

Organizational structure competitive advantage case study hansaflex business



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In our fast-paced, ever-changing universe, organisations are invariably seeking ways to derive and prolong effectivity. Though there is no individual thing that makes an organisation successful – no secret ingredient – some constructs do universally use. One fundamental is to make a right organisational construction for success by guaranting alliance in organisation dynamic comparative to core intents, scheme, and civilization.

Organizational construction refers to the manner undertakings are divided up, how the work flows, how this flow is coordinated and the forces and mechanisms that allow this coordination to happen. It creates the model within which organisations operate. It is the skeleton and subsequently on becomes the engine of the concern. Therefore an organisation with a construction which does non suit into economic and concern environment, differentiated from its nucleus intents can non be for a long clip.

The purpose of this paper is to reexamine an organisational construction as a competitory advantage. The aims will be the steering circuit to accomplish the end:

Review bing organisational constructions and their respective

Analyse relationship between organisational construction and scheme

Define which organisational construction is comparatively better for exporting companies

As an instance survey, organisational construction of Hansa Flex was researched, and capable in inquiry was applied to it to compare organisational theory in existent concern life.

The paper starts explicating a incorporate theoretical model by explicating what the organisation is, and depicting relationship within an organisation. Then it defines common types of organisational construction, negotiations about their map rules, afterwards investigates organisational effectivity and relationship between organisational construction and scheme. To depict how a company can derive a competitory advantage trusting on this relationship, and to compare theoretical model with existent concern life, at the terminal, organisational construction of Hansa Flex was studied and decision about comparing is described.

Some have described organisational construction as a formal constellation of functions and processs, the prescribed model of the organisation. Others have described construction as the patterned regularities and procedures of interaction. Structure is of import in organisations because it reduces ambiguity and clarifies undertakings, outlooks and end. Bartol, Martin, Tein and Matthews (2001, p. 267) define organisational construction as “ the formal form of interactions and coordination that directors design to associate the undertakings of persons and groups to accomplish organisational ends ” .

Different beginnings give different eventualities which define organisational construction. These eventualities change through the clip due to economic and concern environment, engineering, invention every bit good as designs

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of organisational constructions. The elements that were chief standards for choosing organisational construction 20 old ages ago are non dependable presents. Eventualities like size of organisation, function lucidity, specialisation and control, for illustration, have been replaced by velocity, flexibleness, integrating and invention (Ashkenas et al. , 1995, p. 7) .

Methodology

Before transporting out the research, it is sensible to analyze peculiar method for a given survey. There are two chief points that the research procedure of the paper goes through, as the research is done to edify development of organisational constructions and reexamine organisational constructions as a competitory advantage:

Specifying the resource for analysis of theoretical model

Using the theory on peculiar instance survey (Hansa-Flex)

Get downing a new research paper is like get downing a new undertaking – you have an thought of what you want to make, but are non certain how to get down. Many authors, like many undertaking contrivers and directors, find that sketching is often the most effectual manner to get down authorship (Keene, 1987, p. 2) . So holding this thought in head, we started to pull a bit-by-bit methodological analysis of the research. Following are the phases that paper went through.

Explicating the research purpose (Initiation) . This is the first phase of our research procedure, and the intent of this phase is for us to make up one's mind what we are composing about, hence after this phase it is possible to

cognize which are the other phases that are needed for the fulfillment of the paper. As it was mentioned, the purpose of the paper is to reexamine organisational construction as a competitory advantage. We want to analyze positions of modern organisational constructions and see whether there is one best construction that exporting companies can utilize.

Developing the aims. Once the research purpose is determined, the following phase of our research is to develop the aims:

Review existing organisational constructions and their respective

Analyse relationship between organisational construction and scheme

Define which organisational construction is comparatively better for exporting companies

These aims will maintain the research survey traveling on towards the purpose of the paper.

Resource choice. Having followed all the old phases so is the following phase ; find how and where to roll up the information that is important to pull inclusions and decisions for the survey.

