

Organizational design research worksheet



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Research—The purpose of this research is to identify different organizational designs within different organizations. You will do this by looking at different company's organizational design and structure and how that design and structure helps the organization to achieve its business objectives. Topic : Organizational Design Research Instructions for Topic A: In the Response row, each team member must identify at least two companies that have different organizational structures and design. In the Response row, identify whether the company has been successful or unsuccessful.

In the Response row, explain how the company used its structure and design to achieve its business objectives. Response to Topic A: Emerging from the field of Organizational Behavior, organizational structure is defined as the way in which individuals and organizational groups are arranged in accordance with the tasks they perform. Organizational structure as the name suggests serves many purposes such as providing consistency in people's behavior and the way the organization treats people. It identifies the formal relationships and procedures in the organization and authority and decision making processes.

Whereas, organizational design is the procedure in which these structural elements are coordinated so as to perform in the most effective and efficient manner (Sims, 2002). Studying different organizations allows us to identify the organizational structures they have incorporated and how the structures allow them to achieve their objectives both long term and short term.

Example can be taken of Procter and Gamble (P&G) which is a fast-moving consumer goods (FMCG) business. P&G faces enormous competition from its rivals such as Unilever. Its rivals are always on the race to restructure and

innovate and gain the market share globally. In 1999, P&G restructured its operations to implement the motto of “ think globally and act locally”.

It framed the strategy around an organizational strategy of multidivisional structure so that its diversification strategy could also be carried on with. As per the multidivisional strategy, there are five global business units (GBUs) namely baby, feminine and family care, fabric and home care, food and beverage and health and beauty care. Also, there are seven market development organizations (MDOs) which are each formed around one specific region of the world. P&G thinks globally by using its five GBUs and creating strong brands and equities incorporating constant innovation. In order to act locally, P&G ensures that marketing department fully banks on the local opportunities by keeping themselves aware of the customers and their preferences.

There is two directional transferring of information across the product-oriented and the marketing-oriented departments so that there is more cooperation. There is meaningful incorporation of the knowledge in the company’s businesses for which the corporate staff is responsible. This is the company’s global business services group (GBS). Another organization that we can study is Starbucks which is the world’s leading retailer, roaster and brand of specialty coffeehouses. Starbucks has an organizational structure of the matrix form.

They operate under four divisions in the US and there is continuation of the support functions in the international circuit. Under this, the goals and the visions of each of the division in the US are shared and are operated as of

their own department. The divisional and the functional structures are combined under this matrix structure. Environmental influence on the organizational structure and design: When we talk about the environment of an organization, it comprises of those institutions or forces that are external to the organization and have potential impact on how it performs. The list can be of suppliers, customer, government, regulatory bodies, competitors and public pressure groups such as NGOs. The environment has three layers such as: general environment made of broader elements that affect entire industries (demographic, social, political, legal and technological factors); industry environment which influences the firm rather (five forces by Porter); competitor environment in which the company has to keep track of its rivals and their strategies.

The reason why the environment is so important because it affects the managerial decisions and can also bring environmental uncertainty. For P&G, since it is an FMCG business, the environment is always changing and is very unstable. This is due to the change in technology, lifestyle demands by customers, demographics and social and many more factors and hence causes a lot of environmental uncertainty for the company. Therefore, keeping in mind the environment and how it affects the businesses of P&G, the organizational structure is kept as such that the company is able to react easily to such factors.

The multidivisional approach allows each product to be carefully handled with its proper finance, marketing, and HR and sales departments. This allows complete focus towards the products and how they should be brought about in the market and what should be their targets about that product. As <https://assignbuster.com/organizational-design-research-worksheet/>

for Starbucks, their environment is relatively stable. Their focus is more on the integration of the business values on the whole with the international businesses that have been set up across many countries. Coffee and beverages is a relatively stable product and are consumed in various environments. The product is not updated and has not to be changed much except for the packaging and the logos.

Hence, the matrix approach is followed by Starbucks. Moreover, their organizational design changes according to the country they are operating in and that is because they have to cater to the needs of the locals as well as achieve their business objectives. In this way, the matrix supports their focused strategy and combines functional and product based division in which the employees have to report to two heads. In this the project managers are mainly responsible and the functional heads intervene to provide expertise and allocate resources as they are needed by the project. Relationship between organizational design, technology and talent management: As mentioned, the organizational design allows for the implementation of processes so as to coordinate the business goals within the boundaries of the organizational structure.

Technology is an asset used to achieve the organizational design or is incorporated so as to attain the desired outcomes. Whereas, talent management is one of the many objectives that can be achieved from the organizational design. Talent management is when people employed are recognized for their potential and then allowed to perform in a way that allows the enhancement of their talents and can be used to achieve the organizational goals. It allows the employees to be more focused and less

ambiguous about what is expected out of them and hence, they are motivated because they know they are best at whatever work they are assigned to do.

Talent management reviews can be conducted under the organizational design and technology can be used to assess these reviews and make them confidential and records can be maintained to as to enhance the database. Methods in overcoming organizational impediments to change: One of the impediments is the belief that change will happen overnight and it would lead to drastic results almost immediately without any detours. To overcome this, the executives and the employees have to be educated and given training on what to expect and that they have to adapt to the minor changes that might come up and would even change entire job descriptions. Organizational development should also be incorporated that allows implementation of techniques and methods that the managers should do to increase the adaptability of the organization. Education and communication should be done through consultants and psychologists who give space to the stressed employees and explain to them what is expected. Bargaining and negotiation can be used to overcome conflicts that might come up in the process of change.

Sensitivity training, team building, intergroup training and organizational confrontation meetings promote change at individual, group and organizational level. Companies chosen are P&G and Starbucks. Both of them are successful despite their global operations and huge networks. This is because their organizational structure and design are convenient for the environments and consumers they have to cater to. P&G has the purpose to

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provide branded and superior quality products to improve the lives of the consumers and get the rewards of such service through sales and profit and value that they achieve. With its product oriented multidivisional approach, P&G is able to live up to its mission statement.

As for Starbucks, it wishes to inspire and nurture the human spirit through one person, one cup and one neighborhood ([www. starbucks. com](http://www.starbucks.com)).

Therefore, the matrix approach allows the integration of the functional and the project heads and allows the integration of the company values with the local requirements of the customers.