

# Controlling Function of Management

- According to Brech, “Controlling is a systematic exercise which is called as a process of checking actual performance against the standards or plans with a view to ensure adequate progress and also recording such experience as is gained as a contribution to possible future needs.”

# Process of Controlling

1. Establishment of standards
2. Measurement of performance
3. Comparison of actual and standard performance
4. 4. Taking remedial actions

# Accountability

- Accountability denotes **answerability for the accomplishment of the task assigned by the superior to his subordinate.**
- It is to be noted that the process of delegation is not at all complete with just assigning the duty and delegating appropriate authority for the accomplishment of the task. The process of delegation becomes complete only by making the delegatee answerable to the superior for his functioning.

# Delegation of Authority

- Delegation is an administrative process of **getting things done by others by giving them responsibility**. Authority is the degree of discretion conferred on people to make it possible for them to use their judgment. As the organisation grows there is a need to delegate authority to more and more people to cope with the volume of work. Delegation of authority entails the division of work load and the sharing of responsibility.

# Process of Delegation

- (i) Allocation of Duties
- (ii) Delegation of Authority
- (iii) Assignment of Responsibility
- (iv) Creation of Accountability

# Principles of Delegation

- (i) **Clarity of Delegation**: Whether specific or general, written or unwritten, delegation of authority must be very clear in terms of its contents, functional relations, scope and assignments. The delegatee should also be given a clear idea about the tasks assigned, what is expected of the recipient in his own job and how his obligation fits into the general plan. Ambiguity in delegation often leads to poor results and tends to make the delegation less effective.
- (ii) **Delegation to be Consistent with Results Expected**: A manager before proceeding with actual delegation of authority to the subordinate should know the jobs and results expected of such delegation. He should thereafter delegate only that much authority which is just sufficient to accomplish the results. It is an important guiding principle of delegation and rests on the assumption that goals are set and plans made in advance, and that jobs are set-up to accomplish or implement them. This principle also helps to minimise the dangers of delegating too much or inadequate authority.
- (iii) **Responsibility cannot be Delegated**: Obligation to accomplish the assigned task is absolute and can not be partitioned when authority is delegated to the subordinate. Thus, when the chief executive of a company appoints a sales manager to look after sales, the former does not absolve himself of his responsibility for the same by delegating part of his authority to the latter. The chief executive even after delegation still remains accountable to the Board of Directors for management and supervision of the whole of the enterprise.

- (iv) **Parity of Authority and Responsibility**: Whenever authority is delegated, responsibility steps in and is coextensive with authority. A subordinate can be held accountable for the tasks assigned to him and to the extent authority delegated for their accomplishment. Accordingly, sales manager cannot be held responsible for production failures for which he was given no authority. Since both authority and responsibility relate to the same assignment, it is logical that the two should be co-extensive. But this parity is not a mathematical one.
- (v) **Exception Principle**: A manager can delegates authority to the subordinate to relieve himself of the overload which he thinks can be passed on, in order to push down the process of decision-making as near the source of information and action as possible. In such a case, it is expected that the recipient of authority shall make proper use of it and make all the decisions falling within the scope of his authority. Only in exceptional cases when he fails to make the decision at his level, he should refer the matter to higher-ups for consideration and decision.



- (vi) **Principle of Functional Definition**: To develop departmentation, activities must be grouped to facilitate the accomplishment of goals, and the manager of each sub-division must have authority to coordinate its activities with the organisation as a whole. Principle of functional definition also says that the more a position or a department has clear definition of results expected, activities to be undertaken, organisation authority delegated, and authority and informational relationships with other positions understood, the more adequately the individual responsible can contribute towards accomplishing enterprise objectives.
- (vii) **Scalar Principle**: It says that the more clear the line of authority from the top manager in an enterprise to every subordinate position, the more effective will be the responsible decision-making and organisation communication. Subordinates must know who delegates authority to them and to whom matters beyond their own authority must be referred.
- (viii) **Principle of Unity to Command**: According to this principle, the more completely an individual has a reporting relationship with to a single superior, the lesser will be the problem of conflict in instructions and the greater the feeling of personal responsibility for results. Therefore, in case of delegation, except for the inevitable instances of splintered authority, the right of discretion over a particular activity will flow from a single superior to a subordinate. Thus, delegation will be more effective when the subordinate receives orders and instructions directly from one senior. This avoids the problem of confusion, preferences and divided loyalty.

# Delegation and Decentralisation

<i><b>Points</b></i>	<i><b>Delegation</b></i>	<i><b>Decentralisation</b></i>
1. Nature	Delegation is individual. It usually involves two persons. The supervisor and the subordinate.	Decentralisation is totalistic in nature. It involves delegation from top management to the department or division of sectional level.
2. Control	Control rests with the delegator or the supervisor.	In decentralisation, management exercises minimal control. All powers are given to concerned departments or divisions or sections.
3. Need	Delegation is essential to get things done by others. Unless authority is delegated it will be difficult to assign responsibility.	Decentralization is optional because it depends upon the philosophy of management. Top management may or may not dispense with the authority.
4. Responsibility	In delegation, responsibility remains with the delegator. He can delegate authority but not all responsibility. Eventually it is the delegator who is answerable for the job.	In decentralisation, head of each department is responsible for all activities being performed under him. He is required to show better performance of the whole department. So responsibility is fixed at each department level.
5. Relationship	Delegation creates superior-subordinate relationships	Decentralization is a step towards formation of semi-autonomous units.

Coordination

- According to **Tead**, “Coordination is the effort to assure a smooth interplay of the functions and forces of the different component parts of an organization to the end that its purpose will be realized with a minimum of friction and a maximum of collaborative effectiveness.”

# Importance of Coordination

- (i) **Unity in Diversity**: Effective coordination is the essence of good management. There are a large number of employees and each one has his different ideas, views or opinions, activities and background in a big organization. Thus, there are a diverse activities in a large organization; but these activities would prove ineffective in the absence of coordination. So coordination is the main element of unity in diversity.
- (ii) **Teamwork or Unity of Direction**: The efforts, energies and skills of various persons should be integrated as group efforts to achieve the objectives of organization. In the absence of coordination, the group efforts may be diversified and thus fail to achieve the common objectives. Besides, coordination eliminates duplication of work which leads to economic and efficient management.
- (iii) **Functional Differentiation**: The organizational functions are divided department-wise or section-wise. Each department performs different jobs. They are necessary to achieve the general objectives. Coordination ensures definite achievement of the objectives. If each department tries to perform its function in isolation from the other, it may create a problem. Therefore, coordination is necessary to integrate the functions of the related departments.
- (iv) **Specialization**: There is a high degree of specialization in the modern industrial world. Specialists have thorough knowledge of their respective fields. They are able to judge the scope, nature and kind of work they perform. But they fail to know the job of others and the importance of others' performances. This tends to cause dispute among the specialists. Disputes can be solved with the help of coordination.