Primary Data Secondary information

Collection Purpose For the job at manus For other jobs

Collection procedure Very involved Rapid & A ; easy

Collection cost High Relatively low

Collection Time Long Short

Table 1. A Comparison of Primary and Secondary informations

Beginning. Malhotra (1996, p. 117)

Harmonizing to a beginning comparing tabular array of Malhotra (1996, p. 117) , due to absence of research budget and short clip, secondary information was chosen to be comparative as beginning. It was decided to utilize, for this country of survey, the undermentioned beginnings:

Books

Records

Diaries

Newspapers

Internet articles

Academic Documents

Published nose counts or other statistical informations

Company Hansa-Flex (interviews with representatives)

Unfortunately, there were some troubles utilizing all the beginnings above. Since the research took topographic point in Bremen, little town in North Germany, it was non easy to happen physical books, diaries or newspapers in English. Therefore, to assist this state of affairs, electronic versions of

some of the books were downloaded from the Hochschule Bremen ' s cyberspace web. Besides, non being able to hold an interview with Hansa-Flex ' s representative had negative impact on the instance analyze portion of the research.

Literature Review. After roll uping necessary informations, this phase is an built-in portion of the research methodological analysis, because it makes of import part to all the following phases of the methodological analysis. This phase helps to understand the capable country every bit good as the research purpose exactly and clearly. Although the secondary beginnings created a model for the survey, nose counts and one-year studies published by Hansa-Flex did non assist a batch to analyze the organisational construction of the company and measure it as a competitory advantage. The company presentation of Hansa-Flex given at the Hochschule Bremen by the company ' s Development Manager was used to make full this deficiency.

Interpretation. After roll uping and analysing the information, and besides subsequent to the clarifying of the questionable points, the following phase for the survey will be reading in which the altogether informations, clean of “ errors ” , will be applied to the research purpose. In this instance it will be related to the instance survey, which is organisational construction of Hansa-Flex.

Consequences and formal write of decisions reached. The last phase is composing the study, in which all the old phases come together as one research survey and with the rule of enlighten the reader what all the research is about and all the consequences achieved drawn from what all the

old phases have done. It will besides assist to eventually come with the consequence, whether the research purpose was achieved or non.

Organization and organisational construction. Definitions

As it was mentioned earlier, the intent of this paper is to clear up the relationship between organisational construction and scheme, and describe organisational construction as a competency advantage. However, the end of this chapter, as a starting point, is to present some common position about an organisation and organisational construction.

What is an Organization?

Organizations all over the universe portion the same features ; they are societal entities that are purposive, are designed as intentionally structured and coordinated activity systems and are linked to the external environment. Not all organisations are the same, some are big, transnational corporations, others are little, household owned concern, some industry merchandises, others provide services. One cardinal component of an organisation is that so the organisation will be when people interact with one another to execute indispensable maps that will assist the accomplishment of ends. One organisation can non be without the interaction with clients, providers, rivals, and some other elements of the external environment like the authorities etc (Daft, 2007, p. 10-11) .

Definitions of organisational construction

Having defined the organisation, it is following reasonable to specify organisational construction. The Morris describes organisational construction as “ a ^|the model about, and the systems that support, the work being done

in an organisation ” . Walton (1986) notes construction as the footing for forming, to include hierarchal degrees and spans of duty, functions and places, and mechanisms for integrating and job resolution. The similar definition is given in the Dictionary-Organizational Behavior (2003) as: “ the constituted form of relationships among the constituents of parts of a company ; the manner that a company is set-up ; the officially defined model of an organisation ‘ s undertaking and authorization relationship. ” (p. 2)

The organisational construction is reflected in the organisation chart (Daft, 2007, p. 190) . It is the ocular representation of the whole organisation and its procedures. The organisation chart enables to see employees traveling about their responsibilities, executing different undertakings, and working in different locations. The organisation chart is really utile in the understanding how a company works.

In general, it refers to the manner that an organisation arranges people and their occupations so that the work can be done and its ends can be achieved. If the size of a work organisation is non large and communicating can be made face to face, formal construction may be non necessary, but in a large-scale organisation the couriers have to be passed about the deputation of assorted undertakings. Then, construction is established that distribute duties for assorted maps. It is these determinations that determine the organisational construction.

