Unit 8: Organizational and management plan

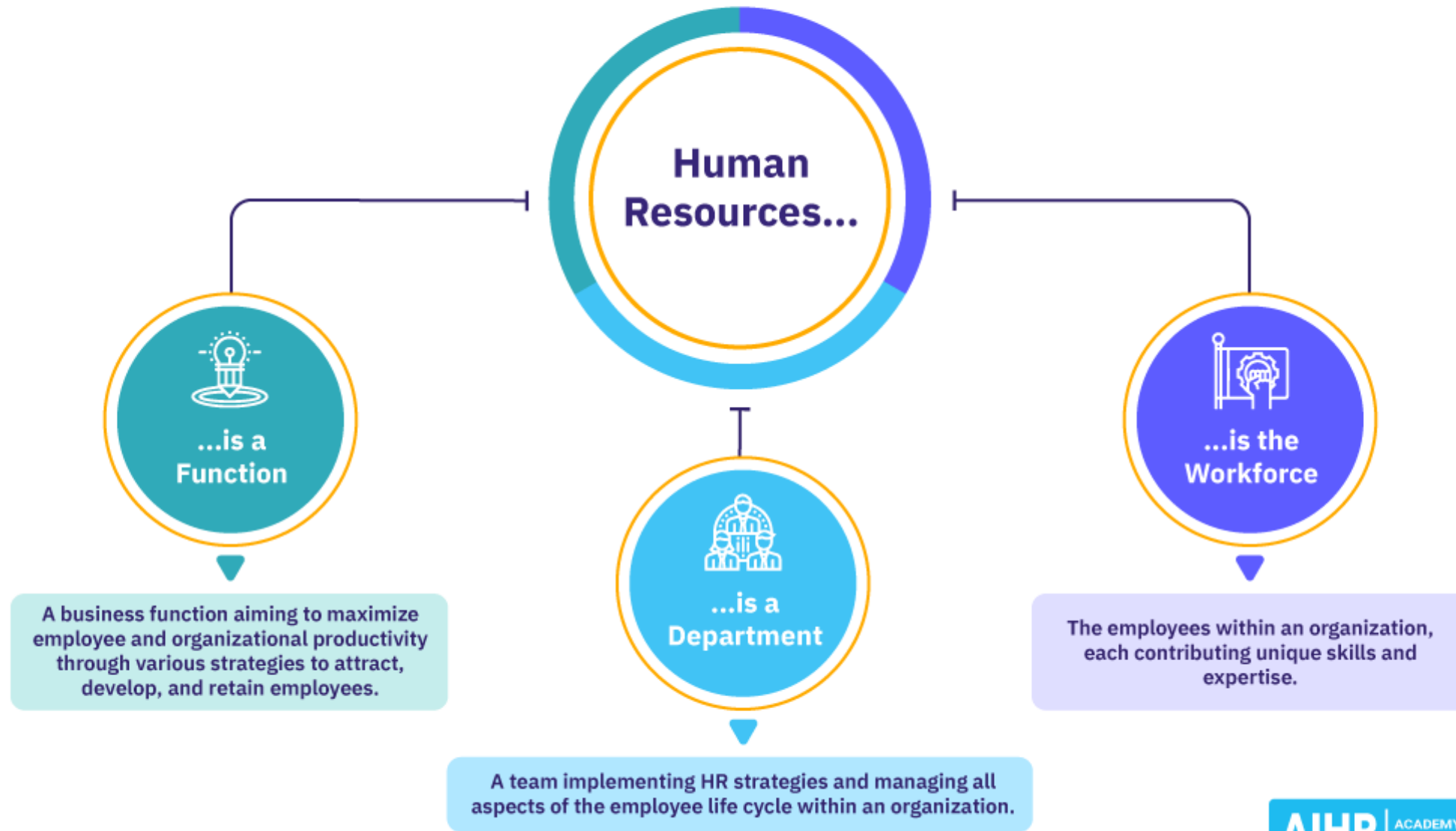**GREAT VISION WITHOUT GREAT PEOPLE IS IRRELEVANT**

Human resource

▶ Human resources (HR) is the set of people who make up the workforce of an organization.