- (v) **Reconciliation of Goals**: Each department or division has its own goals to achieve within the stipulated time period. There are general goals in relation to an organization. Individuals or employees give more importance to their own departmental goals than to the total organizational goals. Therefore, coordination reconciles the employees' goals with both departmental and organizational goals.
- (vi) **Congruity of Flows**: Congruity of flows refers to the continuous flow of similar information from one direction to the other directions. Information regarding the utilization of resources, activities, use of authority, and output is made to flow in an organization. Coordination ensures the smooth and continuous flow of information.
- (vii) **Differentiation and Integration**: The whole activity of every organization is classified into two units. They are specialized and homogenous units. Authority is delegated to the various levels of organization. This is necessary to achieve group efforts. Coordination facilitates this process.

# Limitations of Coordination

- (i) **Lack of Administrative Talent**: Lack of administrative talent arises due to the selection of inefficient candidates. They do not understand the administrative procedure properly. This results in ineffective coordination.
- (ii) **Misunderstanding**: There are a number of personnel employed in an organisation. They should have mutual understanding with one another. But the problem of coordination comes in due to misunderstandings which creeps in among the employees very often.

# Types of Coordination

Coordination is of two types. They are explained herein below:

1. **Internal Coordination**: It is the establishment of relationship with a view to coordinate the activities of all the managers, executives, divisions, subdivisions, branches and other workers. Internal Coordination is further sub-divided into the following two groups:

- (i) **Vertical Coordination**: In vertical coordination a superior authority coordinates his work with that of his subordinates and vice versa. Sales manager coordinates his work with the activities of the sales supervisor. Similarly, the sales supervisor is required to have coordination, and cordial relationship with his superiors.
- (ii) **Horizontal Coordination**: This refers to the establishment of a relationship between the persons of the same status. For example, coordination between the departmental heads, supervisors, co-workers, etc.



## 2.External Coordination:

- External co-ordination is the establishment of a relationship between the employees of the organization and the outsiders of the enterprise. This relationship is established for the benefit of the organization as a whole. An organization has to establish better relationship with the following outsiders :
- – Market agencies.
- – General public.
- – Competitors.
- – Customers.
- – Union Government, State Government, local self-governments and other government agencies.
- – Different institutions rendering auxiliary services.
- – Financial Institutions.
- – Media.
- – Technological Agencies.
- – Different commercial organizations.

The work to establish a good and cordial relationship between the employees of the organization and the outsiders is entrusted to a person who is designated as Public Relations Officer (PRO).

Communication

## 1. What is Communication?

- The term communication has been derived from the latin word “communicare” or “communis” which means to make common. Communication means to make common facts, thoughts, information and requirements. Therefore, Communication is the **exchange of thoughts, information, message** etc. by way of speech, writing or signal.

## 2. Definition of Communication

Many renowned scholars have defined the term as follows:

- Communication is the sum of all things, one person does when he wants to create understanding in the minds of another. It involves a systematic and continuous process of telling, listening and understanding.  
– *Allen Louis*
- Communication is an exchange of facts, ideas, opinions or emotions by two or more persons.  
– *George Terry*
- Communication is the process by which information is transmitted between individuals and/or organization so that an understanding response results.  
– *By Peter Little*

### 3. Characteristics of Communication

- **Two or More Persons:** There must be at least two persons i.e. the **sender** of the message and the **receiver**.
- **Exchange of Ideas:** There must be an exchange of ideas, information, feelings, etc., among two or more than two persons.
- **Mutual Understanding:** Receiver should receive the information in the same manner with which it is being given.
- **Continuous Process:** Communication is an endless process. It never stops.
- **Use of Words as well as Symbols:** There can be many means of communication, like the oral, the written and symbolic.



## Seven C's of Effective Communication

These are 7 terms that help to improve the communication skills and increases the chance that the message will be interpreted in exactly the same way as it was intended.

Seven C's of Effective Communication	
CLEAR	<ul style="list-style-type: none"><li>• Make the objective clear.</li><li>• Avoid complex words and phrases.</li></ul>
CONCISE	<ul style="list-style-type: none"><li>• Keep it clear and to the point.</li><li>• Avoid filler words and sentences.</li><li>• Convey the message in the least possible words without forgoing the other C's of communication</li></ul>

## CONCRETE

- Be specific, not vague.
- Use facts and figures to support your message

## CORRECT

- The message is exact, correct and well-timed.
- Error-free communication.
- Use the right level of language.
- Use correct facts and figures.

## COHERENT

- Does your message make sense?
- Ensure the message is logical.

## COMPLETE

- Does the message contain everything it needs to?
- Include a call to action.
- Convey all the facts and information required by the audience

## COURTEOUS

- Being polite builds goodwill.
- Ensure the message is tactful.
- The sender should be sincerely polite, reflective, judicious, friendly and enthusiastic



## Four S's of Communication

These are 4 terms starting with letter S, which add to the value of the message in Communication. These are as equally important as 7 C's.

Four S's of Effective Communication	
Short	<ul style="list-style-type: none"><li>• Keep the message short and to the point.</li></ul>
Simplicity	<ul style="list-style-type: none"><li>• Reveal clarity in the message by using simple terminology and simple concepts.</li><li>• Easier to understand.</li></ul>

