



Essentials of Management **Organizing**

Organizing as a function of management



1

Planning

- It bridges the gap between where we are and where we want to be
- It helps facing future with confidence

2

Organizing

- It involves grouping of task
- It involves specialisation, delegation, span of control, and departmentalization

3

Staffing

- Hiring Right people for right job
- It is devoted to acquiring, training, appraising, and compensating employees

4

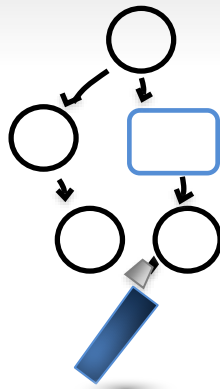
Directing

- It involves supervision, motivation, leadership, and communication
- It is a very people oriented function of management

5

Controlling

- It involves setting standards, measuring performance as per standards, finding deviations, and taking necessary corrective action



What is an organization?



- Importance of Organizations
 - Bring together resources to achieve desired goals
 - Produce goods and services efficiently
 - Facilitate innovation
 - Use modern manufacturing and info. technologies
 - Adapt to and influence a changing environment
 - Create value for owners, customers and employees
 - Accommodate ongoing challenges of diversity, ethics, and the motivation and coordination of employees



Nature and purpose of Organizing



- Verifiable objectives
- A clear idea of the major duties and activities involved
- An understood area of discretion or authority so that the person filling the role knows that he can accomplish goals
- **Organization implies a formalized, intentional internal structure of roles and positions.**



Formal and informal organization



- **Formal organization** means the intentional structure of roles in a formally organized enterprise.

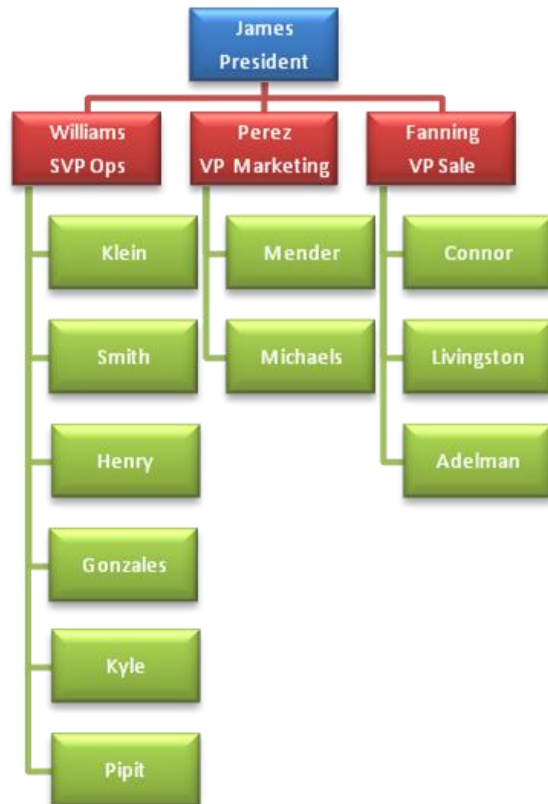


- **Informal organization** is a network of personal and social relations not established/required by the formal organization but arising spontaneously as people associate with one another.