▶ Also known as human capital it relates to the knowledge and skills which the individuals command.

▶ It can be referred to as manpower, labor, labor-power, or personnel.

What Is Human Resources?

Human Resources...

...is a Function

A business function aiming to maximize employee and organizational productivity through various strategies to attract, develop, and retain employees.

...is a Department

A team implementing HR strategies and managing all aspects of the employee life cycle within an organization.

...is the Workforce

The employees within an organization, each contributing unique skills and expertise.

AIHR | ACADEMY TO INNOVATE HR

Human resource department

► A human resources (HR) department **performs human resource management functions, such as finding**, hiring, training, and supporting new employees.

Human resource management

► Human resource management (HRM) involves coordinating, managing, and allocating human capital, or employees in order to help organization achieve its organizational goals

► Process of making the efficient and effective use of Human Resources so that the set goals are achieved.

Categories of human capital

Intellectual Capital: Specialized knowledge, tacit knowledge and skills, cognitive complexity, and learning capacity.

Social Capital: Social capital -network of relationships, sociability and trustworthiness.

Emotional Capital: Self confidence, ambition & courage, risk bearing ability & resilience.
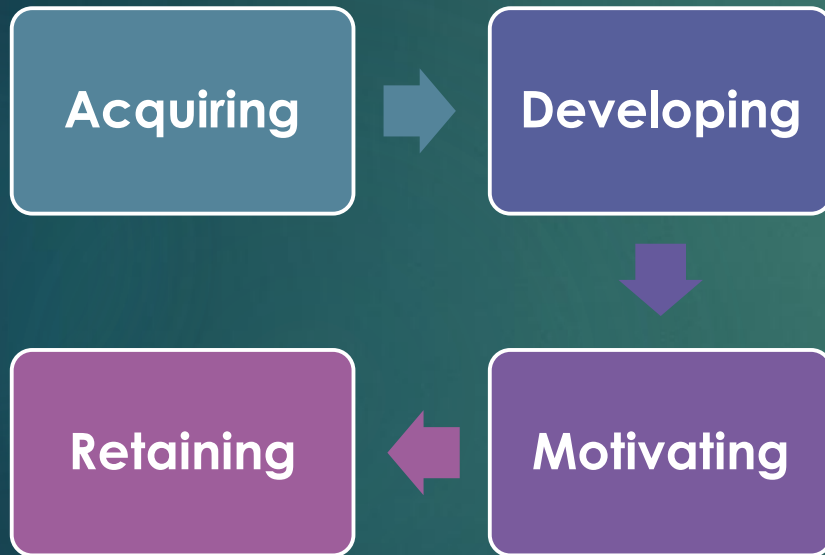
Importance of HRM

Attract and retain talent

Increase productivity and profits

Improve job satisfaction

Train people for challenging roles

Develop loyalty and commitment

Enhance standard of living

Develop skills and competencies

Promote team spirit

Functions of HRM

1. Managerial Functions

| Planning: Pre-determined course of action. | → | Organizing: Means to an end | → | Staffing: Recruitment & Selection | → | Directing: Execution of the plan | → | Controlling: Performance evaluation. |

Functions of HRM

2. Operative Functions

Holistic view

```
Acquiring  →  Developing
                  ↓
Retaining  ←  Motivating
```

Functional view view

```
Induction  →  Job Assignment  →  Training
                                     ↓
Welfare  ←  Engagement  ←  Performance Management
```

Types of leadership

In class demonstration

Organization

▶ When two or more people work together in a well structured manner to pursue a common goal, an organization is formed.

Why design organization

Why design organization

- Not possible to manage all functions of the organization solely by the entrepreneur (owner) alone; Needs working team(employees).