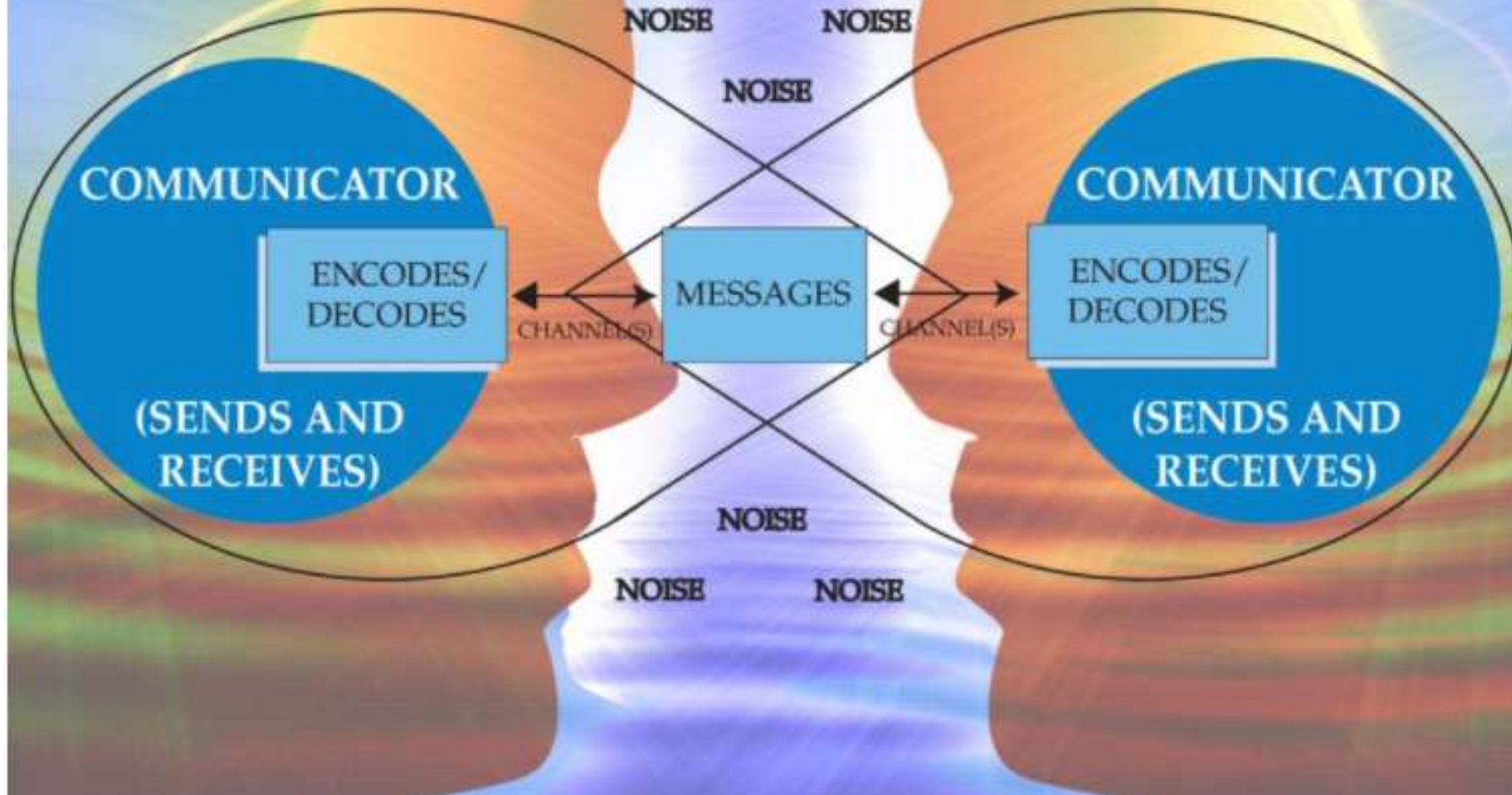
## Strength

- If the sender himself believes in a message that he is about to transmit, there is bound to be strength and conviction in whatever he tries to state.
- Strong enough to create an impact.

## Sincerity

- If the sender is genuine, it will be reflected in the manner in which he communicates.

## Transactional Model of Communication



# Principles of Communication

The principles of communication laid down by the two management experts Koontz and O'Donnell can be analysed as follows:

- (i) Principle of Clarity: To make any communication effective, the primary responsibility rests on the shoulders of the transmitter, in the sense that communication should have clarity, which can only be achieved through clear, simple and easily understandable language. Essentially, it is a matter of overwhelming significance how the message is composed to help the receiver understand and attend to it and respond in turn. Paying attention to clarity as such should obviously be considered a prerequisite to effective communication.
- (ii) Principle of Integrity: Communication is a means and a tool for securing and maintaining necessary cooperation between superiors and subordinates for the accomplishment of the objectives of the enterprise. In view of this, attention needs be directed to the positions of subordinate managers or executives who should be encouraged to use their positions for this purpose. But it is often seen that superiors send messages directly to the employees bypassing the intermediate manager. This attitude cannot be considered reasonable and judicious except under circumstances when simultaneous communication is essential, or where the message is of equal concern to both subordinate managers and other employees of the enterprise.
- (iii) Principle of Strategic use of Informal Organization: This principle signifies that in order to make communication effective managers and executives should utilize the informal organization to supplement the communication channels of the formal organization. Since such organization grows spontaneously, managers and executives should utilize it to transmit and receive communications to supplement those of formal organization. Indeed, such attempt would foster and ensure coordination of the efforts of the managers.

# The Broad Categories of Communication

- On the basis of the communication channels, types of communications are:
  - Verbal
  - Non-Verbal
  - Visual

# Verbal:

- This involves the use of language and words for the purpose of passing on the intended message. Thus, the verbal form may be oral or written.

# Non-verbal Communication

- In this type of communication, messages are relayed without the transmission of words.
- It supplements it with gestures, body language, symbols, and expressions.
- Through these, one may communicate one's mood, or opinion or even show a reaction to the messages that are relaying. One's non-verbal actions often set the tone for the dialogue.

- 1. Physical Non-verbal Communication
  - This is the sum total of the **physically observable**. For instance, hand gestures, body language, facial expressions, the tone of one's voice, posture, stance, touch, gaze, and others. These are subtle signals that are picked up as part of our biological wiring.
  - For example, if you rest your head on your palms, it will mean that you are very disappointed or angry. Similarly, other subtle hints will convey your reaction to the presenter or your audience's reaction to you.
- 2. Paralanguage
  - This is the **art of reading between the lines**. The main kind of such communication is done with the tone of one's voice. Along with the tone of voice, the style of speaking, voice quality, stress, emotions, or intonation serves the purpose of communication.



- 3. Aesthetic Communication
- Art is an important means of communication. Through the paintings or other forms of art, an artist can convey the strongest messages.
- 4. Appearance
- The first impression sets the tone. People will react to your appearance and this is a fact of life. Your clothes, the color of the fabrics etc. all determine the reaction of your audience.

## **Visual Communication**

This is the communication through visual aids like drawings, placards, presentations, and illustrations etc.

# Formal & Informal Communication

- **Formal** Communication:

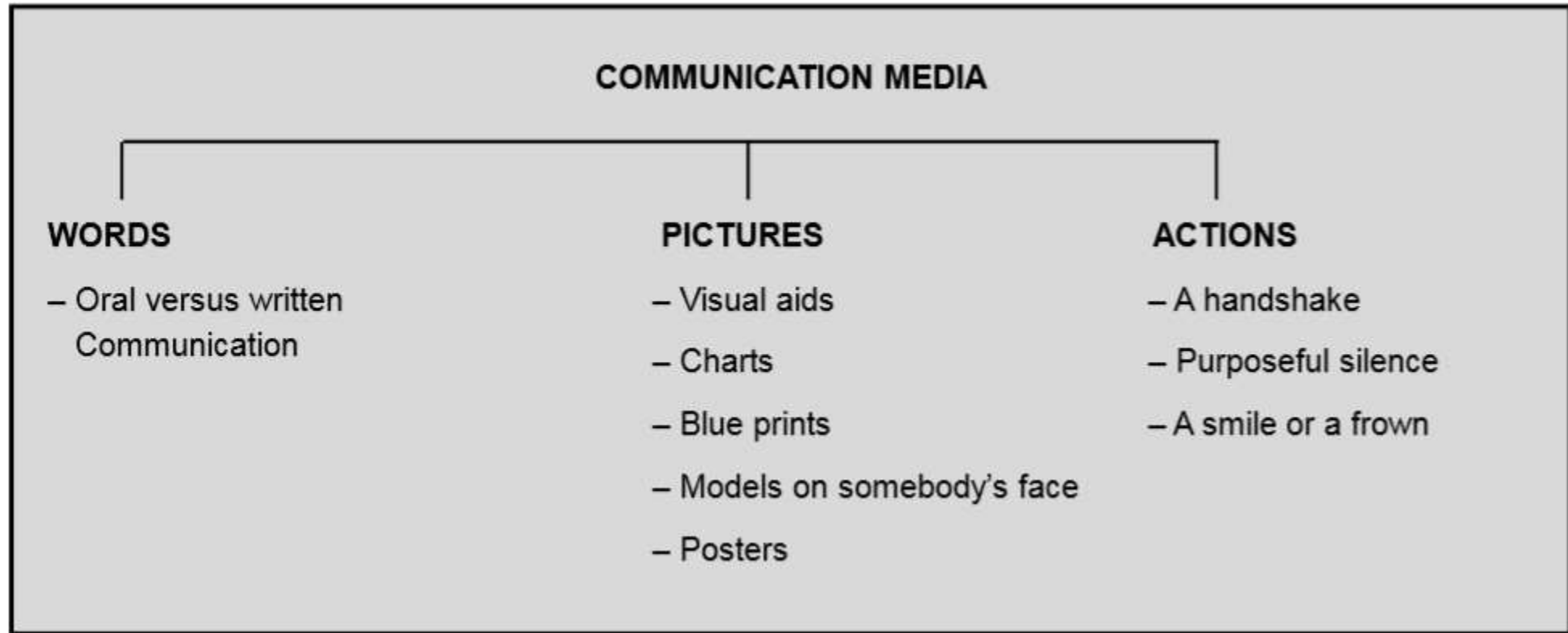
Vertical: The information or data flows up and down the organizational structure.

