Forms of Organizational Structure

- Functional structure
- Divisional structure
  - Matrix structure
  - Network structure

Matrix Structure

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### Forms of Organizational Structure

- Functional structure
- Divisional structure
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### Network Structure

- Internal network
- Stable network
- Dynamic network

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Organizational Design Components

- Organizational structure
- *Integrating mechanisms*
- Locus of decision making

Integration

- Pooled interdependence
- Sequential interdependence
- Reciprocal interdependence

Pooled Interdependence

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Sequential Interdependence

A → B → C

Reciprocal Interdependence

A ↔ B
C ↔ D
E ↔ F

Integrating Mechanisms

- General management systems.
- Methods of increasing coordination potential.
- Methods of reducing the need for coordination.
### Organizational Design Components

- Organizational structure
- Integrating mechanisms
  - *Locus of decision making*

### Locus of Decision Making

Locus of decision making refers to the degree to which decision making is centralized versus decentralized.

### Mechanistic Vs. Organic Systems

- **Mechanistic**
  - *Rests with top-level management*

- **Organic Systems**
  - *Lowest levels of the organization*
Environmental Stability

• Stable Environments

• Turbulent Environments

Changing Environment

• Adaptive Organization