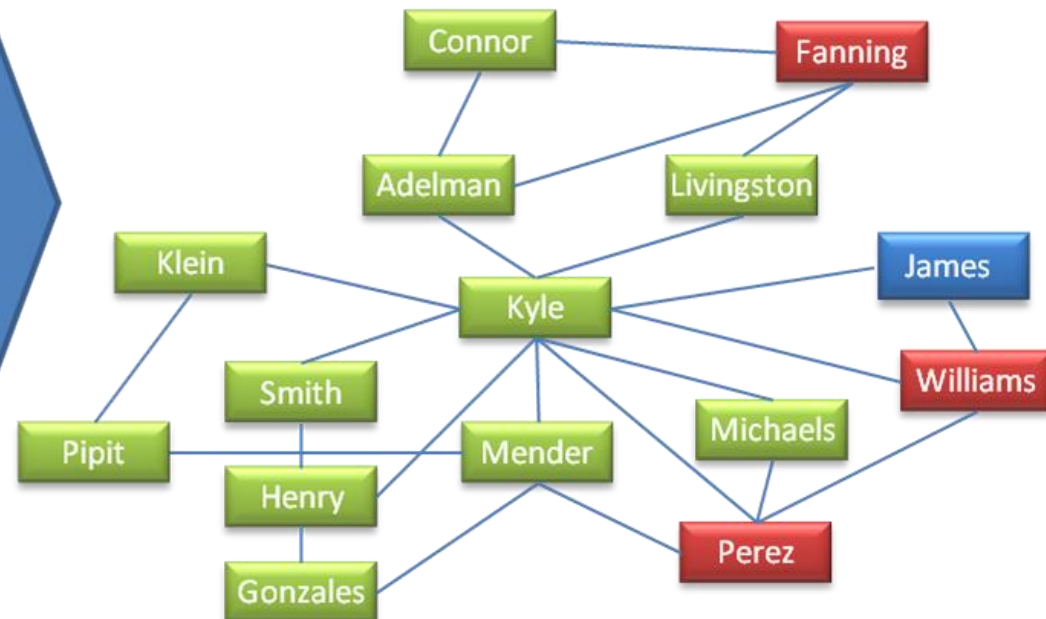
Formal and informal organization



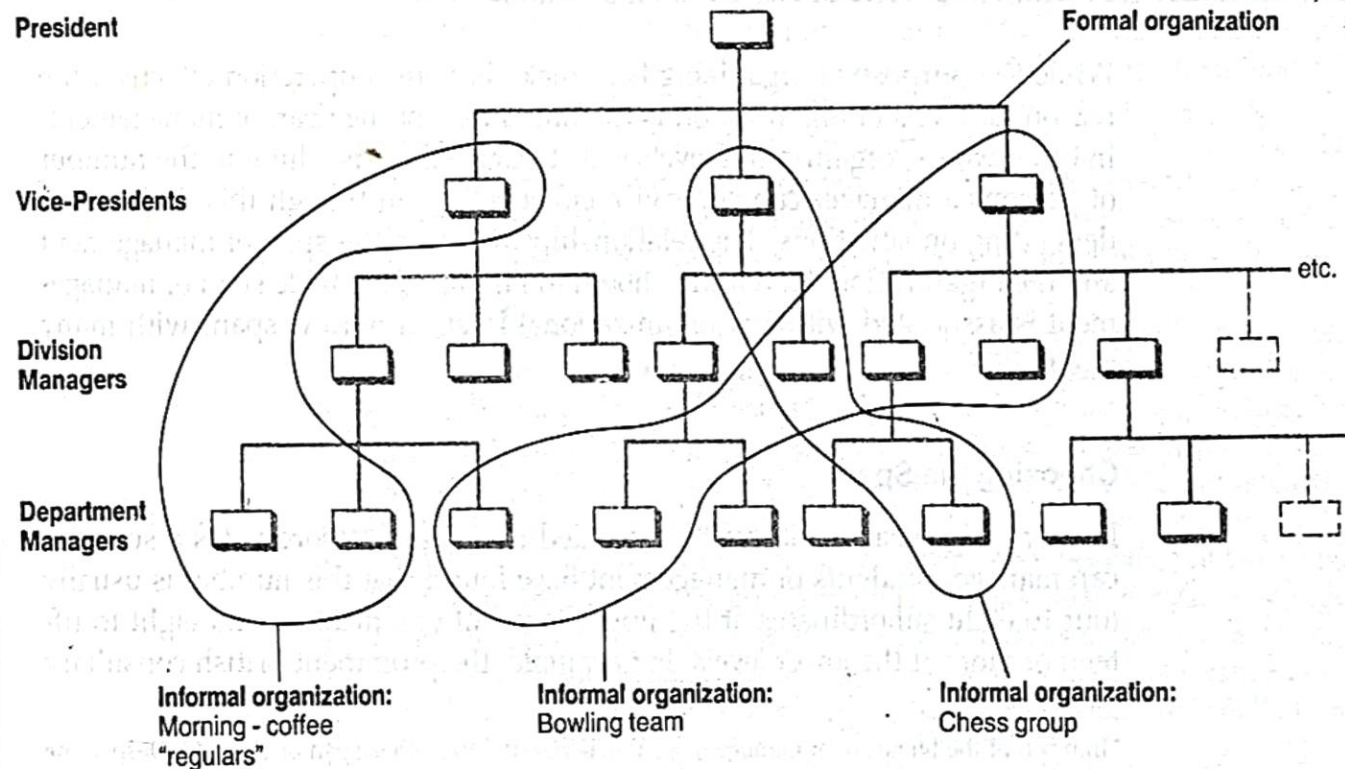
Formal Structure



Informal Organization



Formal and informal organization



THE FORMAL AND INFORMAL ORGANIZATION.