Horizontal: This is the communication between two similar levels of the organization.

Diagonal(cross-wise): This is the communication across the cross-functional levels of employees from various departments of the organization.

- The other form is the **informal** or the casual communication which is the general communication between random people of the organizations.

# COMMUNICATION MEDIA



# Barriers in Communication

- **Linguistic Barriers:** language barrier
- **Psychological Barriers:** There are various mental and psychological issues that may be barriers to effective communication. Some people have stage fear, speech disorders, phobia, depression etc.
- **Emotional Barriers:** The emotional IQ of a person determines the ease and comfort with which they can communicate. A person who is emotionally mature will be able to communicate effectively.
- **Physical Barriers of Communication:** They include the barriers like noise, closed doors, faulty equipment used for communication, closed cabins, etc.
- **Cultural Barriers:** Different cultures have a different meaning for several basic values of society. Dressing, Religions or lack of them, food, drinks, pets, and the general behavior will change drastically from one culture to another.

- **Organisational Structure Barriers:** As we saw there are many methods of communication at an organizational level. Each of these methods has its own problems and constraints that may become barriers to effective communication. Most of these barriers arise because of misinformation or lack of appropriate transparency available to the employees.
- **Attitude Barriers**
- **Perception Barriers:** Different people perceive the same things differently.
- **Physiological Barriers**
- **Technological Barriers & Socio-religious Barriers:** Other barriers include the technological barriers. The technology is developing fast and as a result, it becomes difficult to keep up with the newest developments.

- Dictation
- In this age of e-mails many managers prefer to send their own replies in certain situations, like replying to routine queries. Instead of drafting long replies/representations the manager can dictate a reply in order to not only save time but also to ensure that his efforts and energy are not wasted on mundane and routine matters and are utilised only on important issues. Resorting to dictation would also depend on the organisational structure, manager's position and the policy of the organisation.
- Talking on Telephone
- It is essential that you use your voice effectively to create a good impression while communicating on telephone. This is because your voice is the sole means of communicating on telephone. It is quite true that the first image/ impression of the organisation is reflected by the etiquettes of the telephone operator. But, it is also essential for the entire personnel to adopt good telephone manners.

# Decision Making



- A decision represents a course of behaviour chosen from a number of possible alternatives.” The way an executive acts or decides the course of action from among various alternatives is an act of decision-making.
- **George Terry** says, “Decision-making is the selection based on some criteria from two or more possible alternatives.” Though there are many alternatives available for a manager but he has to choose the best out of them.

# Following techniques of decision-making are generally employed:

- 1. Intuition: Decision-making by intuition is characterized by inner feeling of the person. He takes a decision as per the dictates of his conscious.
- 2. Facts
- 3. Experience
- 4. Opinions

- 5. Operations Research: The traditional methods of taking decision on the basis of intuition, experience, etc. are replaced by systematic techniques based on analysis of data. It helps managers by providing scientific basis for solving organizational problems involving interaction of components of the organization.
- 6. Linear Programming: This technique is used to determine the best use of limited resources for achieving given objectives. This method is based on this assumption that there exists a linear relationship between variables and that the limits of variations could be ascertained. Linear programme can be used for solving problems in areas like production, transportation, warehousing, etc.

# Decision-making process

- Step 1: Identify the decision
- Step 2: Gather relevant information
- Step 3: Identify the alternatives
- Step 4: Weigh the evidence
- Step 5: Choose among alternatives
- Step 6: Take action
- Step 7: Review your decision & its consequences

# Models of Decision Making: Rational, Administrative and Retrospective Decision Making Models

The decision-making process though a logical one is a difficult task. All decisions can be categorized into the following three basic models.

- (1) The Rational/Classical Model.
- (2) The Administrative or Bounded Rationality Model.
- (3) The Retrospective Decision-Making Model.

All models are beneficial for understanding the nature of decision-making processes in enterprises or organisations. All models are based on certain assumptions on which the decisions are taken.

# 1. The Rational/Classical Model:

- The rational model is the first attempt to know the decision-making-process. It is considered by some as the classical approach to understand the decision-making process. The classical model gave various steps as in decision-making process.

## **Features of Classical Model:**

- 1. Problems are clear.
- 2. Objectives are clear.
- 3. People agree on criteria and weights.
- 4. All alternatives are known.
- 5. All consequences can be anticipated.
- 6. Decision makers are rational.
  - i. They are not biased in recognizing problems.
  - ii. They are capable of processing all relevant information
  - iii. They anticipate present and future consequences of decisions.
  - iv. They search for all alternatives that maximizes the desired results.

## 2. Bounded Rationality Model or Administrative Man Model:

- Decision-making involve the achievement of a goal. Rationality demands that the decision-maker should properly understand the alternative courses of action for reaching the goals.
- He should also have full information and the ability to analyse properly various alternative courses of action in the light of goals sought. There should also be a desire to select the best solutions by selecting the alternative which will satisfy the goal achievement.
- **Herbert A. Simon** defines rationality in terms of objective and intelligent action. It is characterised by behavioural nexus between ends and means. If appropriate means are chosen to reach desired ends the decision is rational.
- Bounded Rationality model is based on the concept developed by Herbert Simon. This model does not assume individual rationality in the decision process.
- Instead, it assumes that people, while they may seek the best solution, normally settle for much less, because the decisions they confront typically demand greater information, time, processing capabilities than they possess. They settle for “bounded rationality or limited rationality in decisions. This model is based on certain basic concepts.

- **a. Sequential Attention to alternative solution:**
  - Normally it is the tendency for people to examine possible solution one at a time instead of identifying all possible solutions and stop searching once an acceptable (though not necessarily the best) solution is found.
- **b. Heuristic:**
  - These are the assumptions that guide the search for alternatives into areas that have a high probability for yielding success.
- **c. Satisficing:**
  - Herbert Simon called this “satisficing” that is picking a course of action that is satisfactory or “good enough” under the circumstances. It is the tendency for decision makers to accept the first alternative that meets their minimally acceptable requirements rather than pushing them further for an alternative that produces the best results.
  - Satisficing is preferred for decisions of small significance when time is the major constraint or where most of the alternatives are essentially similar.
  - Thus, while the rational or classic model indicates how decisions should be made (i.e. it works as a prescriptive model), it falls somewhat short concerning how decisions are actually made (i.e. as a descriptive model).



