

Questions for Review

1. What are the six key elements that define an organization's structure?
Answer: The structure is how job tasks are formally divided, grouped, and coordinated. The 6 Key Elements that define an organization's structure are:
 - Work specialization
 - Departmentalization
 - Chain of command
 - Span of control
 - Centralization and decentralization
 - Formalization
2. What is a bureaucracy, and how does it differ from a simple structure?
Answer: Bureaucracy is a complex structure that is comprised of highly operating routine tasks achieved through specialization, very formalized rules and regulations, tasks that are grouped into functional departments, centralized authority, narrow spans of control, and decision making that follows the chain of command. A simple structure is characterized by a low degree of departmentalization, wide spans of control, authority centralized in a single person and little formalization.
3. What is a matrix organization?
Answer: The matrix structure is used in advertising agencies, aerospace firms, research and development laboratories, construction companies, hospitals, government agencies, universities, management consulting firms, and entertainment companies. It combines two forms of departmentalization: functional and product.

The matrix attempts to gain the strengths of both functional and product departmentalization, while avoiding their weaknesses. The most obvious structural characteristic of the matrix is that it breaks the unity-of-command concept. Employees in the matrix have two bosses—their functional department managers and their product managers. Therefore, the matrix has a dual chain of command.

The strength of the matrix lies in its ability to facilitate coordination when the organization has a multiplicity of complex and interdependent activities. It facilitates the efficient allocation of specialists. The matrix achieves the advantages of economies of scale by providing the organization with both the best resources and an effective way of ensuring their efficient deployment. The major disadvantages of the matrix lie in the confusion it creates, its propensity to foster power struggles, and the stress it places on individuals.
4. What are the characteristics of a virtual organization?
Answer: The Virtual Organization: The essence of the virtual organization is typically a small, core organization that outsources major business functions. It is highly centralized, with little or no departmentalization. Virtual organizations create networks of relationships that allow them to contract out manufacturing, distribution, marketing, or any other business function where management feels

that others can do it better or more cheaply. The virtual organization stands in sharp contrast to the typical bureaucracy in that it outsources many generic functions and concentrates on what it does best. The major advantage to the virtual organization is its flexibility. The primary drawback is that it reduces management's control over key parts of its business.

5. How can managers create a boundaryless organization?

Answer: The Boundaryless Organization: The boundaryless organization seeks to eliminate the chain of command, have limitless spans of control, and replace departments with empowered teams. Because it relies so heavily on information technology, some call this structure the T-form (or technology-based) organization. By removing vertical boundaries, management flattens the hierarchy and:

- Minimizes status and rank.
- Uses cross-hierarchical teams.
- Uses participative decision-making practices.
- Uses 360-degree performance appraisals.

Functional departments create horizontal boundaries. The way to reduce these barriers is to replace functional departments with cross-functional teams and to organize activities around processes. When fully operational, the boundaryless organization also breaks down barriers to external constituencies (suppliers, customers, regulators, etc.) and barriers created by geography. The one common technological thread that makes the boundaryless organization possible is networked computers.

6. Why do organizational structures differ, and what is the difference between a mechanistic structure and an organic structure?

Answer: There are four reasons why structures differ.

1. Strategy -
 - a. Innovation Strategy - A strategy that emphasizes the introduction of major new products and services. An organic structure may be best.
 - b. Cost-minimization Strategy - A strategy that emphasizes tight cost controls, avoidance of unnecessary innovation or marketing expenses, and price cutting
 - c. Imitation Strategy - A strategy that seeks to move into new products or new markets only after their viability has already been proven
2. Organizational Size - As organizations grow, they become more mechanistic, more specialized, with more rules and regulations.
3. Technology - How an organization transfers its inputs into outputs. The more routine the activities, the more mechanistic the structure with greater formalization. Custom activities need an organic structure.
4. Environment - Institutions or forces outside the organization that potentially affect the organization's performance. Three key dimensions:
 - a. Capacity
 - b. Volatility
 - c. Complexity

7. What are the behavioral implications of different organizational designs?

Answer: It is impossible to generalize behavioral implications due to individual differences in the employees. People seek and stay at organizations that match

their needs. Some of the research helps to understand some of the behavior such as:

1. Work specialization contributes to higher employee productivity, but it reduces job satisfaction.
 2. The benefits of specialization have decreased rapidly as employees seek more intrinsically rewarding jobs.
 3. The effect of span of control on employee performance is contingent upon individual differences and abilities, task structures, and other organizational factors.
 4. Participative decision making in decentralized organizations is positively related to job satisfaction.
8. How does globalization affect organizational structure?

Answer: In terms of culture and organizational structure, many countries follow the U.S. model. U.S. management may be too individualistic. Culture may affect employee structure preferences. Cultures with high-power distance may prefer mechanistic structures. The boundaryless organization may be a solution to regional differences in global firms. It breaks down cultural barriers, especially in strategic alliances. Telecommuting also blurs organizational boundaries.