Formal and informal organization

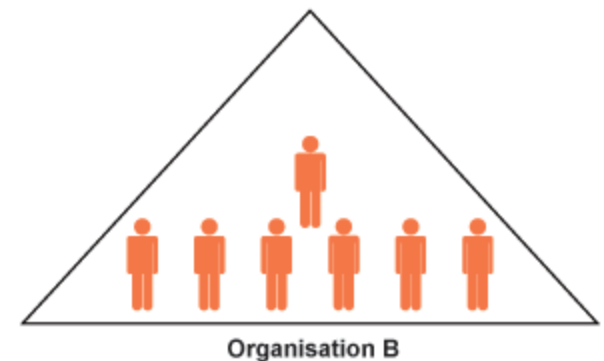
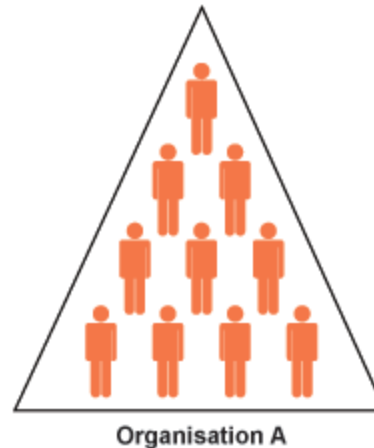


Formal organization	Informal organization
<ol style="list-style-type: none">1. Designed and created by the top management2. Planned one3. Authority and responsibility are fixed and defined4. Requires an office to function5. Is rigid, definite, and has a written constitution	<ol style="list-style-type: none">1. Comes up on its own2. Not a planned one, it is created spontaneously3. Authority is generally based on personal acceptance.4. Functions through people.5. Is flexible and has no such fixed Rigid, written constitution.