### 3. Retrospective decision model (implicit favourite model):

- This decision-making model focuses on how decision-makers attempt to rationalise their choices after they have been made and try to justify their decisions. This model has been developed by Per Soelberg. He made an observation regarding the job choice processes of graduating business students and noted that, in many cases, the students identified implicit favorites (i.e. the alternative they wanted) very early in the recruiting and choice process. However, students continued their search for additional alternatives and quickly selected the best alternative.
- The total process is designed to justify, through the guise of scientific rigor, a decision that has already been made intuitively. By this means, the individual becomes convinced that he or she is acting rationally and taking a logical, reasoned decision on an important topic.

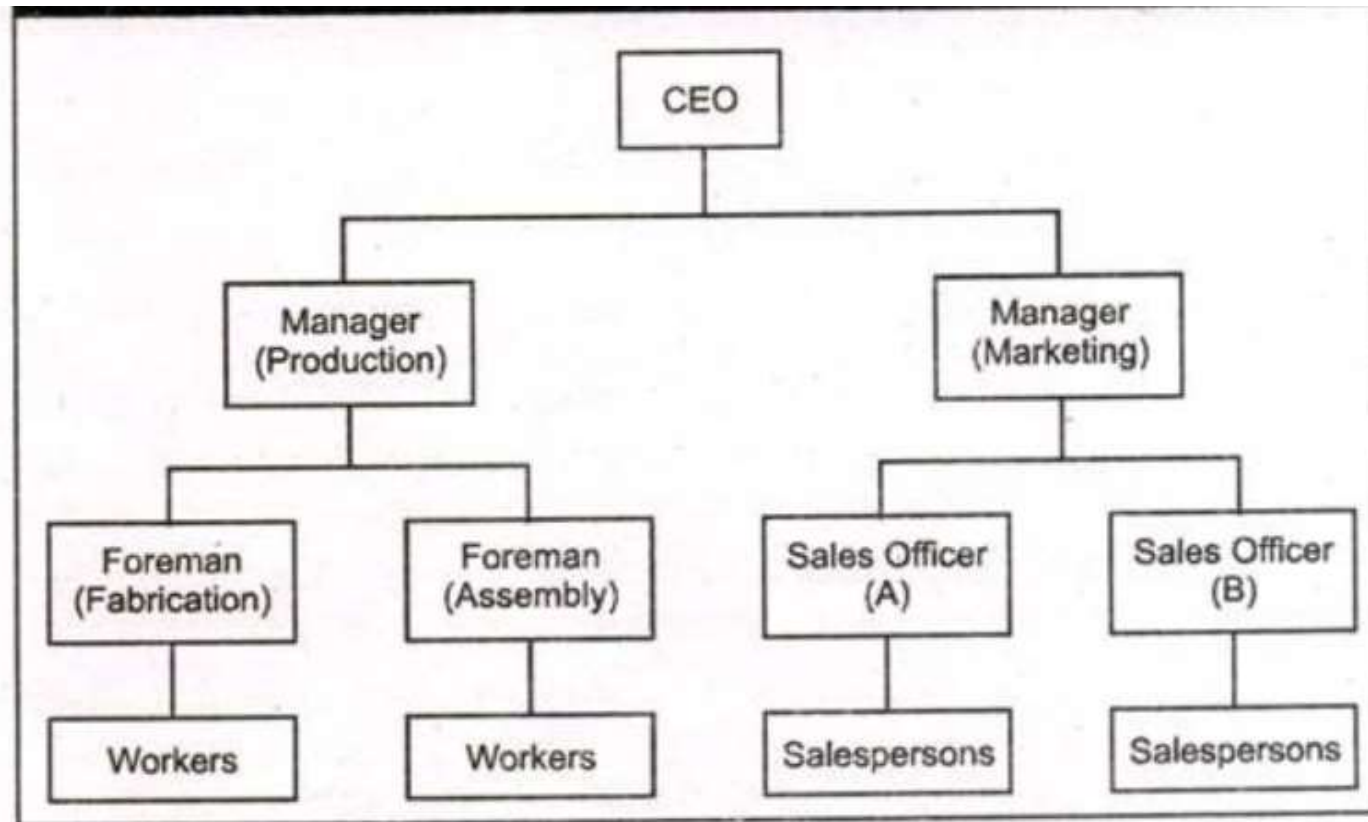
# Organisation structure and design

- First and foremost we must remember that an organisation structure is a result of the organising process. The organisation structure consists of the various jobs, departments and responsibilities in the enterprise coupled with the definition of the extent of control, management and authority.
- It also consists of the relationships between various members of the enterprise. All in all, an organisation structure is a framework within which managerial and operating tasks are performed. This is because it defines the extent of management or the span of management.

# 8 Types of Organisational Structures

- (i) Line organisational structure.
- (ii) Staff or functional authority organisational structure.
- (iii) Line and staff organisational structure.
- (iv) Committee organisational structure.
- (v) Divisional organisational structure.
- (vi) Project organisational structure.
- (vii) Matrix organisational structure and
- (viii) Hybrid organisational structure.

- 1. Line Organisational Structure:
- A line organisation has only direct, vertical relationships between different levels in the firm. There are only line departments- departments directly involved in accomplishing the primary goal of the organisation. For example, in a typical firm, line departments include production and marketing. In a line organisation authority follows the chain of command



- 2. Staff or Functional Authority Organisational Structure:

The jobs or positions in an organisation can be categorized as:

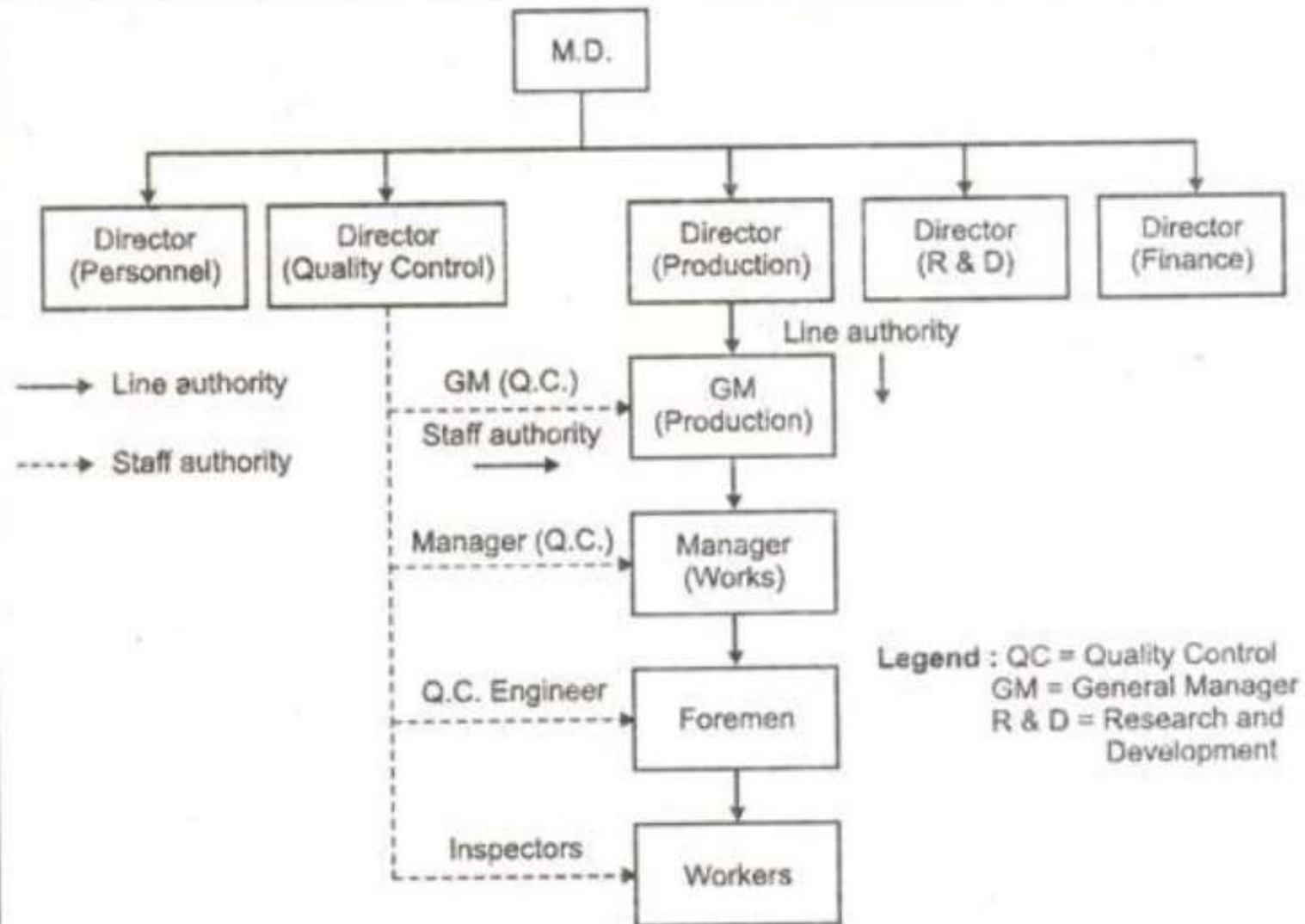
(i) Line position: a position in the direct chain of command that is responsible for the achievement of an organisation's goals and

(ii) Staff position: A position intended to provide expertise, advice and support for the line positions.

The line officers or managers have the direct authority (known as line authority) to be exercised by them to achieve the organisational goals. The staff officers or managers have staff authority (i.e., authority to advise the line) over the line. This is also known as functional authority.

An organisation where staff departments have authority over line personnel in narrow areas of specialization is known as functional authority organisation. Exhibit 10.4 illustrates a staff or functional authority organisational structure.

**Exhibit 10.4 : Staff or Functional Authority Organisational Structure**



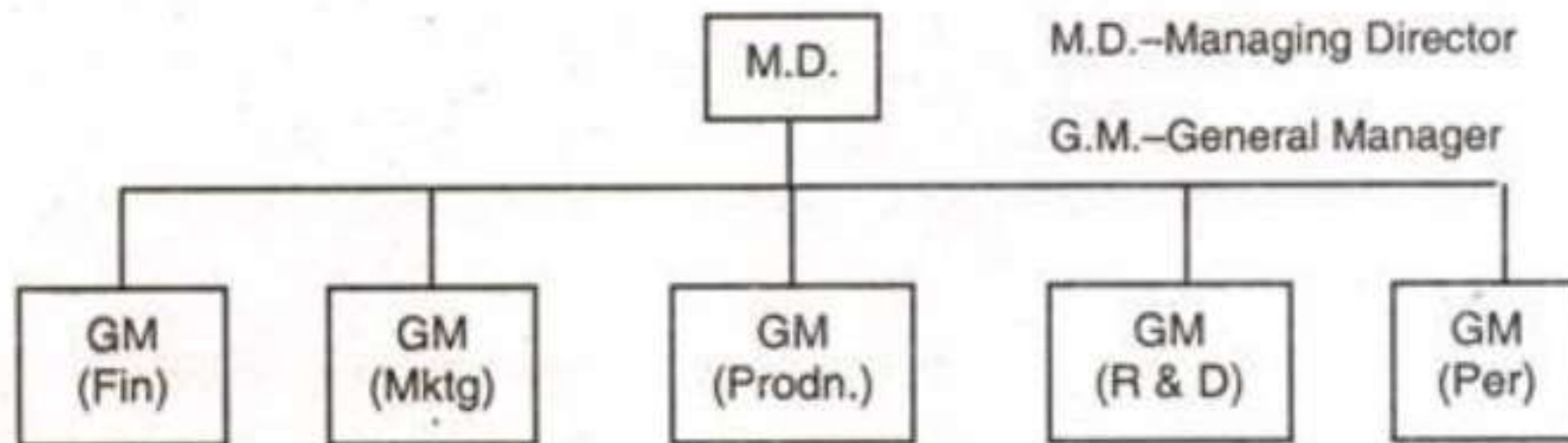


- 3. Line and Staff Organisational Structure:

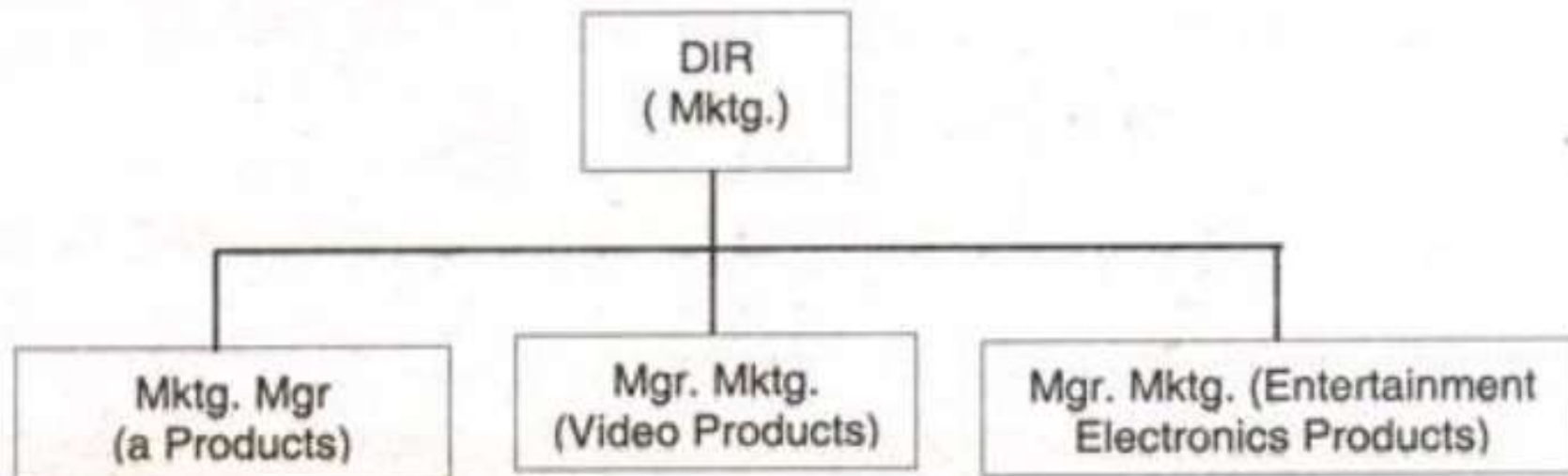
Most large organisations belong to this type of organisational structure. These organisations have direct, vertical relationships between different levels and also specialists responsible for advising and assisting line managers. Such organisations have both line and staff departments. Staff departments provide line people with advice and assistance in specialized areas (for example, quality control advising production department).

