

BASIC ELEMENTS OF ORGANIZING

MGT213

**MANAGEMENT PRACTICES AND
ORGANIZATIONAL BEHAVIOR**

Topic 8 | Week 8

BBA Program | Summer **2025**



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TOPICS TO LEARN

- ❑ The Elements of Organizing
- ❑ Designing Jobs
- ❑ Grouping Jobs: Departmentalization
- ❑ Establishing Reporting Relationships
- ❑ Distributing Authority
- ❑ Centralization and Decentralization
- ❑ Coordinating Activities
- ❑ Differences Between Line and Staff

THE ELEMENTS OF ORGANIZING

Organizing: Grouping and coordinating resources to achieve goals

Analogy: Like building a castle with blocks — each manager uses different “building blocks”

THE ELEMENTS OF ORGANIZING

Six Building Blocks of Organizing

1. Designing Jobs
2. Grouping Jobs (Departmentalization)
3. Establishing Reporting Relationships
4. Distributing Authority
5. Coordinating Activities
6. Differentiating Between Line and Staff Positions

DESIGNING JOBS

Job Design: Determining individual work responsibilities

□ Foundation of organizational structure

DESIGNING JOBS

Job Specialization: Divides work into smaller tasks (Division of Labor)

Example: Adam Smith's Pin Factory

Benefits:

- ☐ Efficiency and proficiency
- ☐ Reduced transition time
- ☐ Easier to automate
- ☐ Simplified training

DESIGNING JOBS: Adam Smith's Example of Job Specialization

Making a pin (nail) requires 18 tasks

1 worker doing all 18 tasks might make 20 pins (nails) a day.

20 workers = $(20 \times 20) = 400$ pins

With specialization:

20 workers make 100,000 pins a day.

1 worker = 5,000 pins

20 pins vs. 5,000 pins per worker

Alternatives to Specialization

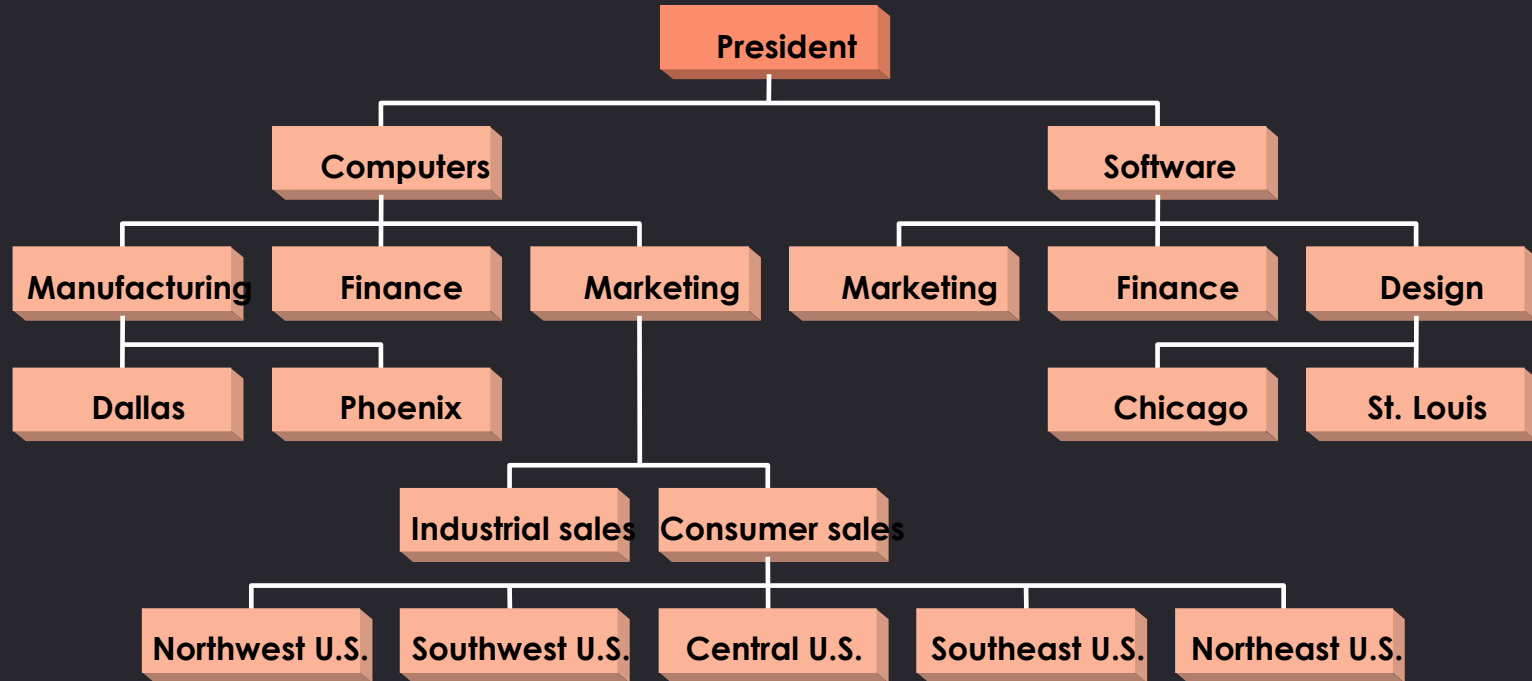
1. **Job Rotation:** Move between roles, broadens skills
2. **Job Enlargement:** Add similar-level tasks
3. **Job Enrichment:** Add responsibility and autonomy