- As business grows, oversight becomes too large for a single person and hence, it becomes imperative to delegate some of the responsibility and authority to other individuals.
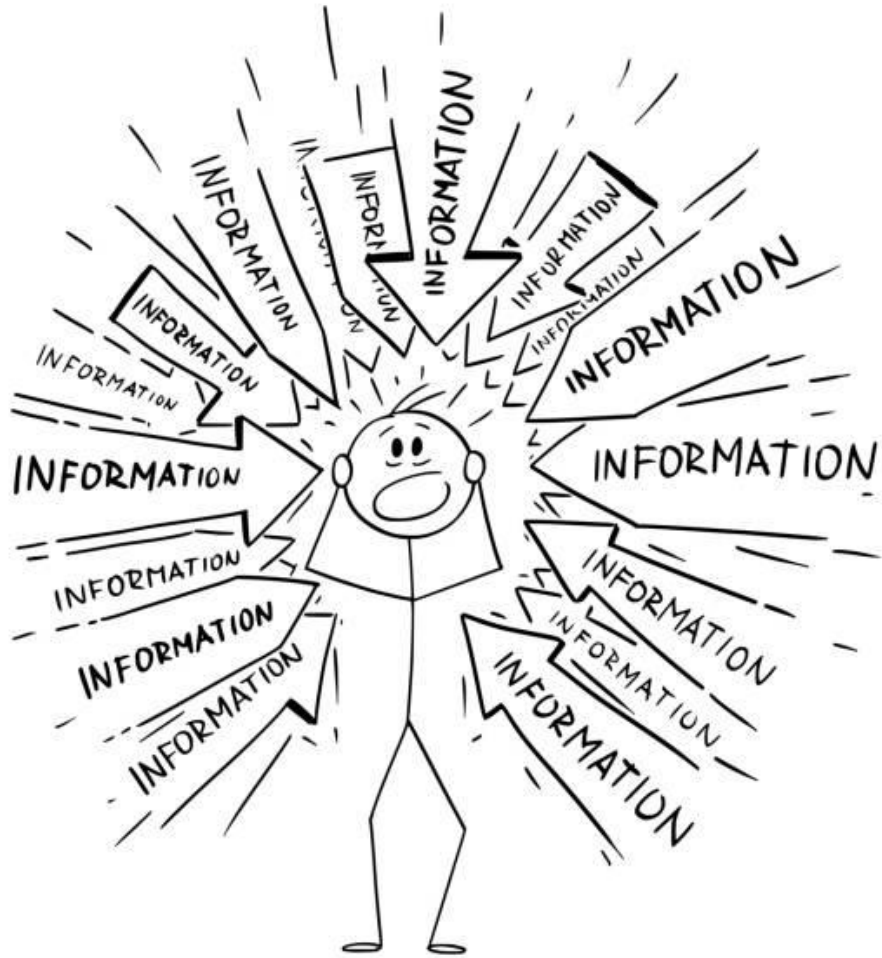
Organizational structure

▶ An organizational structure defines how a company operates.

▶ Since different divisions in a company have specific roles, an organizational structure helps determine how decision-making is distributed, how work gets done, and how information flows.

Organizational Structure

[ȯr-gə-nə-ˈzā-shnəl ˈstrək-chər]

A system that outlines how certain activities are directed in order to achieve the goals of an organization.