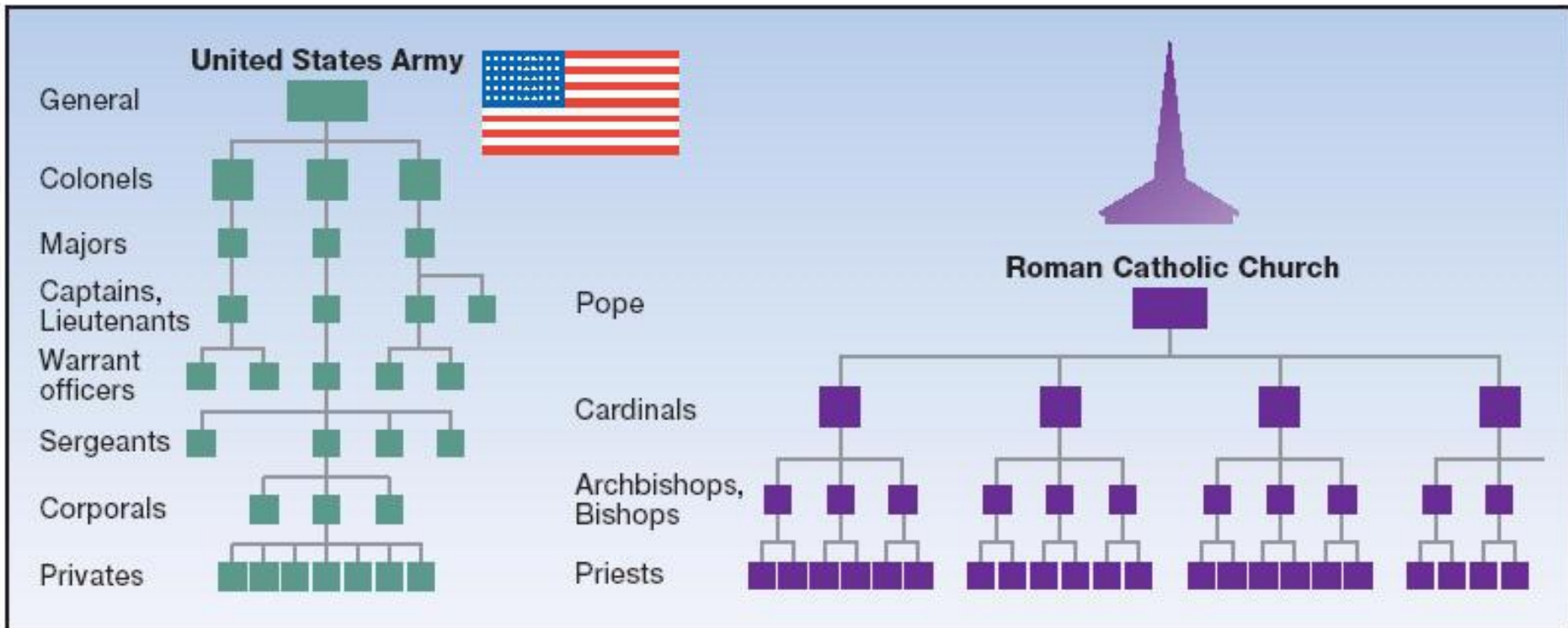
Tall and flat organizations



- **Tall structures** have many levels of authority and narrow spans of control
- **Flat structures** have fewer levels and wide spans of control



Tall and flat organizations



Span of control



- Refers to the number of subordinates who report directly to an executive or supervisor
- The differences in the span of control have direct implications on the shape of the organization
- Organizations must find the optimal span of control to be effective
 - Narrow enough to permit managers to maintain control over subordinates
 - Wide enough so that the possibility of micromanaging (interfering) is minimized



Factors effecting span of control



- **The optimal span of control is dependent on the following factors**
 - **Subordinates training:** Well trained subordinate requires less time of supervisor. In this case a broader span is feasible
 - **Delegation of authority:** If manager clearly delegates the authority, then a subordinate can get it done with a minimum superiors time and attention.
 - **Planning:** Clear policies to guide decisions for the subordinates result in fewer dependencies on superiors time
 - **Rate of change:** Dynamic industry calls for narrow span, if stable business, broader span

Factors effecting span of control



- **The optimal span of control is dependent on the following factors**
 - **Communication techniques:** Broader span is feasible if the manager can communicate effectively.
 - **Kind of activity:** If the activities are highly important and complicated, then small span is recommended.
 - **Kind of organization:** Centralized organization requires narrow span. Decentralized organization decisions are made at lower level and there is freedom of action.
 - **Organizational level:** If delegation of authority done at lower level, then we can have a wider span of control.

Principles of organizing (Urwick)



1. Principle of unity of objectives

- An organization structure is effective if it enables individuals to contribute to enterprise objectives.

2. Principle of organizational efficiency

- An organization is efficient if it is structured to aid the accomplishment of enterprise objectives with a minimum of unsought consequences or costs.

3. Principle of specialization

- The whole work should be divided amongst the subordinates on the basis of qualifications, abilities, and skills.

Principles of organizing (Urwick)



4. Span of management

- The number of persons an individual can efficiently and effectively manage is referred to as the span of management. There is a limit to this number. The exact number will depend on the impact of underlying variables.

5. Principle of scalar chain

- A scalar chain is a chain of command or authority that flows from upper organizational level to the lowest levels and clarifies who reports to whom.

6. Principle of unity of command

- Every subordinate is answerable and accountable to one boss at one time.

Principles of organizing (Urwick)



7. Principle of delegation

- The authority must be delegated as far down in the organization as possible. Adequate authority should be delegated to all individuals so that they accomplish the results expected.

8. Principle of parity of authority and responsibility

- The responsibility for actions cannot be greater than that implied by the authority delegated, nor should it be less.
- The responsibility of subordinates to their superiors for performance is absolute, and superiors can't escape responsibility for the organizational activities of their subordinates.