Organizational construction and effectivity

Having a common position about what an organisation is, and stating that organisational construction refers to the manner that an organisation

arranges people and their occupations, it is clip to believe about the impact of the construction on organisational effectivity.

Organizational construction and organisational effectivity are interrelated, because organisational construction impacts organisational effectivity based on organisation creativeness. Woodman explains that: “ a^|in general, adaptative organisational signifiers (e. g. matrix, webs, collateral or parallel constructions) increase the odds for creativeness. Bureaucratic, mechanistic, or stiff constructions decrease the chance of organisational creativeness. ” (Morris, 1995, p. 64)

Peguín (2003) remarks that “ organisational effectivity and its relation to construction are determined by a tantrum between information processing demands so people have either excessively small or excessively much irrelevant information ” (parity. 3) . Andrews (1995) supports his thought and notes “ without clearly defined functions and duties of acquiring information, any organisation construction becomes dysfunctional. ” (p. 1)

In analysing the troubles of recognizing the organisational effectivity, on the one manus, Bedeian (1986) says, “ Although effectivity is a cardinal subject in the survey of organisations, it remains one of the most often cited yet least understood constructs in organisation theory. ” (p. 186) . He continues to reason that “ neglecting to see organisations ends, features, and components lead to blame premises of public presentation. ” (p. 190) . He besides believes that the relationship and effects between organisational design and construction pick. “ Organizations are improbably complex. They are molded by progressively unstable and disorderly environmental forces

that invariably threaten their rationally ordered constructions and stated ends. " (p. 198)

On the other hand, he emphasizes the possible consequence of incorrect construction pick. " Worsening organisations face many jobs. One of the most serious of these is the deficiency of flexibility at times when adaptiveness and legerity are particularly needed. Among the properties most normally affected are an organisation leading, advanced procedures, work-force composing, and relationships with involvement groups. " (p. 197) .

Relation between organisational construction and scheme

This chapter is divided in two parts, while first portion describes how organisational construction and scheme are related via environmental conditions ; 2nd portion explains how to construct proper organisational construction that supports scheme and defines the authorization for each director.

About ever, development of corporate scheme begins by analysing the industry in which it operates and environmental conditions. Then holding industry and competency analyses, through research and benchmarking the strengths and failings of rivals, executives set out to carve a typical strategic place where they can surpass their challengers by constructing a competency advantage. To obtain such advantage, a company chooses a construction, which is supposed to group people due to their responsibilities, undertakings and duties every bit good as hierarchy of determination devising (Mouborgne, et al. , 2009) . Developing an organisational

construction that supports the scheme is non easy, because of uncertainty in the planetary economic system ' s quickly altering and dynamic competitive environments. When a construction ' s elements, such as describing relationships, processes, etc. , are decently aligned with one another the construction facilitates effectual usage of the scheme (Hitt, et al. , 2009, p. 309) .

Choosing the most appropriate organisational construction that supports the scheme does non guarantee an organisation from future mismatches. As old chapters describes organisations has to alter and follow to invention and altering environment, and merely as organisation ' s scheme needs to alter with altering external environment, so must a construction alteration for proper scheme execution.

In other manus company ' s strategic options are bounded by the environment. In other words, construction forms scheme (Mouborgne, et al. , 2009) . So organisational construction and scheme are like two different sides of the same coin.

In construction scheme relationship, organisations must be broad awake in their attempts to verify that the construction calls for work to be completed remains consistent with implementation demand of chosen scheme. There is no perfect or ideal organisational construction that lasts everlastingly. The scheme must be supported by the construction that provides the stableness needed to utilize current competitive advantage every bit good as flexibleness required to develop future advantages. Therefore, decently

fitting organisational construction and scheme can make competitive advantage (Hitt, et al. , 2009) .

Features of organisational constructions

After the impact of organisational construction on organisational effectivity and scheme was described, based on the literature reappraisal of the definition and features of organisational construction above, this portion explores the types of organisational construction. There are different attacks to plan the organisation ' s activity. In the other word, that is different types of organisational construction.

Common types of organisational construction

Numerous international bookmans are working on placing the types of organisational construction. Therefore, assorted literatures place several dominant organisational construction types from different position.

