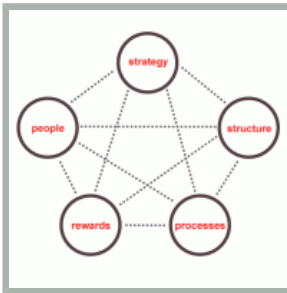


five star model



characteristics

author:	Galbraith, Jay R.
country:	United States
period:	1973
type:	model
role:	consultant and manager
activity:	analyse and design
topic:	org. design & development and information technology
abstr. level:	organisation
perspective:	learning
status:	final
module:	classics I
comments:	2

related models

structure follows strategy

description:

The American academic and consultant, Jay Galbraith, developed the Star Model as an organisational design framework. The model used design policies that guide organisational decision making and behaviour. The model contained the following five categories:

1. Strategy

Determines direction through goals, objectives, values and or missions. It defines the criteria for selecting an organisational structure. The strategy defines the ways of making the best trade-off between alternatives.

2. Structure

Determines the location of decision making power. Structure policies can be subdivided into:

- specialisation: type and number of job specialities;
- shape: the span of control at each level in the hierarchy;
- distribution of power: the level of centralisation versus decentralisation;
- departmentalisation: the basis to form departments (function, product, process, market or geography).

3. Processes

The flow of information and decision processes across the organisation's structure. Processes can be either vertical through planning and budgeting, or horizontal through lateral relationships.

4. Reward Systems

Influence the motivation of organisation members to make employees' goals in line with the organisation's objectives.

5. People Policies

Influence and define employee's mindsets and skills through recruitment, promotion, rotation, training and development.

The five factors must be internally consistent to enable effective behaviour. Fortunately, a design sequence exists whose starting point is the strategy definition. Strategy drives organisational structure. Processes are based on the organisation's Structure. Structure and Processes define the implementation of reward systems and people policies.

The preferred design process is composed in the following order:




- a - strategy;
- b - structure;
- c - key processes;
- d - key people;
- e - roles and responsibilities;
- f - information systems;
- g - performance measures and rewards;
- h - training and development;
- i - career paths.

The structure depends on the diversity of the business: -- whether it is service or product based; uses a single 'production' line or multi lines or services one market segment or multiple segments.

The single line business can be best supported by either a purely functional structure, or a purely process centred structure, or a purely geographical structure, or a hybrid between a functional and a geographical structure.

After the organisation designer chooses a basic structure, lateral relationships need to be added to the design to overcome its negative aspects.

assets:

- 
five organisational structures
 ProvenModels • editor PM • version 0.1 • 32 KB
- 
five star model
 ProvenModels • editor PM • version 0.1 • 42 KB
- 
responsibility chart
 ProvenModels • editor PM • version 0.1 • 50 KB

pros:

- The Star Model stressed that organisational design is more than the organisational chart and the allocation of the right people to the right positions. The model is a descriptive tool that prevents overlooking important aspects during the design process. The design process, itself, is an organisational change process and must be managed as such.

- Galbraith made clear that strategy drives organisational structure. If the industry's future is murky, an organisation must optimise its lower-level processes, rather than modify its structure until the future becomes clearer.

- Viewing organisations as processors of information and decision making to analyse and design organisational structures has proven useful.

cons:

- The model was based on logic and lacked an empirical foundation.

- Galbraith's organisational design process assumed that the organisation is a 'tabula rasa', a blank sheet of paper whose history is unimportant as input for the design process.

- The model follows Chandler's "Structure follows Strategy" hypothesis. Strategy defined direction and set criteria for the selection of an organisational structure. Galbraith limited strategy to the organisation's internal rationale and did not include an external, more economic analysis. While a geographic structure might best deliver a chosen strategy, its higher cost structure could make the organisation uncompetitive in the market.

references:

- Designing Complex Organizations

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- Organization Design Forum

<http://www.organizationdesignforum.org>
United States