Principles of organizing (Urwick)



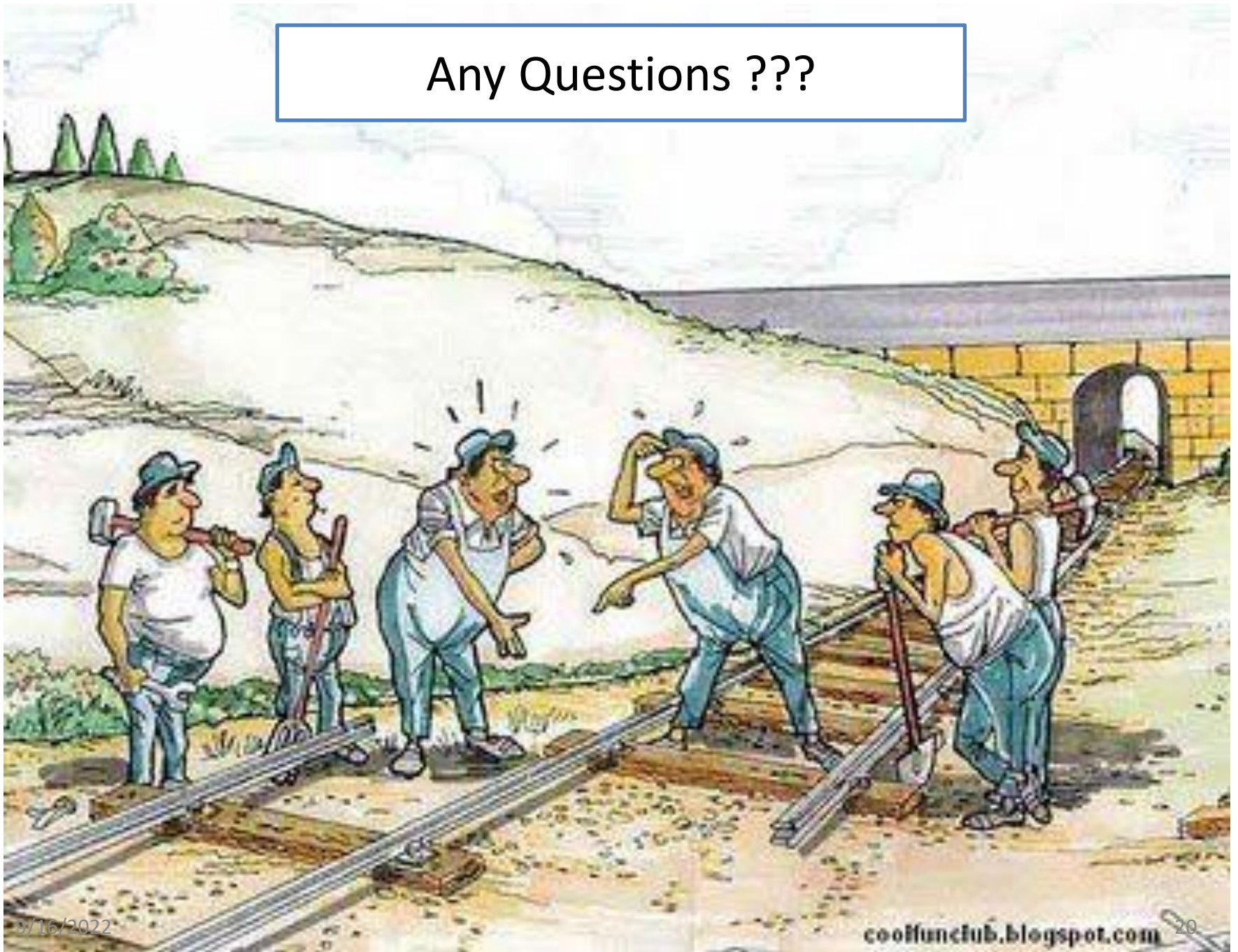
9. Principle of flexibility

- The organizational structure must be simple to understand and flexible.
- The structure should be adaptable to the changes in the nature of business and technology and procedures.

10. Principle of functional definition

- Every position in an organization and every department in an organization must have a clear definition of the results expected, activities to be undertaken and authority delegated.

Any Questions ???



Departmentation



Patterns of departmentation



1. Departmentation by Simple numbers
2. Departmentation by Time
3. Departmentation by Enterprise functions
4. Departmentation by Territory/Geography
5. Departmentation by Product
6. Process/Equipment Departmentation
7. Customer Departmentation
8. Matrix Departmentation



Departmentation by numbers



- This is structural departmentation include
 - grouping all persons who are to perform the same duties and functions and putting them together under the supervision of a manager.
- Age old method and rapidly falling into disuse



Departmentation by numbers



- Reasons for the decline:

1. The technology is advancing very fast, demanding more specialized and different skills.
2. Groups composed of specialized personnel are more frequently more efficient than merely based on numbers.



