

ORGANISATIONAL STRUCTURE & DESIGN

Organisation: a system of consciously coordinated activities or forces of two or more people

- For-profit, non-profit or mutual-benefit

Organisational Structure: a formal system of task and reporting relationships that coordinate and motivate an organisation's members

FOUR TYPES OF ORGANISATION CULTURE



Figure 8.2
COMPETING VALUES FRAMEWORK

Adapted from K. S. Cameron, R. E. Quinn, J. Degraff and A. V. Thakor, *Competing Values Leadership*, Northampton, MA: Edward Elgar, 2006: 32.

THREE LEVELS OF ORGANISATIONAL CULTURE

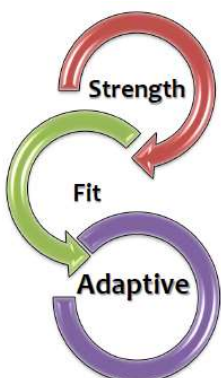
1. **OBSERVABLE ARTEFACTS** – physical manifestations e.g. dress code, awards, myths and stories about the company
2. **ESPOUSED VALUES** – explicitly stated values and norms preferred by an organisation
3. **BASIC ASSUMPTIONS** – core beliefs that employees have about their organisations

HOW EMPLOYEES LEARN CULTURE

- **SYMBOLS:** object, act, quality or event that conveys meaning to others
- **STORIES:** narrative based on true events which is repeated to emphasise a particular value
- **HEROES:** person whose accomplishments embody the values of the organisation
- **rites & rituals:** Activities and ceremonies that celebrate important occasions and accomplishments

4 FUNCTIONS OF ORGANISATIONAL CULTURE

1. **ORGANISATIONAL IDENTITY** – Southwest Airlines: workers being treated like customers, continually celebrating employee contributions/VA: customer service
2. **COLLECTIVE COMMITMENT** – 3M: corporate values include 'company that employees are proud...of'
3. **SOCIAL SYSTEM STABILITY** – the more conflict can be handled, the more employees feel safe
4. **SENSE-MAKING DEVICE** – Culture helps employees understand why organisation does what it does & how it intends to accomplish long-term goals



THREE PERSPECTIVES OF CULTURE

- + **STRENGTH** – strength of culture = long-term financial performance
 - Strong when employees adhere to the organisation's values
 - **DOWNSIDE:** employees can become arrogant, inwardly focused & resistant to change
- + **FIT** – culture must align with business/strategic context
 - Correct fit fosters higher financial performance
 - **DOWNSIDE:** causes acrimony & infighting
- + **ADAPTIVE**
 - Anticipating & adapting to environmental changes
 - More accurate perspective as it was a more consistent predictor of performance

THE PROCESS OF CULTURE CHANGE: Mechanisms used:

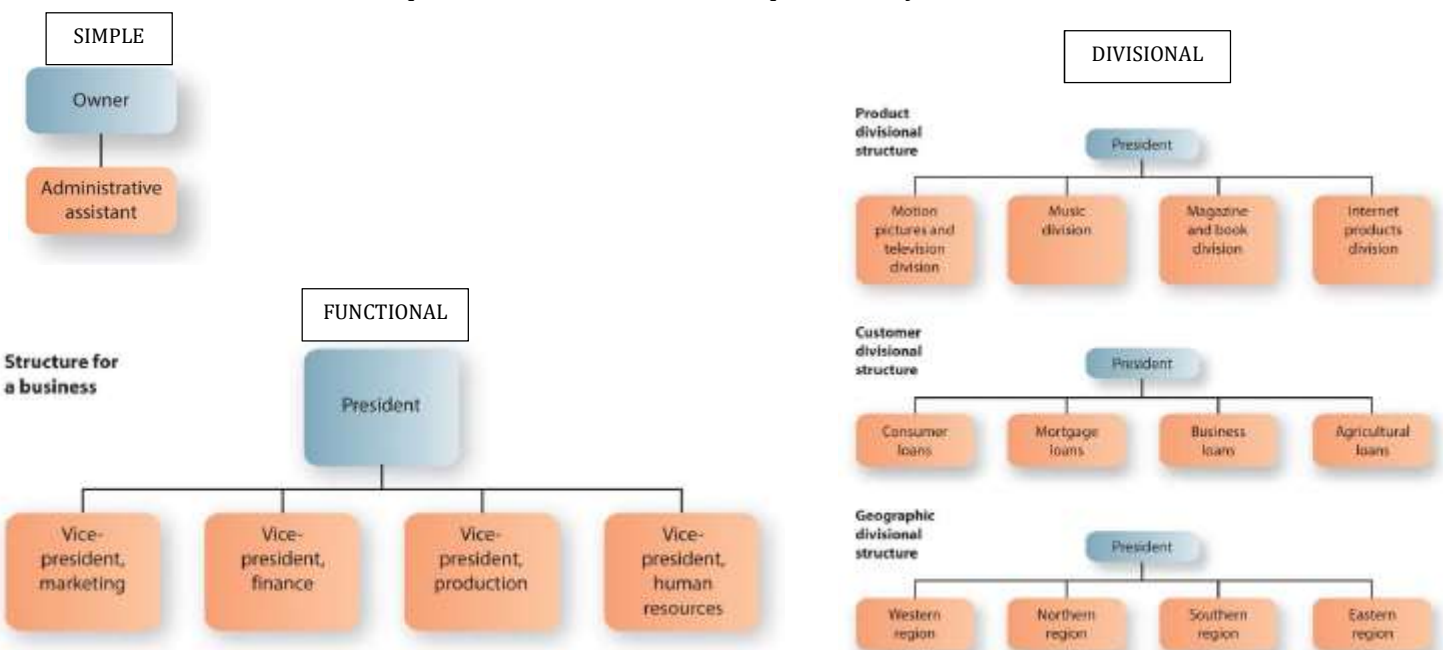
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| 1. Formal Statements | 7. Rewards, titles, promotions & bonuses |
| 2. Slogans & sayings | 8. Organisational goals and performance criteria |
| 3. Stories, legends & myths | 9. Measureable and controllable activities |
| 4. Leader reactions to crisis | 10. Organisational structure |
| 5. Role modelling, training and coaching | 11. Organisational systems & procedures |
| 6. Physical design | |

