

Quiz 2 Review ADm1300

November 10, 2020

Chapter 8-11

Slides:

How Hierarchies help 7 hamper us in creating great organizations(Markus Reitzig)

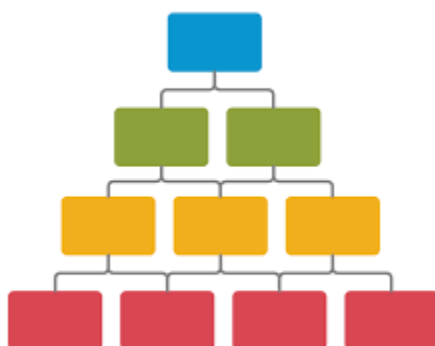
- Reitzig's company, an organization of captains with no sailors
 - When thinking about great human accomplishment we think of one person

Organizations: Multi-person systems with individually different incentives but with a common goal.

Hierarchy: Dividing labour for everyone to play their role why is there - the gravitational pull towards the top

A layered relationship of authority

- Problem 1: Its communicated through individual achievements
- Problem 2: Provide step incentives for the UP or OUT Model
- “Every position on the bottom is a race to the top”
 - Toxic on Hierarchies
 - Promote temp positions serving as a stepping stone for climbing to the top
 - The incentive to avoid complacency
 - Performance evaluation creates feeling of usease at bottom and power at the top
- What do Organisations who get it right do when division of labour and integration of effort?
 - Successful organizations- suppress the toxic effects of hierarchies
 - Successful organisations: enable specialists attain satus where ever they are in the org.



- CEOs
- Functional Managers
- Project manager
- Working groups

Matrix structure

6 Key elements of organizational Design

1. Work Specialization

Ex: (Division of labour) degree to which activities are subdivided into separate job tasks

- Some tasks need highly developed skills
- Others are done by employees with lower skill levels

Why we need division of labour

- If all workers were engaged in all steps of a job they would be working above and below their skill levels
 - They would be paid at highly skilled rates
- Doing easy tasks (inefficient use of resources)



EXAMPLE: you won't see a cardiac surgeon closing up a patient after surgery

2. Work Specializations/
3. Human diseconomies

- At some point the human diseconomies exceed the economic advantages due to

- Boredom

Exhibit 11-3 The Five Common Forms of Departmentalization (1 of 3)

FUNCTIONAL DEPARTMENTALIZATION—Groups Jobs According to Function



- + Efficiencies from putting together similar specialties and people with common skills, knowledge, and orientations
- + Coordination within functional area
- + In-depth specialization
- Poor communication across functional areas
- Limited view of organizational goals

GEOGRAPHICAL DEPARTMENTALIZATION—Groups Jobs According to Geographic Region



- + More effective and efficient handling of specific regional issues that arise
- + Serve needs of unique geographic markets better
- Duplication of functions
- Can feel isolated from other organizational areas

Exhibit 11-3 illustrates each type of departmentalization as well as the advantages and disadvantages of each.

- Fatigue
- Stress
- Low productivity
- Poor quality
- Increased absenteeism
- High turnover

4. Chain of Command- Authority

Authority: The rights inherent in a managerial position to tell people what to do and to expect them to do it.

Position theory: Authority related to one's position within an organization

Belief that it had nothing to do with individual manager characteristics

Chester barnard: If an employee doesn't accept a manager's ogre, there is no authority

Acceptance theory: (Chester Barnard) authority comes not from the rights of the manager but from the willingness of subordinates to accept the authority

Subordinates will accept orders only if the following conditions are met:

1. They understand the order
2. They feel the order is consistent with the organization's purpose
3. The order does not conflict with their personal beliefd
4. They are able to perform the task as directed

5. Centralization and

6. Decentralization

- When organizing AT WHAT ORGANIZATIONAL LEVEL do you want decisions to be made.
- CENTRALIZATION: the degree to which decision making takes place at upper levels of the organization
- DECENTRALIZATION: The degree to which lower-level employees provide input or actually make decisions.

They are not either-or concepts

An organization is never completely centralized or decentralized
ORGANIZATIONS TODAY: have become more complex and responsive to dynamic changes in their environments

Types of organizational strategies

1. Growth

Vertical integration

- The org becomes its own supplier and it can control its own inputs
 - Ex COSTCO chicken farms
- The org becomes its own distributor and can control outputs

Horizontal integration

A company grows by combining with other organizations in the same industry-operations with competitors

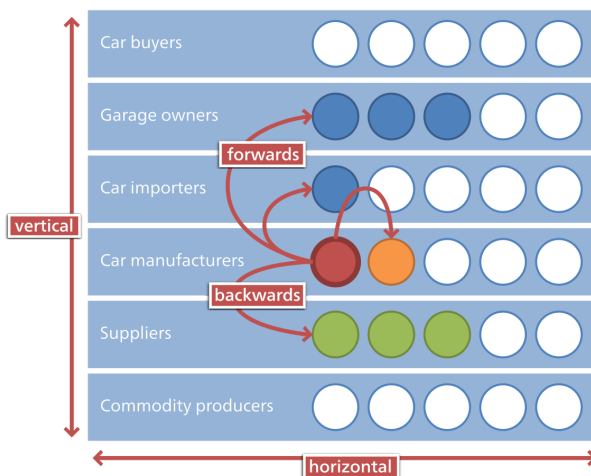
Ex: L'oreal acquired the body shop

Diversification:

Related: Grown by merging with or acquiring firms in different but related industries (tech, markets...)

Ex: Hospital: x-ray, blood exam, clinics

Unrelated: Combines with firms in different and unrelated industries (No strategic fit)



Techne was craft knowledge: learning to use tools and methods to create something.

Episteme was scientific knowledge: uncovering the laws of nature and other inviolable facts that, however poorly understood they might be at the moment, “cannot be other than they are.”

Phronesis was akin to ethical judgment: the perspective-taking and wisdom required to make decisions when competing values are in play — when the answer is not absolute, multiple options are possible, and things *can* be other than what they are.