

Professional Practices

**“The Structure of
Organizations”**

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Organizing an Organization

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Functional Units
of an
Organization

Geographical
Organization

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Centralization vs
Decentralization

The position of
Quality
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Functional Units of an Organization

- Tasks carried out in an organization are grouped into five major functions
 - **Production:** activities that directly contribute to creating the products or services that the company sells.
 - **Quality Management:** quality activities necessary to ensure that quality of product and services produced is maintained at the agreed level.

Functional Units of an Organization

- ***Sales and Marketing:*** sales is concerned directly with selling the product while marketing is concerned with establishing the environment in which product is sold.
- ***Finance and Administartion:*** every company needs to pay its bills, to look after its funds, to pay its employees and so on....data processing and legal department are also generally included in this function.

Functional Units of an Organization

- ***Research and Development:*** how can company do better the things that it is already doing and what other things can be done to raise profits.

Geographical Organization

- Organization operating over a large geographical area, there are tasks that should be best organized on a geographical basis.
- Because of cultural differences, an effective selling approach in one country can completely fail in another.
- Even the products that are most demanded in one country are almost unsaleable in another one.

Organization by Product

- When an organization produces several different products and services, it is desirable to use a top-level structure based on its products.
- It is the most common structure found in really large corporations today.
- Each division can either be headed by a director or can be itself a separate company with its own board of directors (subsidiaries).

Centralization vs Decentralization

- Organizations can be centralised, decentralised and both.
- In a **centralised organization**, many of the detailed operational decisions are taken at the center.
- In a **decentralised organization**, as many details as possible are settled at local level.

Position of Quality Management

- Whatever be the structure of an organization, the factor of ***“Quality”*** should be kept at the center.
- Pressures on production and sales create temptation to skimp on ~~quality procedures~~. QA
- It can only be avoided by developing a ***“Quality Culture”*** within the organization.

Position of Quality Management

- Some national and international standards are set, which lay down in detail the requirements which a quality plan must meet.
- Examples are **British Standard 5750** and **ISO 9000**.

Management

Management

Motivation

Performance
Appraisal

Sub-
Optimization

Management

- Different management roles are classified on the basis of their particular concerns and methods for addressing those concerns. Some are
 - Project management
 - Production management
 - Corporation management

Management

- The goal of ***project managers*** is to produce systems which meet the user's needs, are in time and within budget.
- Their main concerns are **planning**, **progress monitoring**, **acquisition** and **allocation of resources** and **quality control**.
- The project manager **horizon** is the **successful completion** of a project.

Management

- ***Production management*** is concerned with the management of activities which continue indefinitely and change comparatively slowly.
- It is concerned with productivity, efficiency and maintenance of quality.
- Production manager horizons are both longer and shorter than project managers.

Management

- **Corporate management** deals with the management of organization as a whole.
- Corporate managers monitors the overall performance of the organization and handle serious problems that arise anywhere in the organization.

Motivation

- How well individuals carry out their jobs depends on several factors
 - How well they understand what is required of them.
 - Their ability
 - The quality of facilities provided for doing the job.
 - Their motivation
 - The attitude of their colleagues.

Motivation

- People are generally motivated by
 - Self esteem
 - The esteem of others
 - Satisfaction of social needs
 - A sense of security
 - Financial rewards

Performance Appraisal

- Central idea of performance appraisal is that managers decide with each of their subordinate, what should be the subordinate's objectives in his next time period of job.
- At the end of that time period, the subordinate performance is assessed against these objectives and new objectives are agreed for the next time period.

Performance Appraisal

- There are several important points in order to make such a scheme work
 - Both manager and subordinate must participate in setting the subordinate's objectives.
 - Attainment of the objectives should be verifiable.
 - Subordinate's job must be sufficiently homogenous.

Performance Appraisal

- Continuing commitment from all levels of management is required.
- Staff reviews should be diagnostic rather than purely evaluative.
- Review procedure should not be closely linked with the salary review procedure.

Sub-optimization

“Optimizing the performance of individual units within an organization may not optimize the performance of the whole organization”