Investopedia

Exception principle

Decentralization

Parity Principle
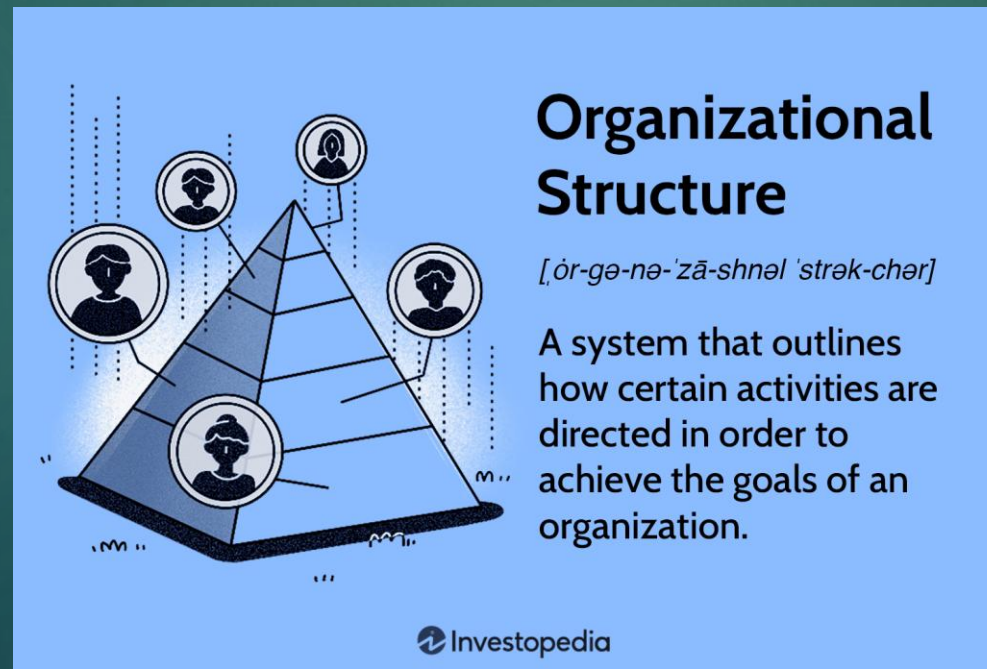
Span of control
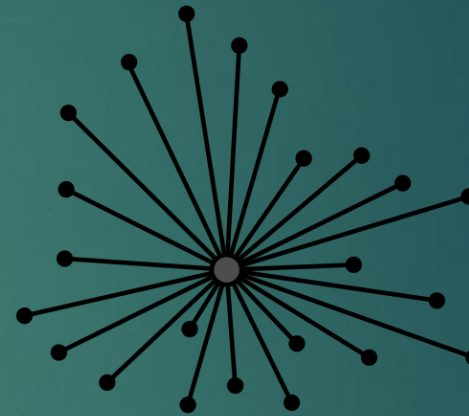
Unity principle

Organizational structure principles

Exception principle

- This principle dictates that any non-recurring or unusual nature should be reported to the senior managers.

- It helps the tier executives and top managers to make decisions.

- Management by exception helps managers step in when the company's employees have failed to meet the organization's standard performance.

Decentralization

▶ Decision should be pushed down to the lowest possible in the organization.

▶ To avoid waste of time stemming from too much centralization of decision making.

▶ Managers job is to manage the goal.

CENTRALIZED

DECENTRALIZED

Parity principle

- An important principle of organization as well as management is that authority should equal responsibility.

- This principle is known as the parity of authority and responsibility and ensures that work will be performed with a minimum amount of frustration on the part of personnel.
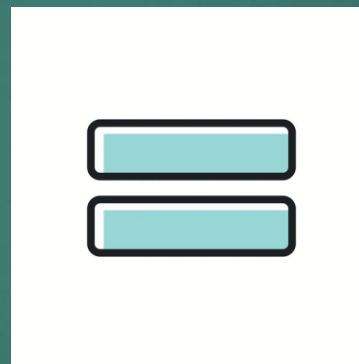
Span of control

- Span of control is the number of staff members that report to a manager.

- A higher number of reports per manager results in a flatter organizational structure and fewer opportunities for promotion.

- A lower number of reports per manager results in a taller organizational structure and more management direction and input.

Unity principle

▶ Unity of command provides that an employee is responsible to only one supervisor, who in turn is responsible to only one supervisor, and so on up the organizational hierarchy.