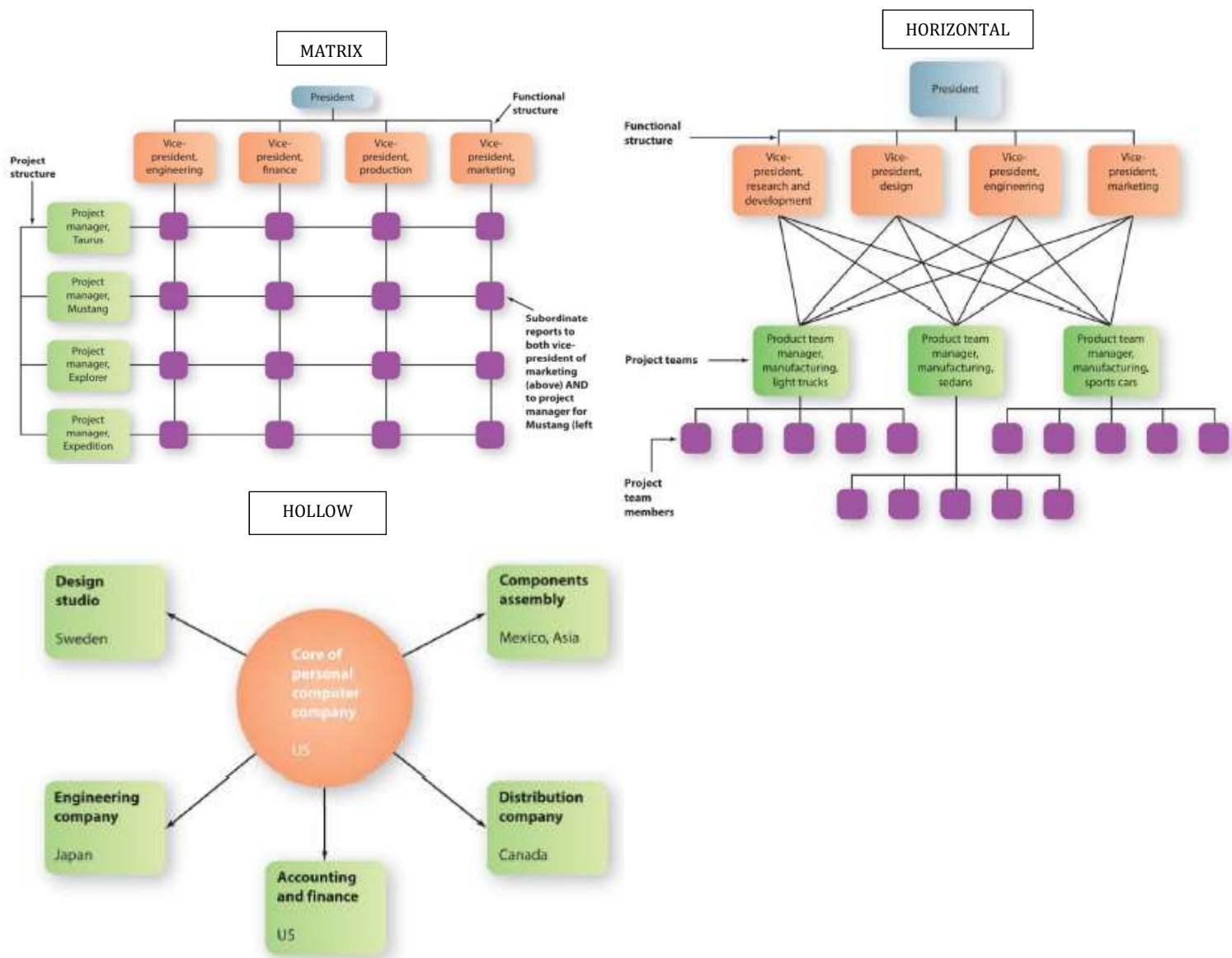
COMMON ELEMENTS OF ORGANISATIONS

1. Common Purpose: unifying members
2. Coordinated effort: working for common purpose
3. Division of labour: work specialisation for greater efficiency
4. Hierarchy of authority – control mechanism for making sure the right people do the right things at the right time (unity of command)
5. Span of control – Narrow, wide
6. Authority, responsibility and delegation
 - Authority – rights inherent in a managerial position to make decisions and utilise resources
 - Accountability – managers must report and justify work results to the managers above them
 - Responsibility – obligation you have to perform the tasks assigned to you
 - Delegation – process of assigning managerial authority and responsibility to managers and employees lower in the hierarchy
7. Centralisation vs. decentralisation of authority
 - C – important decisions are made by higher-level managers
 - D – important decisions are made by middle level and supervisory-level managers

BASIC TYPES OF STRUCTURES

- **SIMPLE STRUCTURE:** authority is centralised in a single person with few rules and low work specialisation
- **FUNCTIONAL:** people with similar occupational specialties are put together in formal groups
- **DIVISIONAL:** people with diverse occupational specialties are put together in formal groups by similar products, customers or geographic regions
- **MATRIX:** an organisation combines functional and divisional chains of command in a grid so that there are two command structures – vertical & horizontal
- **HORIZONTAL:** Teams or workgroups, either temporary or permanent, are used to improve collaboration and work on shared tasks by breaking down internal boundaries
- **HOLLOW:** organisation has a central core of key functions and outsources other functions to vendors who can do them cheaper/faster
- **MODULAR:** firm assembles product chunks, or modules, provided by outside contractors





MECHANISTIC vs. ORGANIC

- M: tasks and rules specified, employees closely supervised
- O: fewer rules, encouraged cooperation

Mechanistic organisations	Organic organisations
Centralised hierarchy of authority	Decentralised hierarchy of authority
Many rules and procedures	Few rules and procedures
Specialised tasks	Shared tasks
Formalised communication	Informal communication
Few teams or task forces	Many teams or task forces
Narrow span of control, taller structures	Wider span of control, flatter structures

BUSINESS LIFE CYCLE

1. BIRTH STAGE - created
2. YOUTH STAGE - growth and expansion
3. MIDLIFE STAGE - growth evolving into expansion
4. MATURITY STAGE - very bureaucratic, large and mechanistic

MANAGING HR AND CHANGING INNOVATION

PART 1: LEGAL REQUIREMENTS

1. LABOUR RELATIONS:

In Aus & NZ – operated under TRIPARTITE SYSTEMS of arbitration and conciliation that recognised a role for unions, governments and employees

- **COLLECTIVE BARGAINING** – negotiations between management and employees about disputes over compensation, benefits, working conditions and job security