- 4. Divisional Organisational Structure:
- In this type of structure, the organisation can have different basis on which departments are formed. They are:
- (i) Function,
- (ii) Product,
- (iii) Geographic territory,
- (iv) Project and
- (iv) Combination approach.

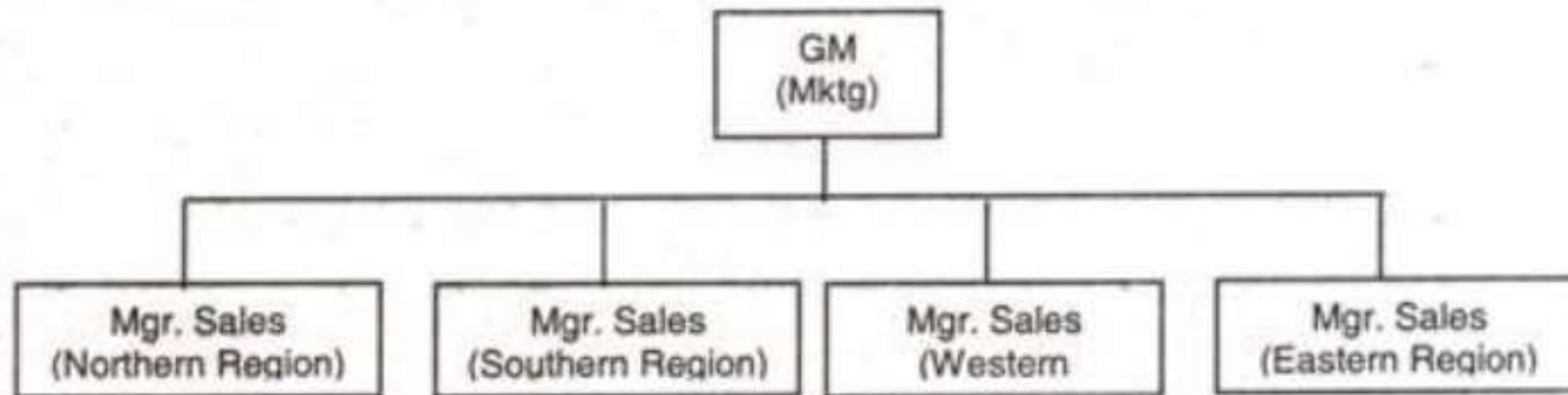
**(a) Departmentation by Function**



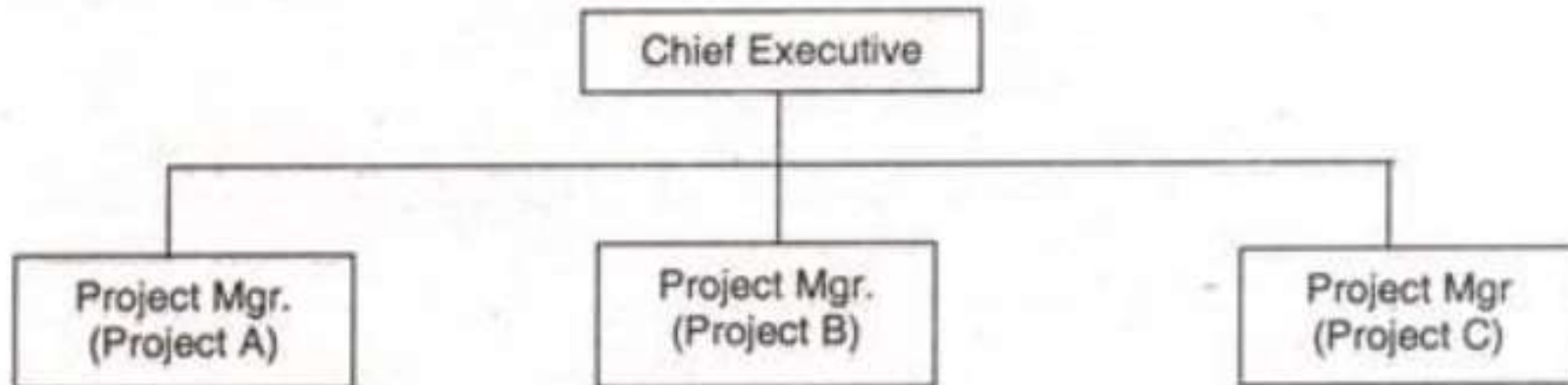
**(b) Departmentation by Product**



**(c) Departmentation by Geographic territory**



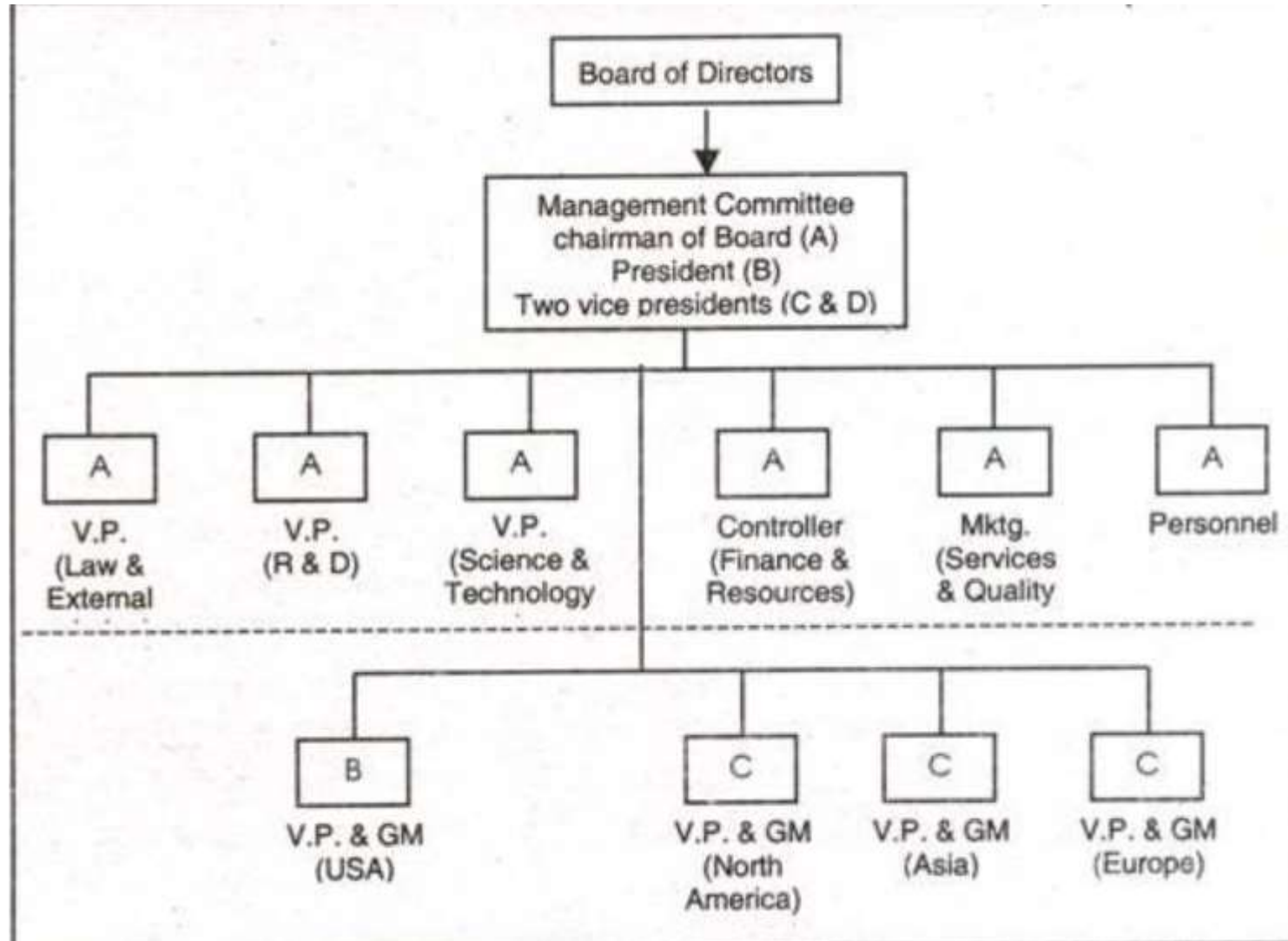
**(d) Departmentation by Project**



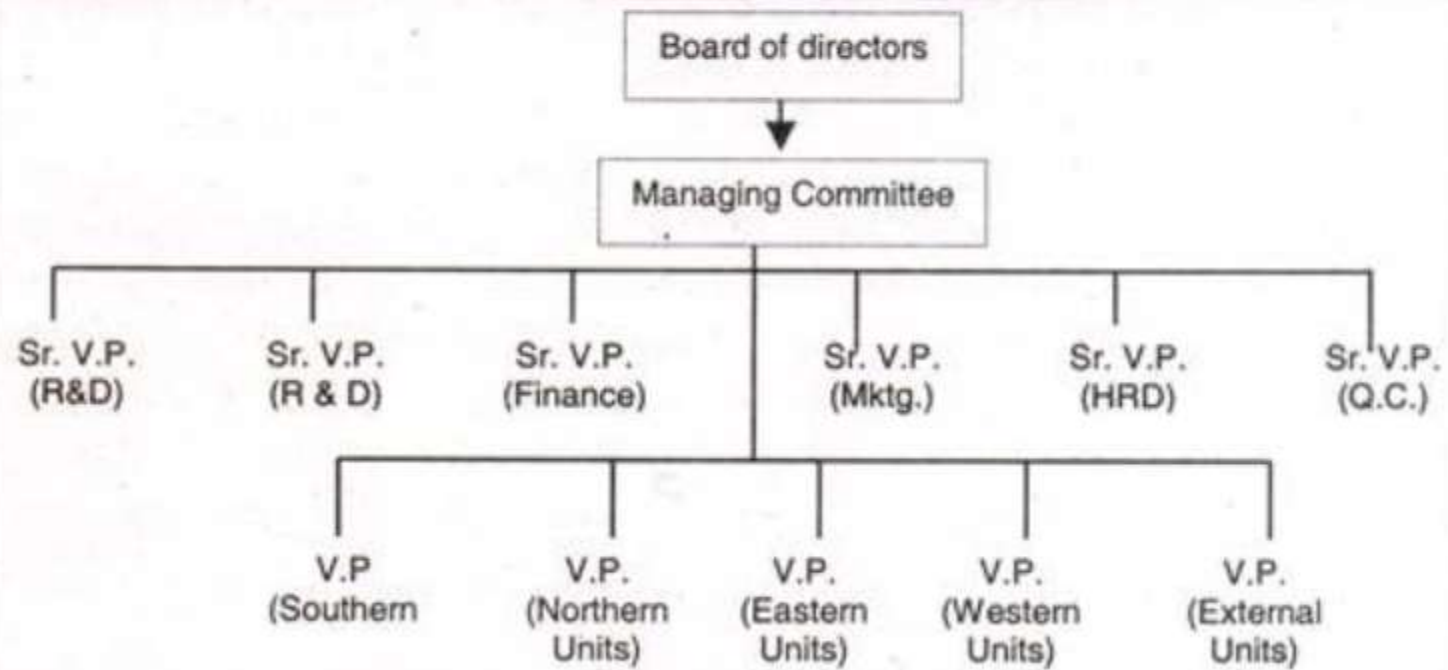
**(e) Departmentation by combination approach** (Combination of any two or more bases discussed above).

- 5. Project Organisational Structure:
  - The line, line and staff and functional authority organisational structures facilitate establishment and distribution of authority for vertical coordination and control rather than horizontal relationships. In some projects (complex activity consisting of a number of interdependent and independent activities) work process may flow horizontally, diagonally, upwards and downwards. The direction of work flow depends on the distribution of talents and abilities in the organisation and the need to apply them to the problem that exists. To cope up with such situations, project organisations and matrix organisations have emerged.
- 6. Matrix Organisational Structure:
  - It is a permanent organisation designed to achieve specific results by using teams of specialists from different functional areas in the organisation.

## 7. Hybrid Organisational Structure:



**Exhibit 10.9 (b) : Combination Structure (Functional and geographic divisions)**



# Centralization and Decentralization

Centralization is said to be a process where the concentration of decision making is in a few hands. According to **Allen**, “Centralization” is the systematic and consistent reservation of authority at central points in the organization. The implication of centralization can be :-

- Reservation of decision making power at top level.
- Reservation of operating authority with the middle level managers.