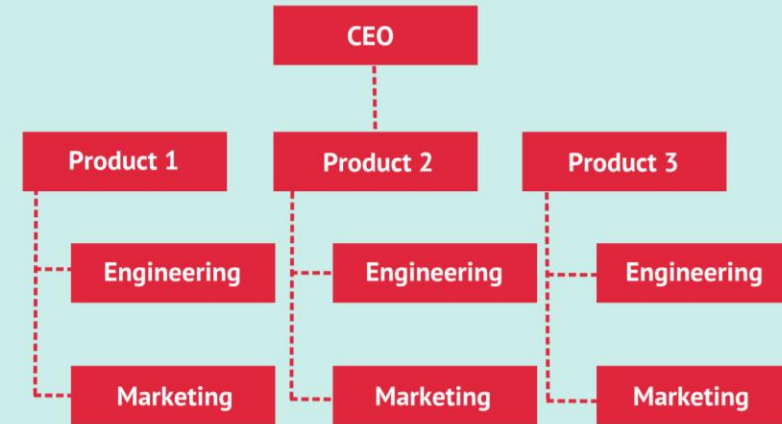▶ This is true even if the top of the organization is led by a group of people.
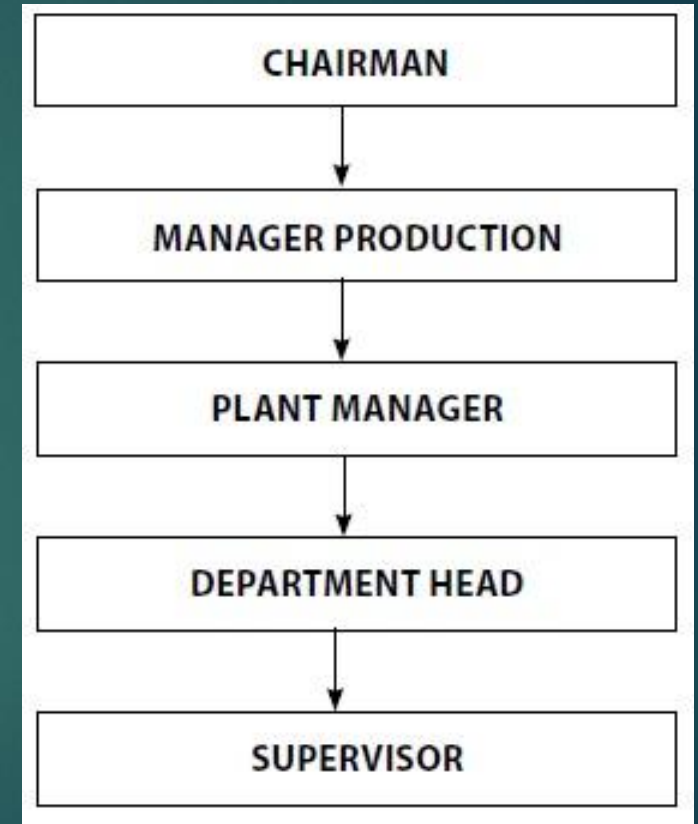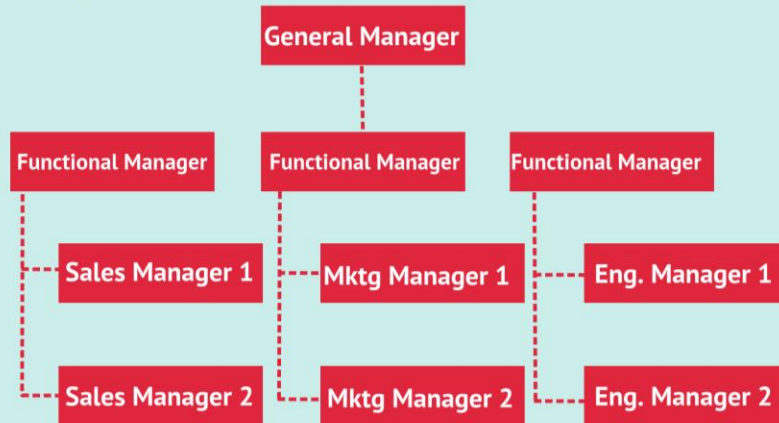
Types of organizational structure

Siloed

Functional *Organized based on the company's key functions*

- CEO
  - VP Sales
    - Sales Manager 1
    - Sales Manager 2
  - VP Marketing
    - Mktg Manager 1
    - Mktg Manager 2
  - VP Engineering
    - Eng. Manager 1
    - Eng. Manager 2

Divisional *Organized based on the company's key products*

- CEO
  - Product 1
    - Engineering
    - Marketing
  - Product 2
    - Engineering
    - Marketing
  - Product 3
    - Engineering
    - Marketing

Matrix *Organized based on cross-functional teams and functions*

- General Manager
  - Functional Manager
    - Sales Manager 1
    - Sales Manager 2
  - Functional Manager
    - Mktg Manager 1
    - Mktg Manager 2
  - Functional Manager
    - Eng. Manager 1
    - Eng. Manager 2

Flat *Organized based on self-management and a lack of managerial structures*

- Manager
- Employee
- Employee
- Employee

Open

Essential points to consider in organizational design

- An organization structure defines member's jobs and the communication and relationship between different jobs.