2. LAWS THAT GOVERN THE EMPLOYMENT RELATIONSHIP

- Compensation and benefits – *Fair Work Act 2009* sets out 10 minimum employment standards that provide a 'fair' safety net for all employees
- Health & Safety – *Commonwealth Work Health and Safety Act 2011* covers all states and territories except Victoria and Western Australia
- Anti-Discrimination – *Workplace Gender Equality 2012* concerned with workplace gender equality

3. EQUAL EMPLOYMENT OPPORTUNITY

- Discrimination – occurs when people are hired or promoted – or denied hiring or promotion – for reasons not relevant to the job
- Affirmative action focuses on achieving equality of opportunity within an organisation
- WORKPLACE DISCRIMINATION
 - Adverse impact – occurs when an org. uses an employment practice that results in an unwanted/negative impact on group of people
 - Disparate – results when employees from protected groups are intentionally treated differently
- Harassment and bullying – legislation covers interns and work experience students, volunteers, apprentices and both casual and permanent employees

PART 2: WHAT DOES HR DO?

1. **UNDERSTANDING CURRENT EMPLOYEE NEEDS:** Job analysis (*determine, by observation, the basic elements of a job*), Job description (*summary of what you do/sometimes why you do it?*), Job specification (*minimum qualifications/requirements – heavily weighted to **research** for university academic staff*)
2. **PREDICTING FUTURE EMPLOYEE'S NEEDS:** Job descriptions change so you must become knowledgeable about the staffing the organisation may NEED & the sources for that staffing (**human resource inventory: report listing organisation's employees by name, education, training, languages & other important information**)

HR FUNCTIONS

RECRUITMENT – Process of locating and attracting qualified applicants for jobs open in the organisation; getting pool of talent, internally through job postings, etc. or externally through agencies, etc.

- **REALISTIC JOB PREVIEW** – gives candidate a picture of the job, reduces turnover within 30-90 days

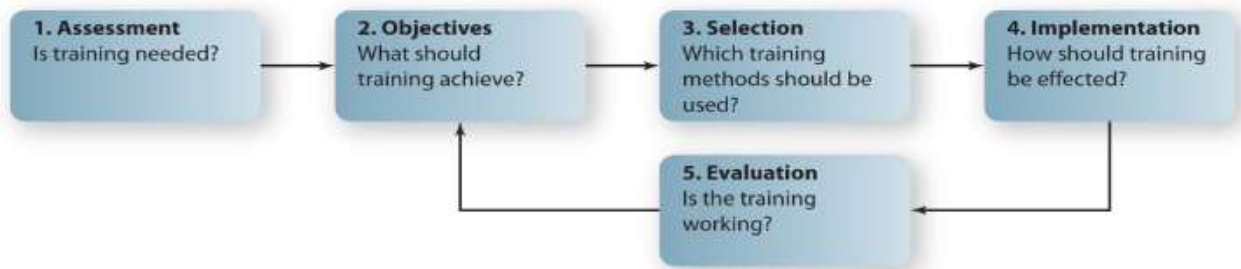
SELECTION PROCESS – Screening of job applicants to hire the best candidate; background information, interviewing and employment tests

- Background info – resume/cv but is usually over-exaggerated
- Interviewing -
 - *Unstructured interview*: formal chats, probing questions (difficult to compare candidates)
 - *Situational interviews*: focuses on hypothetical reactions
 - *Behavioural*: past behaviour is the best predictor of future performance
- Employment tests –
 - *Ability*: physical and mental tests
 - *Performance*: performance on actual job tasks
 - *Personality*: traits as adjustment, energy, sociability, independence & need for achievement
 - *Integrity*: assesses attitudes & experiences related to a person's honesty, dependability, trustworthiness, reliability & prosocial behaviour
 - *Other*: drug test, conviction tests, etc.

ORIENTATION – Helping newcomers fit smoothly into the job and the organisation

DESIREABLE CHARACTERISTICS:

- JOB ROUTINE –employee must learn what is required in the job, the evaluation of their work & co-workers
- MISSION & OPERATIONS
- WORK RULES & STAFF BENEFITS



TRAINING – educating technical and operational employees in how to better do their jobs

- *On the job*: training takes place in work setting using coaching, training positions, job rotation & planned work activities
- *Off the job*: classroom programs, videotape, workbooks, etc.