- It is useful only at the lowest level of the organization structure.

Departmentation by time



- Suitable for lower level of the organization
- Oldest form structuring organization
- Grouping of activities according to basis of time
- The use of shifts is common in many enterprise because normal workloads become insufficient and ineffective
- E.g.: Hospital, Production facilities



Advantages



- Services offered 24X7 instead of 8 hrs shift
- Process need not be interrupted which needs a continuous cycle of operation
- Expensive capital equipment can be used more than 8hrs/day
- Students attending classes during the day's time can work in night shift to sustain their living.

Limitations



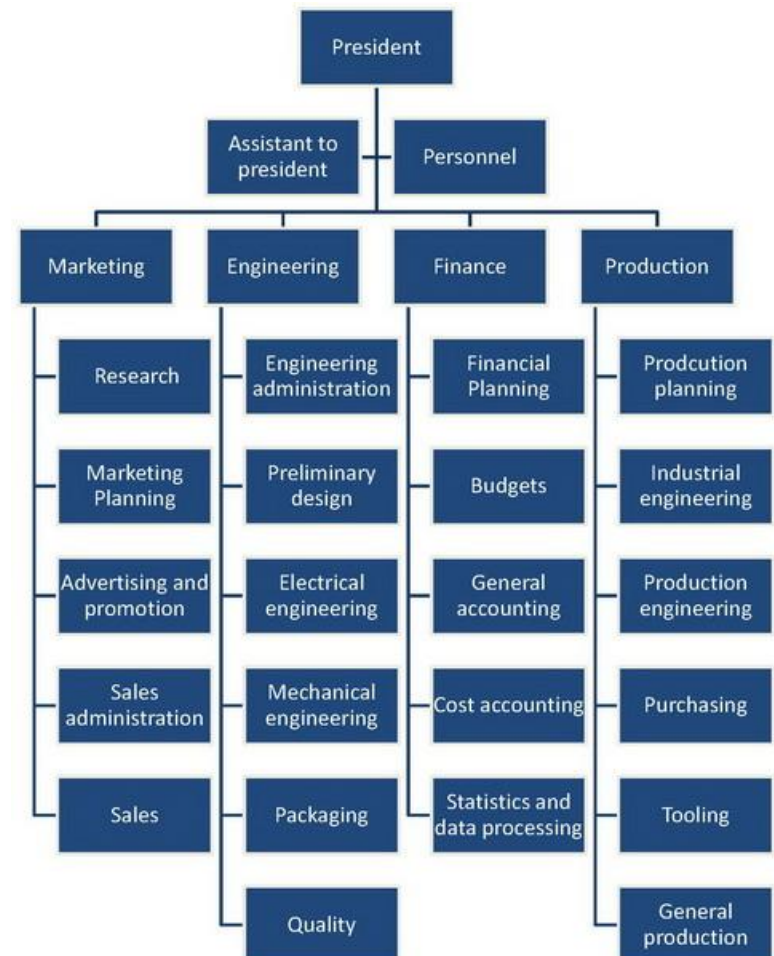
- Supervising during night shift becomes difficult
- There is fatigue factor, since it is difficult for most employees to change their biological clock
- Having several shifts may cause problems with coordination and communication
- Payment of overtime can increase the cost of production or services rendered.