- All activities must aim to fulfill the goals and objectives of an organization and hence there must be clearly defined process and means to measure and evaluate outcome.

# Essential points to consider in organizational design

▶ What jobs?

▶ Whom to report?

▶ Were the goals and objectives achieved?

▶ Efficiency (optimal use of resources, minimizing production time)

▶ Motivation, job satisfaction

▶ To recruit right person

▶ To enhance job knowledge and skills to have jobs done with higher quality and efficiency.

Examples of organizational structure
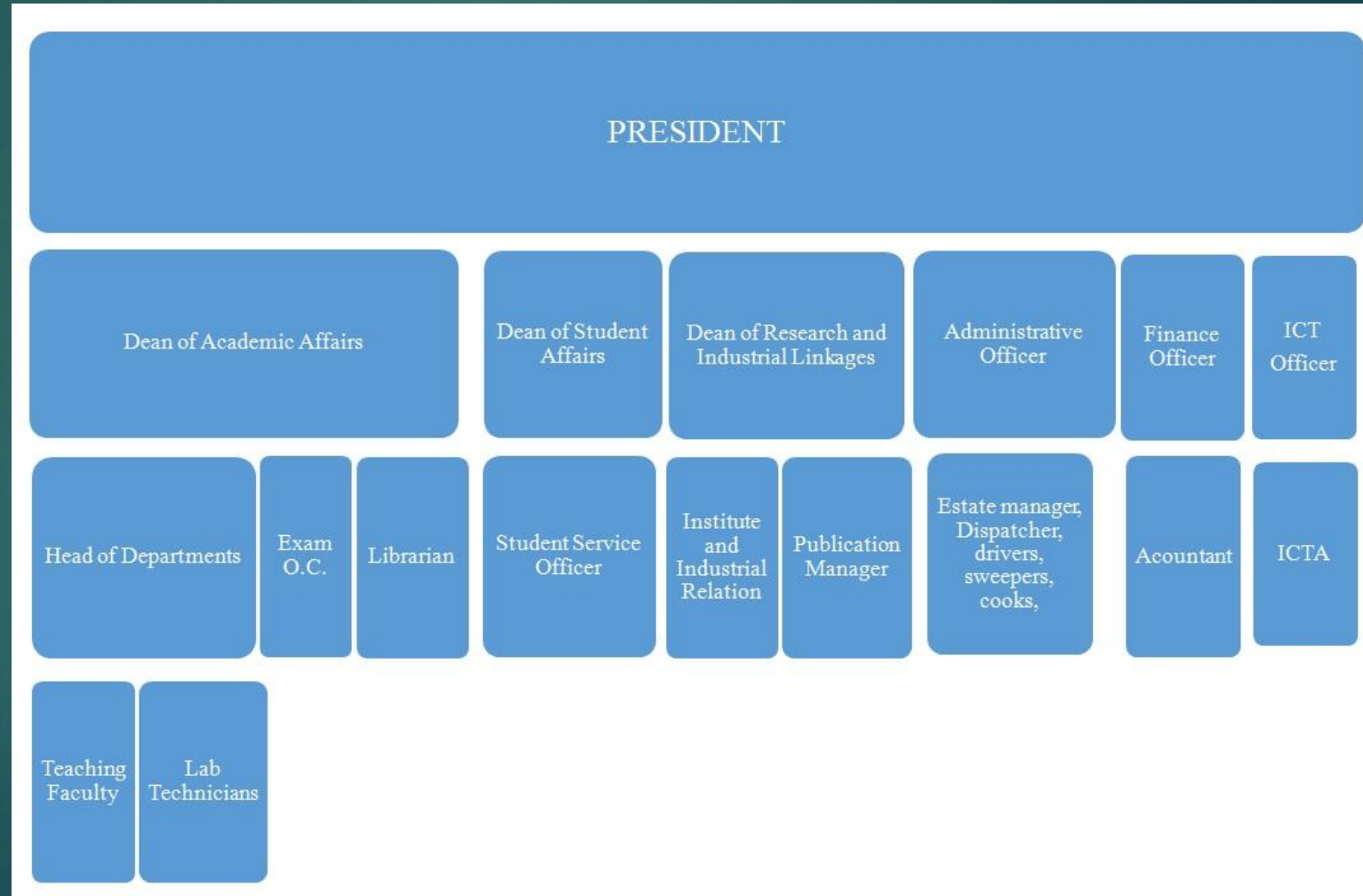
Examples of organizational structure

