Modern Organization Structure Theory: Overview
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Abstract

The basic question we explore asks, what is the role of observable boundaries between individuals in structuring communications inside the firm? We measure three general types of boundaries: organizational boundaries (strategic business unit and function memberships), spatial boundaries (office locations and inter-office distances), and social categories (gender, tenure within the firm). In dyad-level models of the probability that pairs of individuals communicate, we find very large effects of formal organization structure and spatial collocation on the rate of communication. Homophily effects based on socio demographic categories are much weaker. In individual-level regressions of engagement in category-spanning communication patterns, we find that women, mid-level to high-level executives, and members of the executive management, sales and marketing functions are most likely to participate in cross-group communications. In effect, these individuals bridge the lacunae between distant groups in the company’s social structure.

Keywords: Management, Traditional, Progressive organizational structures; Formation principles

1. INTRODUCTION

1.1 Sub-sampling Procedure

Because our data were collected as a snowball sample, they were not necessarily representative of the overall population of employees at BigCo. Initially, we were concerned that our sample would be biased because its core is a group of people who were chosen specifically because of their involvement in cross-divisional activities. Despite the firm’s stated goal of encouraging cross-divisional coordination, there is nevertheless reason to believe that such people are unusual. We believe these concerns are mitigated, however, by the large number of second-order contacts in the data. Due to large-n meetings and broadcast e-mails – which are unrelated to the core actors’ cross-divisional activities – our snowball core of 66 people yielded a sample of over 30,000 based on just single-step connections. We were also concerned about the degree to which our sample was representative of the firm’s employee population. Specifically, because our snowball originated disproportionately with executives in the corporate sales force, we found that we had over-sampled corporate headquarters and the corporate sales force; dramatically over-sampled executives (our sample captured over 80% of executives) and correspondingly under-sampled rank-and-file employees; and sampled the functions at different rates.[1,2] As a result, the population of dyads might over-represent certain types of interactions while under-representing other types. One approach to dealing with this problem would be to employ sampling weights in our statistical analysis, but this solution was complicated by our dyadic unit of analysis and by the fact that we have already used sampling weights for the zeroes in our case cohort data set. Instead, we exploited the large size of our sample to randomly choose individuals to create a sub-sample that is representative of the population with respect to important demographic variables, namely: middle managers (bands 7-10) and each of the executive salary bands. To assemble the representative sub-sample, we created a three-dimensional matrix of salary function (general executive management, marketing, sales, services, everyone else) and business unit (corporate headquarters, everyone else).[3] For each of the 60 cells of this matrix, we calculated the sampling probability that would be needed to achieve a sub-sample rate of 15.9% of the population of the firm (compared to 23.8% of the population of the firm in the original sample). Once we had these probabilities, we used a random number generator to determine whether each person in the overall sample, given her salary band, function and business unit, would be included in the sub-sample. Across multiple models, we frequently created new sub-samples – each with slight, random differences in size and composition – to ensure that our results do not depend on random idiosyncrasies in sub-sample selection. The importance of organizational structures is declared by the scientists and practitioners of various countries, but only few of them have modern organizational structures. The organizational structure can be discussed from several points of view: as the initial base necessary for the formation of the structure and the necessary number of employees (this special aspect is stressed in this paper) and as the system ensuring the change of effective information. Severe competition requires the creation of modern and present day changes corresponding organizational management structures.[5,6] Huge, bureaucratic, high hierarchy structures with long and insufficiently motivated chains of solution approval actually are unable to work good enough in the situation when quick changes take place in business. With the speed of the changes of global economy in mind it is important to know that the restructuring of organizations in accordance with the situation in the present day business environment can improve the situation only for a short time. The possible outcome can be only the constant
adaptation of the organizational structure to the changing internal and external conditions.

2. RESEARCH AIM

The new approach to the creation of the organizational structures, and the possibility to see their development is especially acute present day problem. The changes in economics during the last decades clearly modify the activity situation and forms of organizations. Today we more often discuss the methods of the designing of new modern organizational structures. It is very important to seek for innovative, modern organizational forms, helping to survive, adapt and cherish in the constantly changing global market. The old models of designing the organizational structures do not correspond the situation in organizations ready for restructurization, reorganization and even reconceptualization, because they have been designed for the traditional business environment that greatly differs from the modern one. [7] Scientific problem. The present day, dynamic environment cannot have stable organizational structure that has been shown in the papers of many foreign and Lithuanian authors. The organizational structure must be flexible, able to survive in various situations and changes in the market. The problem became also much deeper because the scientific literature proposed one-sided and truly theoretical organizational design models that were not related either with the business situation realities or other management and economical theories. Thus the preparation of the methodology for the designing of modern organizational structures that could be used to form organizations in global business environment is really important scientific problem. [8] Investigation object. Traditional principles of the formation of organizational structures and their suitability for the modern requirements are analyzed. Advanced organizational structures are reviewed, and the peculiarities of the structure formation and the problems of their practical realization are discussed.