Functional departmentation



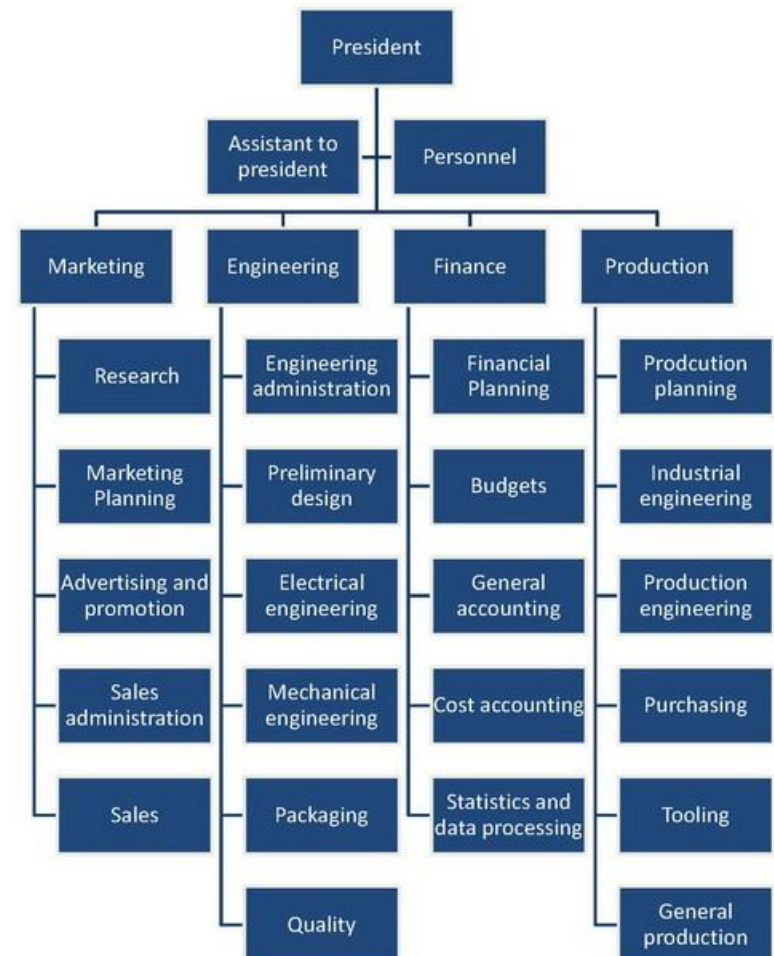
- The most widely used form of departmentation
- Groups activities by function—the jobs to be done.
- Consistent with the idea of specialization and division of work, activities that are alike or similar are placed together in one department and under a single chain of command.



Functional departmentation



- Functional departmentation also facilitates coordination since a supervisor is in charge of one major area of activity.
- It is easier to achieve coordination this way than to have the same functions performed in different departments under different supervisors.