- Reservation of operation at lower level at the directions of the top level.



- Decentralisation can be understood as the orderly assignment of authority, throughout the levels of management, in an organisation. It describes the way in which power to take decisions is allocated among various levels in the organisational hierarchy. In other words, it refers to the **dissemination of powers, functions and responsibility, away from the central location.**

# Authority and Responsibility

- **Henri Fayol**, who designed the administrative theory of 14 principles of management, defined **authority** as ‘**the right to give orders and exact obedience**’. He also recognized that any official authority vested in the job was often ineffective.
- **Responsibility**: The most common description is the obligation on the manager to perform the task himself. The essence of responsibility is ‘obligation’. Anyone who accepts a task must be held responsible for its performance too. In the context of hierarchical relations in an organization, responsibility is the obligation of a subordinate to perform the tasks assigned.

# Span of Control

- The Span of Control is the number of employees a manager can supervise as effectively as possible. The addition of new hierarchical layers makes the organisational structure steeper.
- A large Span of Control leads to a flatter organisational structure, which results in lower costs. A small span of control creates a steeper organisational structure, which requires more managers and which will consequently be more expensive for the organisation. It is therefore useful for an organisation if its managers have a large span of control.

# The Span of Control always involves two dimensions:

- **Horizontal dimension**
  - This is the number of direct subordinates a manager actually supervises. This is also referred to as Span of Control.
- **Vertical dimension**
  - This is the number of levels that are (in)directly managed. It refers to the extent to which the manager's wishes trickle down to the lowest levels of the organisation. This is also known as Depth of Control.