Harmonizing to traditional organisational type of bureaucratic and other new signifiers, dominant organisational construction types include functional construction, divisional construction and matrix construction. The descriptions below are summarized and supported by mention to current literature.

Functional construction. It refers to “ a set of people who work together and execute the same types of undertakings or keep similar places in an organisation ” (Ledbetter, 2003, p. 13) . Organizations that grow excessively complex to be administered through a simple construction normally adopt the functional construction as a agency of get bying with the increased demands of distinction (Hatch, 1997, p. 183) . As Raymond

references besides “ a functional organisation is best suited as a manufacturer of standardised goods and services at big volume and low cost. Coordination and specialisation of undertakings are centralized in a functional construction, which makes bring forth a limited sum of merchandises or services efficient and predictable. Furthermore, efficiencies can farther be realized as functional organisations integrate their activities vertically so that merchandises are sold and distributed rapidly and at low cost. ”

Divisional construction. It refers to “ an organisational construction that is divided along some standards, and most commonly it is geographic location, but at that place can besides be merchandise, functional, or strategic divisions. ” (Ledbetter, 2003, p. 13)

Matrix construction. It refers to “ at the same time groups people in two ways: by the map of which they are a member and by the merchandise squad on which they are presently working. ” (Ledbetter, 2003, p. 13)

Harmonizing to Hatch ‘ s organisation theory, the matrix construction was developed with the purpose of supplying the best of both the functional and multi-divisional options.

The sad truth is all these constructions have their disadvantages parallel to their advantages. If one of the constructions did non hold any disadvantage, it would be automatically accepted without any demand to see the pros.

Professionals and Cons of each construction

Which construction effects efficiency most and works best for an

organisation can be rather complicated because of the nature of different
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organisations themselves. Every manner of planing an organisation has pros and cons. However, this subdivision describes some general advantages and disadvantages of each organisational construction. This will assist us to analyse the instance survey in the following chapter and see whether a company can utilize its construction as an advantage.

Functional construction. In the functional construction, as it was late described, the employees are allocated in sections based on their accomplishments and what they do. Common functional sections are buying, accounting, fabrication, gross revenues and selling, human resources. Each section acts as its ain entity and they are focused on activity public presentation instead than concluding consequence. It leads to centralisation of specialised forces, equipment and installations, and consequences high development of accomplishments, nevertheless, this major benefit can be a major hurting for the communicating with other sections. In fabricating companies, for illustration, weak communicating within sections may impact the quality of concluding merchandise. It besides does non let for flexibleness because of the centralisation.

Divisional construction. As Rao (2003) references, the chief benefit this construction provides arise from, appositely from functional construction, from the fact that this type of construction tends to be more consequence oriented than activity oriented. Each division in this construction contains all the necessary resources and maps within it. The employees of each division know about the specific demands of the division, and are involved actively to accomplish the end. This construction creates an ambiance of single committedness and motive.

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Divisional construction has its own disadvantages. As it is decentralized, it consequences duplicate of installations, equipment, and forces normally leads to more dearly-won processing. Although the employees are cognizant of specific demands of the division, they might not cognize organisation 's overall demands. As functional construction divisional construction besides may take to a weak communicating between divisions. The deficiency of cooperation reduces betterment of techniques.

Matrix construction. This type of construction attempts to acquire the benefits of functional construction and of divisional construction, cutting down their disadvantages. One of the benefits is resources can be used from all over the organisation. Another benefit, as Rainey (2009) underscores, is “ a^| the advantage of the ability to portion or switch forces or other resources quickly across merchandise lines ” . However, it is not easy to implement this construction because of the double authorization. Having two foremen may sometimes confound the employees. But this fact can besides hold a positive impact, as two directors portion duties. Matrix construction requires heavy investing in coordination. Because such construction frequently produce high degree of emphasis and struggle that must be resolved.

It is of import to retrieve that each managerial determination has its pros and cons. When planing an organisational construction direction should take necessary actions to diminish the disadvantages of the chosen construction. Nowadays, many companies are based on mix of these constructions.

