

Structural changes

Group Aqua

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Introduction

In this paper we will analyse how the opening of a new HR department at BDO and CSi's new production facility from Reghin have affected the organisational structure. The five structures of Mintzberg's organizational structure are used to analyse the impact of these changes on each company.

Research Question

How changes in the organisation effected the organisational structure?

Theoretical approach

We will use Mintzberg's theory about organisational structure. This theory describes a typology of five different structures.

The Simple Structure is usually found in small organisations, recently established and in companies facing crisis. This structure focuses on the strategic apex, and on the centralized information flow, simplifying it further down the chain.

The Machine Bureaucracy is a more advanced structure, having a vertical decentralisation to the technostructure. It is normally found in older and larger companies active in mass-production.

The Professional Bureaucracy is decentralized both vertically and horizontally structure. It features highly skilled individuals who demand control over their workload.

The Divisionalized Form is a structure delegating a lot of power to the middle line, thus creating a limited vertical decentralisation. It is commonly found in very large and mature organisations with activity in different markets.

The Adhocracy Structure is a decentralized selectively in both directions structure. Jobs are specialized, and coordination is made through mutual agreement and sometimes with assist from support staff.

(Mintzberg 1980, page 2)

Short about CSi and BDO

CSi is a company that producing fully automated and integrated material handling systems for FMCG industry all over the world. They personalise each product based on clients need, offering a wide variety of services, from consultancy and design, production, assembly, testing, delivery, installation, and training. Recently, they split in two their facility from Cluj, relocating production in a new facility situated in Reghin (140 km away from Cluj), while keeping assembly, quality control and testing in Cluj.

BDO is worldwide organisation providing professional services within accounting, audit, taxation, assurance, and consultancy. Recently they started a new business unit – human resources recruitment.

Discussion

CSI is an international company with divisions in different countries. In a world-wide perspective, we consider they have a partly machine and partial professional bureaucracy structure. Reasons for this hypothesis are: (1) more than 45 years of experience in the industry, thus CSI is a well-established company, (2) large company with facilities all over the world, (3) a mass-production company with several standardized processes (design, cutting, bending, welding, surface treatment, assembly, testing), involving highly qualified workers.

Long experience in the industry, company's dimension and mass production are arguments for *machine bureaucracy*, while highly qualified workers enrolled in each specialized department is an argument for *professional bureaucracy*.

After a technological breakthrough CSi got more efficient and this made it possible for them to expand and open a second facility in Reghin, thus splitting up production and assembly. This change hasn't affected the organisational structure that much on an international level, but it has made some changes from a local perspective. In Romania the company has become even more specialised, so we can say that they have decentralised into the technostructure thus making them even more mechanical and maybe less of a professional structure.

BDO, is a world-wide service provider active in accounting, audit, taxation, consultancy, or outsourcing. Many years of experience, diversified portfolio of services and geographically diversified markets are characteristics of a *divisionalized form*. Market specificity from Cluj area made BDO decide to start up a new business unit – human resources recruitment. Operational, it was realized by absorbing a small local start-up.

Absorbed start-up was a 3-month-old HR company, with a single employee (an experienced recruiter from Cluj area) working from home office. Thus, the *simple structure* is obvious for the absorbed company.

Simple structure of the start-up vanished in during the absorption process, while BDO keep its *divisionalized form*, by widening its departmental structure with another one, namely HR recruitment.

Final Remarks

After analysing companies' structure before and after the changes, we might conclude that:

- (1) CSi experienced a slightly change in their organisational structure locally but not internationally. They have gone from a mix of machine and professional bureaucracy to a more machine bureaucracy.
- (2) In case of BDO there are two conclusions, one for BDO and another one for the absorbed start-up. On international level BDO did not experience any structural change, while on local level they deepened the divisional structure by adding a new department. Absorbed start-up went from a simple structure to be part from a huge divisionalized form.

There are some similarities between BDO and CSI changes as both companies did not change internationally, but there have been some local changes.

References

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