3. INVESTIGATION METHODS

The analysis of scientific literature and the investigation fulfilled. Methodology to form advanced organizational structures when organizational problems arise, the leaders most often than not concentrate on the most acute problems and shortcomings and violate the systematic principle. Many theoreticians come to the conclusion that the new organizational structure is needed if one has to satisfy the demands in a quickly changing environment. C. Hastings (1993) stated that the systematic avoidance of physical, personal, hierarchical, functional, psychological limits enables the organizations to remain flexible and easily adaptable. If this is achieved then the team work will prosper in such an atmosphere. But in fact, one can encounter with the internal limits in the organization, and most often between the two elements of the organization. The investigation fulfilled by Hutt, Walker and Frank-wick (1995) showed the following possible barriers of the transfer to the new organizational structure: the theoretical barriers. The power, prestige and status of the leaders arises because of their position and post, thus they oppose to the changes that will induce them to share people, information and resources with their team members;

- The explanatory barriers. Separate functional groups may have different approaches and goals;
- The communication barriers. The groups with different functions may have their own communication signs, words, abbreviations known only to the team members.

According to N. Paliulis, E. Chlivickas (1998) the organizational structure first of all depends on its objectives and long-term plans. While organizing the structure one must fulfill all the traditional jobs of the formation of organizational structure: labour sharing (optimum division of work as a whole into the separate jobs or operations and the appointment of specific employees or workers who will do these jobs), formation of structural skills (definition of the composition of the employees and enterprise divisions and communication between them), hierarchy creation (the creation of the specific number of the management levels),

4. CALENDAR DATA

The data we received from the company include logs of e-mail and meetings scheduled on electronic calendars. In the main text of this paper, we have focused exclusively on the email data. One of the interesting findings from our analysis is that the overlap between the email and calendar data is nearly perfect: we find no dimensions along which these two modes of communication appear to be substitutes. While we cannot decouple face-to-face meetings from scheduled teleconferences – the calendar data record both types of communication with no discernable distinction made between them – the correspondence between e-mail and these two other modes of communication is striking

5. THEORY AND DISCUSSION

The main relation of the structure and communication lies in the fact that they are used for the introduction of the novelties, the use of the possibilities and the risk accept in the organization. The communication models in the modern organizations are as follows: from top to the bottom, horizontal and from bottom to the top. In business organization one tries to avoid the case when all the communication comes from top to the bottom. Business organization used both formal and informal communication – it is best described by the concept “productive communication”. Four elements comprise the productive communication:
(1) The distribution of the information (intensively, in real
time, with the supportive culture in mind, and using the
productive formal techniques),
(2) Clear communication,
(3) Effective listening, and
(4) Activity

6. CONCLUSIONS

1. The organizational management structure of the enterprise
makes the body of the enterprise activity, which on one hand,
has to secure the stability and, on the other hand, must
constantly change in relation to the changing tasks – strategy,
enterprise environment, and internal level and changes.

2. Traditionally the methodology of the enterprise
management structure formation is based on clearly
expressed tasks, work specialization, cooperation,
hierarchical structure, clear understanding of the autocracy,
stability, etc.

3. The change of the environment development speed,
globalization level, rivalry, the increase of the speed of the
introduction of new developments and their realization, the
new requirements for the formation of the management
structures occur. Without denial of traditional forming
principles of the management of organizational structures,
one should admit, that the modern enterprise structure meets
new requirements oriented into the staff participation in the
management, the delegation of the tasks and responsibilities,
development of the communication system, etc. This
brings to the development of new management structures,
i.e., matrix, tensoric, Likert communication groups, virtual,
and net type ones.

4. In conclusion, one can state that the reorganization of the
management structures is complex and specific process for
every individual enterprise that is rather fully disclosed and
discussed in theoretical level but still has many weak points
in the field of its practical application. The changes in this
field are possible only after the real reorganization of the new
organization management structures.

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