Whatever construction is chosen, direction has to do certain that it supports organisation 's scheme and can be used as competency advantage.

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Case survey. Hansa-Flex

As old chapters suggest, when setting up an organisational construction a company has to do certain things to support the company's scheme and fit into its civilization. Having done this, a company can make a sustainable resource for a competitive advantage.

This chapter describes how Hansa-Flex, provider of hydraulic hosiery, applies the theory of organisational construction to its concern to accomplish a competitive advantage over its challengers.

Hansa-Flex. Company overview

Since it was initiated in 1962 in the garage of the company's founder Joachim Armerding, Hansa-Flex Hydraulics has been Europe's leading private owned provider of hydraulic hosiery, yokes, adjustments, arrangers and hydraulic accessories.

Hansa-Flex offers replacing of trim parts due to clients' necessities even at short notice. This can be done really expeditiously as Hansa-Flex holds over 82,000 different parts for good in its stock. With the expertise of a committed work force and concentrate on service Hansa-Flex provides fast, qualified aid in any state of affairs.

Hansa-Flex equips more than 300,000 clients in assorted industries with hydraulic and metal hoses and constituents. Until now, it has more than 350 subdivision offices in 33 states world-wide operations, has an one-year turnover of 165 million a,– in twelvemonth 2009 (Hansa-Flex Annual Report 2009) .

Furthermore, Hansa-Flex has a client service fleet of 225 vehicles worldwide, of which 100 are in Germany on the route (Hansa-Flex Annual study 2009) . The staff and preparation service in the fleet take FLEXXPRESS Services throughout the universe around the clock fixs and put in replacing parts. For blink of an eyes, faulty hydraulic hoses to forklifts and related adjustments are replaced in the car production. In a word, the slogan of Hansa-Flex is ‘ thinking globally – moving locally ’ , which means being positioned in Bremen with a world-wide web of subdivision offices.

All of these subdivision offices guarantee great handiness of their merchandises throughout of universe. For blink of an eyes, by May 2010, the installation in Geisenfeld keeps about 150 subdivisions in southern Germany (Hydraulikpresse 2010) . In October 2010, Hansa-Flex opened their Operation Centre for the Asiatic market in Shanghai, China. This Operation Centre provides developing plan in preparation centre and cardinal warehouse every bit good as fabrication and administrative infinite. Therefore, Hansa-Flex is good standing in Asiatic Market to take advantage of future developments. This is one of the last but non least successes for Hansa-Flex.

Scheme of Hansa-Flex

Hansa-Flex is besides really good founded through all over universe. Generally, in the procedure of globalisation the competition between the companies is more black. More client attractive force and more market portion are the chief marks of companies. In other words, the company needs the appropriate scheme for the organisational construction in different environment conditions, particularly an international company. Well-
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designed construction provides effectual result. This is the ground why Hansa-Flex has developed really fast in its initiation in Germany and in Europe.

Hansa-Flex believes that ‘ The whole is greater than the amount of its parts ‘ (Aristotle) . It considers that it is more than merely the figure of its subdivisions ; more than the amount of its merchandises and services. To be considered as a whole, Hansa-Flex has to include the entirety of the experience and accomplishments of every employee.

Based on this point position Hansa-Flex sets a really of import and interesting Strategy for the Company. It has opened the preparation centre for their employees and possible employees early in 2001 when Hansa-Flex simply focused on local.

Besides that, as a glocal[1]company, Hansa-Flex sees client propinquity as portion of its duty for guaranting smooth procedures in fluid mechanicss. To prolong the propinquity the company has chosen scheme of growing through variegation – acquisition, subordinate, partnership. This scheme makes certain Hansa-Flex is keeping international growing while at the same clip enlarging their merchandise scope.

Figure 1. Number of subdivisions

Beginning. Hansa-Flex Annual Report 2003

Harmonizing to the researches which are made by the bulk of international bookmans we find this growing scheme extremely appropriate reflexed the undermentioned theory. The scheme must be supported by the construction <https://assignbuster.com/organizational-structure-competitive-advantage-case-study-hansaflex-business/>

that provides the stableness to current competitory advantage every bit good as flexibleness required to develop future advantages (Hitt, et al. , 2009) .