Bank of Bhutan
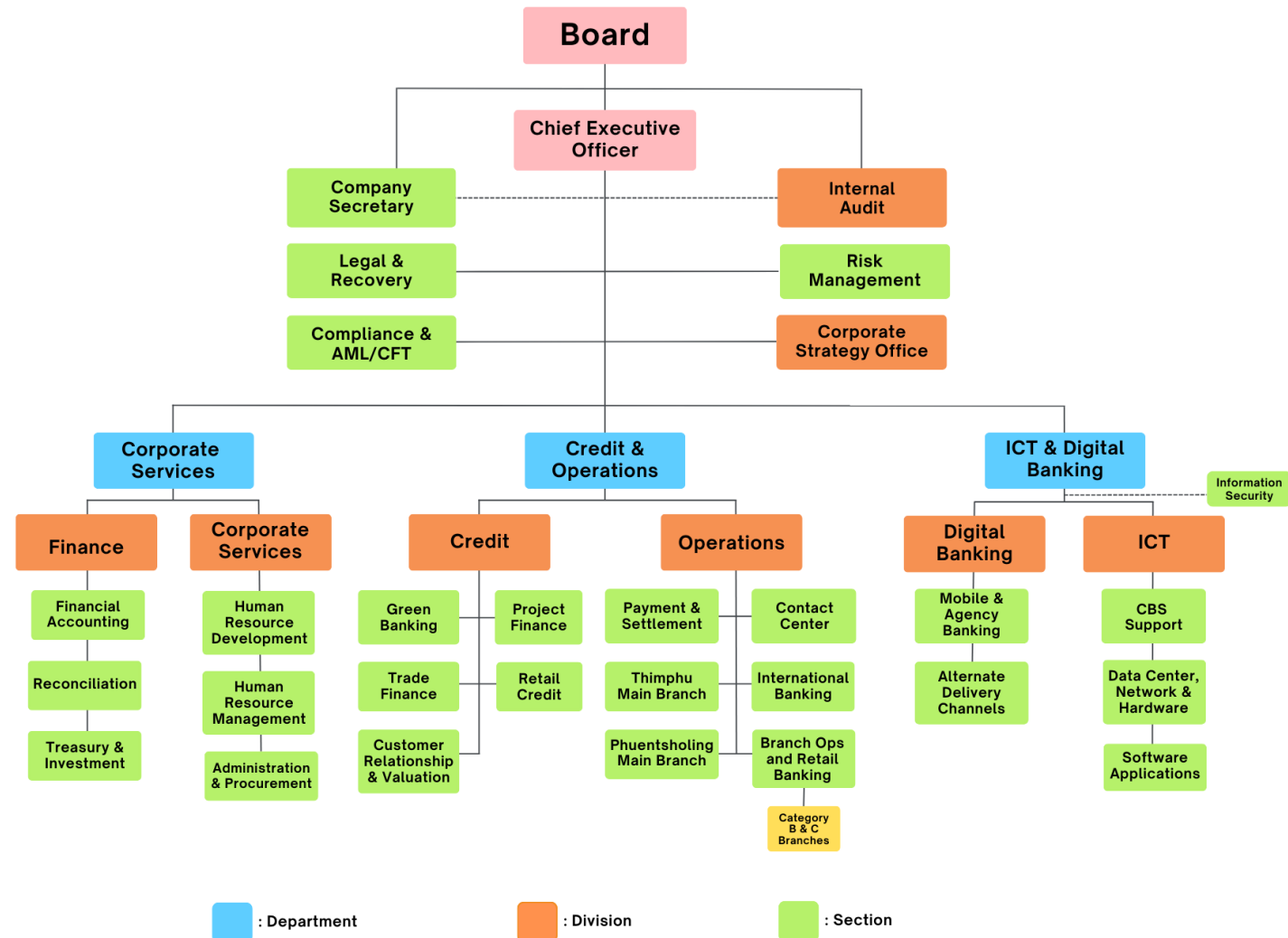
Legal form of business

▶ Define your business form. Proprietorship, partnership, or corporation?