GROUPING JOBS: DEPARTMENTALIZATION

- ❑ Grouping jobs into logical units
- ❑ Necessary as organizations grow
- ❑ Enables better coordination and supervision

1. **Functional** – By task (e.g., Marketing, Finance)
2. **Product** – By product line (e.g., PCs, Software)
3. **Customer** – By customer type (e.g., Consumer vs. Business)
4. **Location** – By geography (e.g., cities, regions)

GROUPING JOBS: DEPARTMENTALIZATION



GROUPING JOBS: DEPARTMENTALIZATION

Functional Departmentalization

Advantages:

- Specialized expertise
- Simplified supervision
- Efficient coordination

Disadvantages:

- Slow decisions
- Silos
- Difficult performance evaluation

GROUPING JOBS: DEPARTMENTALIZATION

Product Departmentalization

Advantages:

- Integrated product focus
- Fast decision-making
- Clear performance tracking

Disadvantages:

- Narrow product focus
- Higher costs

GROUPING JOBS: DEPARTMENTALIZATION

Customer Departmentalization

Advantages:

- Tailored services
- Improved customer satisfaction

Disadvantages:

- Higher costs
- Harder coordination

GROUPING JOBS: DEPARTMENTALIZATION

Location Departmentalization

Advantages:

- Regional responsiveness
- Faster local decisions

Disadvantages:

- Higher admin cost
- Complex coordination

ESTABLISHING REPORTING RELATIONSHIPS

Clarifies who reports to whom.

Two key aspects:

- ❑ Chain of Command
- ❑ Span of Control

ESTABLISHING REPORTING RELATIONSHIPS

Chain of Command

1. **Unity of Command** – One boss per employee
2. **Scalar Principle** – Clear line from top to bottom
3. **“The buck stops here”** principle