In briefly, Hansa-Flex has a profoundly understanding about how could organizational construction and scheme be related via environmental conditions and how to construct proper organisational construction that supports their scheme to turn the market portion and come in a new market. Hansa-Flex ne'er stops altering and ever believe frontward such as their motto ' Think globally – act locally ' .

Organizational construction of Hansa-Flex

Interesting point here is how the company controls such a big web of subdivisions. How is the company organized to supply a strong communicating between sections, and fundamentally between warehouses to maintain clients satisfied? This subdivision answers this inquiry by analysing organisational construction of Hansa-Flex, and finds out whether or non the company uses it as a competitory advantage in the market.

Obviously, as many other starting motor companies, Hansa-Flex was founded based on simple construction. Subsequently on, as we see on figure 1, it starts opening subdivisions in different parts of Germany, and so created functional construction. Get downing from 1992, Hansa-Flex goes international. Being international and offering merchandises in different states is ever a large trade and requires a batch of research. Nowadays, Hansa-Flex has established a mix of functional and divisional constructions and customized it by its scheme and civilization. The structured is divisioned

by geographic location to force the company toward being borderless organisation. Basically it has centralized functional countries, such as buying, quality direction, warehousing, human resources, selling ; and decentralized gross revenues and local selling.

Most important advantage of centralised buying is that it speeds up the buying rhythm. Thanks to centralise buying Hansa-Flex can finish this procedure really fast, sometimes even within one twenty-four hours. It is because buying informations is stored and accessible via the cyberspace. The company can entree the necessary order information and topographic point an order much more rapidly.

It besides saves a batch of clip on carry oning the correlativity between provider and Hansa-Flex. This manner the company can easy calculate how it could ' suffer ' if the provider goes bankrupt out of the blue. This is easier to be done, because the company does non necessitate to roll up all the buying informations from different subdivisions.

Another advantage is centralised buying makes it easy for everyone who needs to track the information even across multiple subdivisions and corporate divisions. For Hansa-Flex this means insurance of client propinquity, and consequences on less clip waste between subdivisions and subordinates on tracking down the information. Thus, centralized warehouse once more gives an advantage to Hansa-Flex to fulfill its clients faster than rivals.

Having centralized HR, foremost of all Hansa-Flex ensures to hold most qualified appliers for work. Because centralised HR determination doing <https://assignbuster.com/organizational-structure-competitive-advantage-case-study-hansaflex-business/>

promotes a more just intervention of employees, and is political maltreatment. Therefore, HR experts reappraisal and rank occupation campaigners really carefully and transparent.

Using the advantage of buying power centralized selling continue to make even better trade name image among clients. The company besides needs a local selling on finish point. Because local employee knows local market better than aliens employees. Therefore, cardinal selling transportation cognition to local selling to go on the whole procedure of selling.

Following the same logic Hansa-Flex has divisional sale force that is in charge of gross revenues in specific parts. This gives the company flexibleness to respond and accommodate to local environment alterations.

Decision

Due to the globalisation the construct of competency advantage of a merchandise or service has late changed. It is non easy to prolong this kind of advantage, because of high competition and turning figure of follower companies. Therefore, companies like Hansa-Flex use their organisational construction as a competency advantage.

As most of economic authors and directors say, there is no 1 ideal organisational construction. Each construction has its ain advantages and disadvantages. It is besides true that, due to its mission, organisational civilization, and history, two companies in the same market can use the same one construction, but still acquire wholly different result. In our fast changing universe, lodging into one authoritative construction is non plenty.

Establishing a construction needs a batch of creativeness, cognition,
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experience, and customization of the construction to the company ' s ' indicators ' .

Following this logic Hansa-Flex designed a customized mix construction of functional and divisional constructions. It expeditiously uses advantages of both constructions, reduces disadvantages. Therefore, holding construction that supports scheme, Hansa-Flex can easy accomplish its ends towards its mission. The theoretical account which Hansa-Flex concepts may non be applied in other companies ; nevertheless, it provides a practical experience refering the organisational construction, which is considered as the important factor for organisational effectivity.