▶ For sole Proprietorship, CEO may be the owner of the company

▶ Define who the principle owner or Head will be if it is partnership or corporation

▶ This will help streamline and optimize the decision making and communication processes.

Required staff

- Determine various staffs required for each element of your business, including marketing, production, administrative works etc.

- Provide description of specific roles and functions and delegate authorities.

- Categorize each human resources into different departments in order to develop efficient organizational structure

Recruitment and selection options

▶ Prepare job profiles for each of the human resources including qualifications required, skills desired and responsibilities/functions of each of the employees.

▶ Prepare selection and recruitment options in order to select right candidate for your company based on the need and organizational structure.

▶ Outline the key matrices that will be employed in order to select and recruit employees.

WE'RE LOOKING FOR SOMEONE WITH 20 YEARS EXPERIENCE

WHO'S IN THEIR 20'S

CAREER GEEK
CAREERGEEKBLOG.COM

When jobs want you to have 10 years of work experience before the age of 22

Training programs

- Identify the training programs that will be offered to the employees after their selection including costing
- Outline why that training program is required and possible return on investment

Human resource costing

▶ Time and expenses incurred in recruiting

▶ Consider the national wage payment norm; remunerations below certain level will not be attractive and will not invite relevant skilled personnel.

▶ Consider working hours and compensation for overtime works such as night shifts/weekend works.

▶ Costs that will be incurred in trainings and job skill enhancement

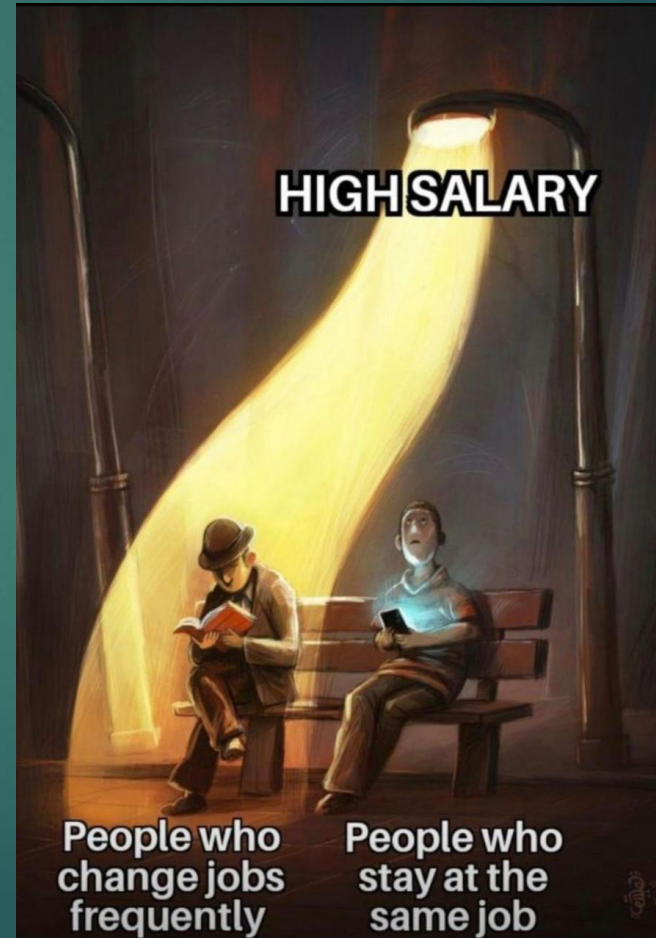▶ Compensation, bonuses, retirement benefits etc. should be also listed

How long will you stay in one organization?

In class exercise

- Prepare an organizational structure for your chosen business
- For the same organizational structure, prepare job profiles for each role, number of employee required for each role.

Homework

- Prepare HR costs for the employees as per organizational structure and existing wage system of Bhutan
- Outline the training and development works including costing for the employees