Star Model

Idea In Short

Organizational Design is more than just structures. It is having policies and strategies that are aligned with one another. When this is achieved, organizations can operate at maximum efficiency and achieve operational excellence.

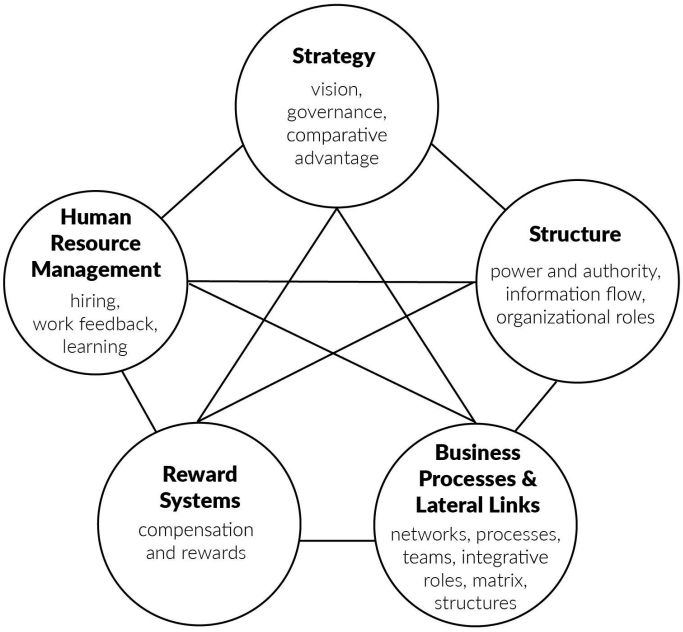
Dr. Jay Galbraith developed the Star Model is a framework in the 1960s. This model provides the foundation that companies can base their design choices. This framework comprises of a series of design policies that a company's management can control and influence employee behavior. Organizations also use this framework to overcome the negatives of any structural design. Every organizational structure has positives and negatives associated with it. Consequently, if management can identify the negatives of its preferred design, it can better structure its policies to overcome the negatives and achieve the positives. In this model, an organisation's design is divided into five categories:

1. strategy
2. Structure
3. Processes
4. Rewards, and
5. People

These areas should be inter-connected and outlined to lay down the foundations and structure for the organization. By using the Galbraith Star Model, management can effectively increase the odds of achieving good performance and catalyzing a positive culture. Management can control the five design components and influence employees' behavior. For this reason, a company's management should familiarize itself with the design policies to effectively shape the organization.

Components of the Star model

In Jay Galbraith's Star Model, therefore, managers can use the five levers to stimulate an effective organizational alignment.



Components Of The Star Model

The first lever is the strategy. The strategy is laid out by higher management and determines the organization's direction. The second lever is the organization's structure, which determines how decision-making powers are arranged. The third category is processes. These processes relate to information flows. The fourth category is Rewards, which when used properly, provide motivation for good behavior. The last lever is people. In other words, selection and development of the right employees in the right places. This ensures the organization will be able to work with maximum efficiency.

Strategy

The first component of Jay Galbraith's Star Model is strategy. An organization's strategy is based on its mission, vision, and objectives. It determines the way in which management deals with its perspective of the future. This company formula, used to make a profit, must be adjusted regularly because of changing market circumstances. In this model, we distinguish between generic strategies and competitive strategies. Examples of generic strategies include growth strategies, internationalization, and austerity. Competitive strategies are important to better position itself among the competition and generate

sustainable advantage in the long run.

Structure

The organizational structure determines how many departments there are and which, how many people work in them, and the number of specialized positions. It also dictates how the organization should organize its power and authority. An important part of the structure is concerned with the question of whether certain departments should be centralized or decentralized.

Processes

The third component of Jay Galbraith's Star Model consists of the processes. Processes are among the most important tools that managers use to manage the company. When defining organizational processes, it's important to base them on the flow of information and decisions. These flows may take place horizontally or vertically. Horizontal processes - also known as lateral processes - carry out side-way transactions among departments. The vertical processes relate to allocating budget and talent. They deal with planning and budget processes.

Rewards

Rewards form the fourth component of Jay Galbraith's Star Model. They ensure that employees will internalize the company's objectives. Appropriate incentives motivate employees to do the right things, ensure compliance and help the organization move towards its objectives. Different reward systems are appropriate for different business models. In case of a brick and mortar store that sells exclusive products, customer satisfaction is an important factor. Hence, customer safety should be the basis for the reward system. Likewise, a performance-oriented reward system is better suits a sales-oriented organization.

People

In Jay Galbraith's Star Model, people refers to an organization's human resources policy. The HR (human resources) policy is concerned with recruiting and selecting new employees, training and development, promotion, and rotation. The HR policy should stimulate talent and develop the capacities required to execute the management's strategic

vision. As before, different business models require different people skills. Sometimes, companies require specific skills , while at other times, knowledge or a certain mindset will suffice.

Summary

Shaping an organisation is a complex process that should be carefully considered. When choosing the right company structure and division, companies should thoroughly analyze the information flow beforehand to optimally arrange the infrastructure and division of power. How the organization can effectively align the components with each other makes a huge difference in achieving an impact.