DEVELOPMENT – educating professional and managers in the skills they need in the future

PERFORMANCE –

- Management: continuous cycle of improving job performance through goal setting, feedback and coaching, and rewards and positive reinforcement
- Appraisal: consists of assessing an employee's performance and providing them with feedback
 - *Objective*: based on facts and statistics, good as they measure results & harder to challenge legally
 - *Subjective*: based on manager's perceptions or employee's traits or behaviours

WHO SHOULD MAKE P.A?

- Mostly done by manager
- 360-degree assessment: made by peers, subordinates & self
- Forced ranking: all employees within a business unit are ranked against one another and grades are distributed along some sort of bell curve

EFFECTIVE PERFORMANCE FEEDBACK

- Formal (*conducted at specific times throughout the year*) and Informal Appraisals (*unscheduled basis; equivalent to pop quizzes and talks with teachers*)

PART 3: MANAGING EFFECTIVE WORKFORCE

COMPENSATION AND BENEFITS

Compensation – wages or salaries, incentives and benefits

Base Pay – basic wage or salary paid to employees in exchange for doing their jobs

MANAGING PROMOTIONS

- Promotion (↑) – should be fair, no discrimination and counselling for conflict
- Transfer (← or →)
- Disciplining and demotion (↓)
- Dismissal (bye bye)

LABOUR MANAGEMENT ISSUES

Unions

- Organisation of employees formed to protect and advance members' interest by bargaining with management over job-related issues
- Choice to join

Role of Government

- Fair Work Act 2009, Fair Work Ombudsman, Fair Work Commission, Minimum entitlements, 10 National Employment Standard

Collective Bargaining

- Negotiations between management and employees about disputes over compensation, benefits, working conditions and job security

DISPUTES

Alternatives to industrial action	Conciliation	Conciliators may be a Fair Work conciliator, lawyer or specialist in conflict resolution or labour matters. The conciliator meets with both parties independently and focuses on concessions to assist the parties to resolve the dispute.
	Mediation	A neutral third party, a mediator, listens to both sides in a dispute, makes suggestions and encourages them to agree on a solution.
	Arbitration	The neutral third party listens to both parties in a dispute and makes a decision that will bind the parties.
Types of industrial action	Protected action	This protects against any further civil action and can only occur when a workplace or enterprise agreement has expired and bargaining representatives are genuinely trying to reach agreement. It deals with a single enterprise agreement and excludes greenfield sites. There must be 50% support from eligible employees at a protected action ballot and it must be compliant with the Fair Work Commission orders.
	Unprotected action	This is any industrial action that is not protected. Such an action may lead to litigation against an offending party.
	Unlawful action	This is any industrial action that occurs while there is an existing agreement in place; it can lead to fines and compensation.

CHANGE AND INNOVATION

Fundamental change:

1. Marketplace becoming more segments (niche markets)
2. More competitors, need faster speed-to-markets
3. Traditional companies may not survive innovative change
4. China, India and other offshore suppliers are changing how they work
5. Knowledge (not info) is becoming the new competitive advantage

TWO TYPES

1. Reactive change – changes in response to problems/opportunities as they arise
2. Proactive – carefully thought-out changes in anticipation of possible/expected problems/opportunities

FORCES OF CHANGE (INTERNAL & EXTERNAL)



AREAS WHERE CHANGE IS NEEDED	CAUSES OF RESISTANCE	DEGREE TO FEARING CHANGE
1. <i>Changing people</i> – perceptions e.g. employees don't like pay so manager compares to competitors, attitudes e.g. some think managers don't listen so time to change culture, performance e.g. paying by time, by piece or as a whole? 2. <i>Changing technology</i> 3. <i>Changing structure</i> – expansion, etc. 4. <i>Changing strategy</i> – shifts in marketplace often lead strategy change	1. <i>Employee characteristics</i> a) Individual's predisposition b) Fear of unknown c) Mistrust d) Fear of failure e) Loss of job security f) Peer pressure g) Disruption to norms h) Personality conflicts i) Poor timing j) Lack of obvious reward 2. <i>Change agent characteristics</i> 3. <i>The change agent-employee relationship</i>	- Adaptive change ○ Reintroducing a familiar practice - Innovative ○ Introducing new practice - Radically Innovative ○ Introducing new industrial practice