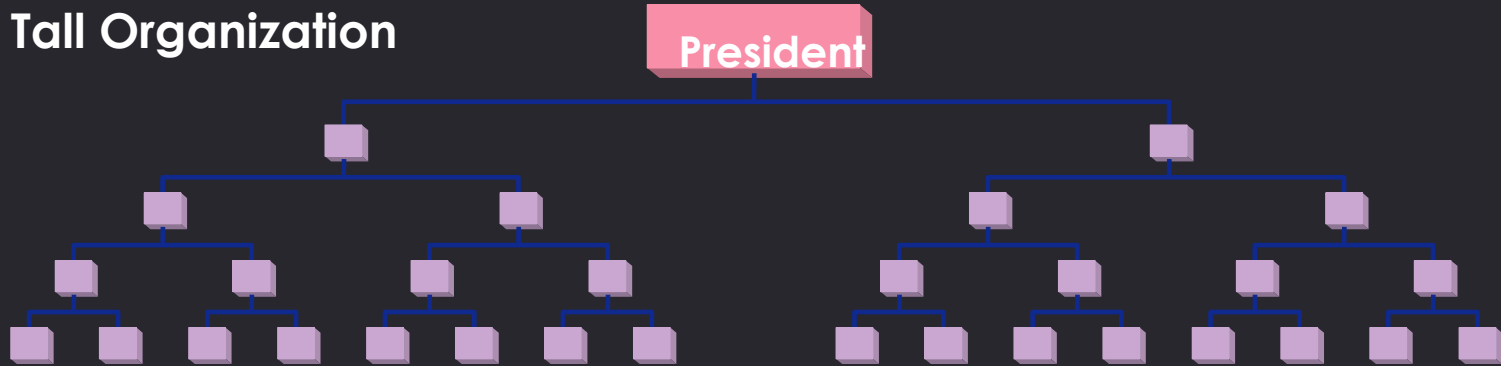
ESTABLISHING REPORTING RELATIONSHIPS

Span of Control

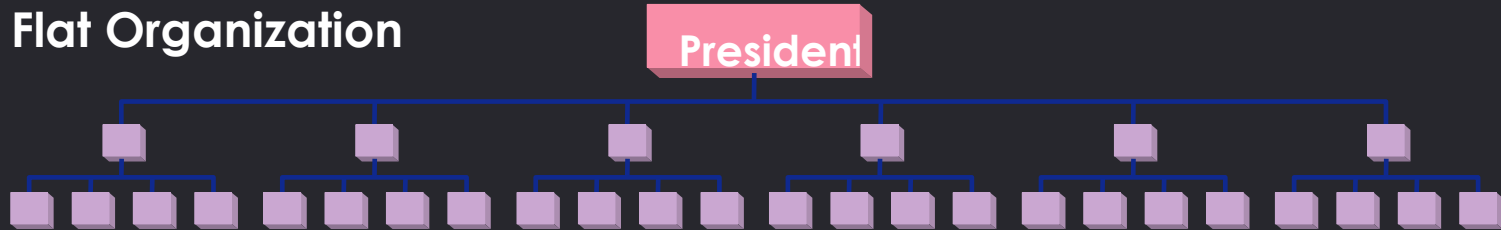
Narrow Span	Wide Span
Fewer employees per manager	Many employees per manager
Close supervision	More autonomy
Slower decisions	Faster decisions

ESTABLISHING REPORTING RELATIONSHIPS

Tall Organization



Flat Organization



ESTABLISHING REPORTING RELATIONSHIPS

Tall vs. Flat Organizations

Tall	Flat
Many levels	Few levels
Slower decisions	Fast decisions
Clear authority	Flexible and cost-effective

DISTRIBUTING AUTHORITY

Authority: Legitimate power to make decisions

Two major concepts:

- ❑ Delegation
- ❑ Centralization vs. Decentralization

DISTRIBUTING AUTHORITY

The Delegation Process

- ☐ Assign Responsibility
- ☐ Grant Authority
- ☐ Establish Accountability

Benefits:

- ☐ Efficiency
- ☐ Subordinate development

CENTRALIZATION AND DECENTRALIZATION

Centralization:

- ☐ Top-down decisions
- ☐ Controlled risk

Decentralization:

- ☐ Faster responses
- ☐ Lower-level empowerment

COORDINATING ACTIVITIES

- ❑ Links departmental efforts
- ❑ Keeps all parts focused on shared goals
- ❑ Essential in large organizations

DIFFERENCES BETWEEN LINE AND STAFF

Line	Staff
Core operations (Sales, Production)	Support roles (HR, Legal)
Direct authority	Advisory authority

THANK YOU



CONSULTATION HOURS

Sunday and **Tuesday**

12:20 PM - 2:35 PM

Monday and **Wednesday**

10:50 AM - 2:35 PM



COMMUNICATION

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