Functional departmentation



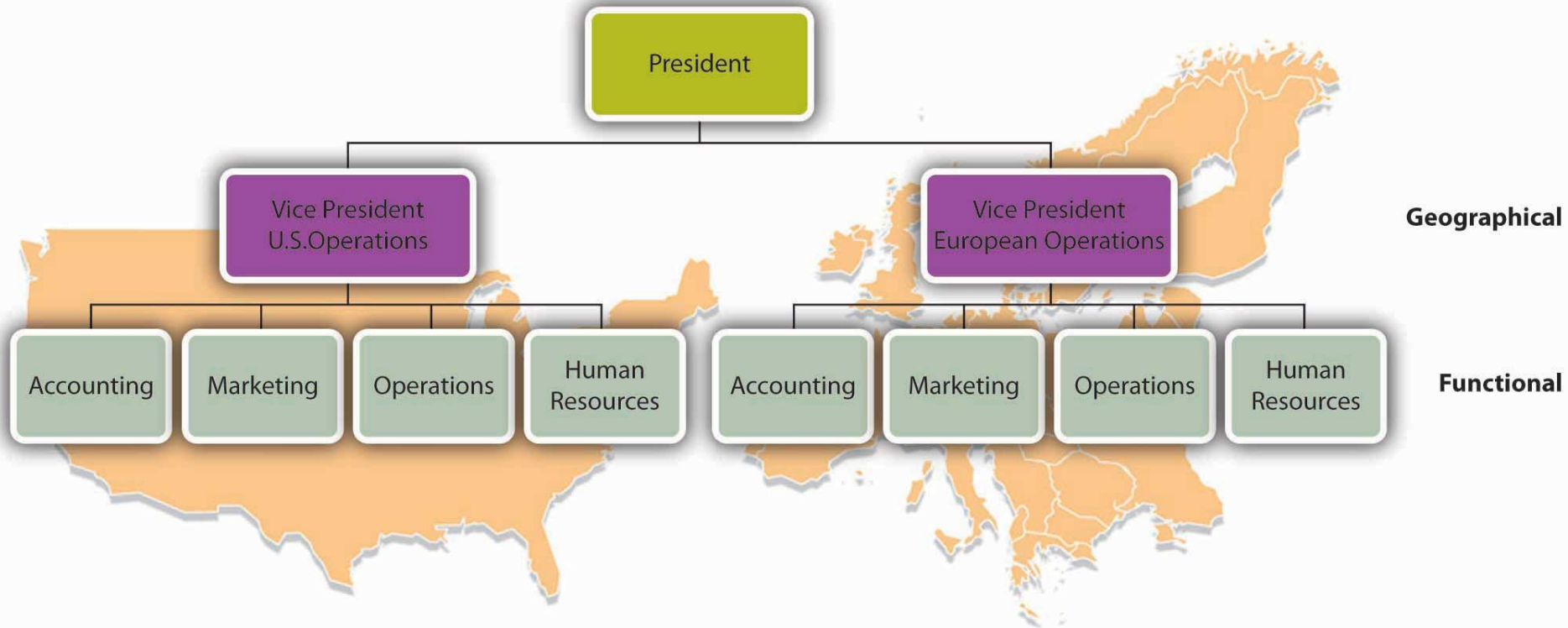
Strengths

- Allows economies of scale within functional departments
- Enables in-depth knowledge and skill development
- Enables organization to accomplish functional goals
- Is best with only one or a few products

Weakness

- Slow response time to environmental changes
- May cause decisions to pile on top, hierarchy overload
- Leads to poor horizontal coordination among departments
- Results in less innovation
- Involves restricted view of organizational goals

Geographical departmentation



Geographical departmentation



- Grouping activities on the basis of territory. If an organization's customers are geographically dispersed, it can group jobs based on geography.
- For example, Coca-Cola has reflected the company's operation in two broad geographic areas – the North American sector and the international sector, which includes the Pacific Rim, Europe, Africa and Latin America groups.



Geographical departmentation



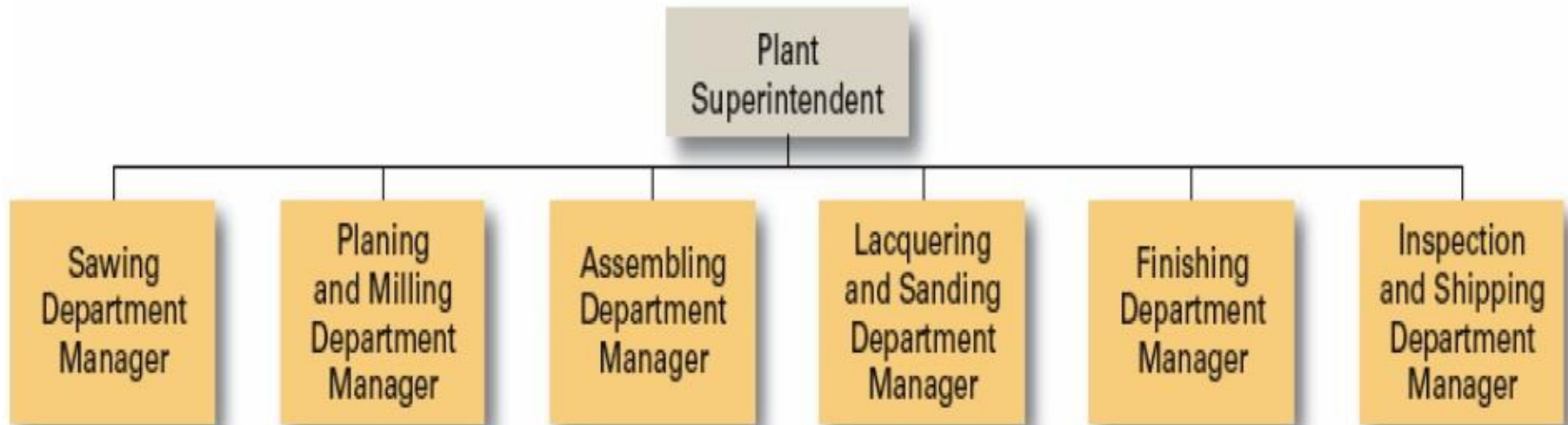
Advantages

- Places responsibility at the lower levels.
- Places emphasis on local markets & local problems.
- Improves co-ordination in a region.
- Takes advantages of economies of local operation.
- Better face to face communication with local interests.
- Furnishes measurable training ground for general managers.

Limitations

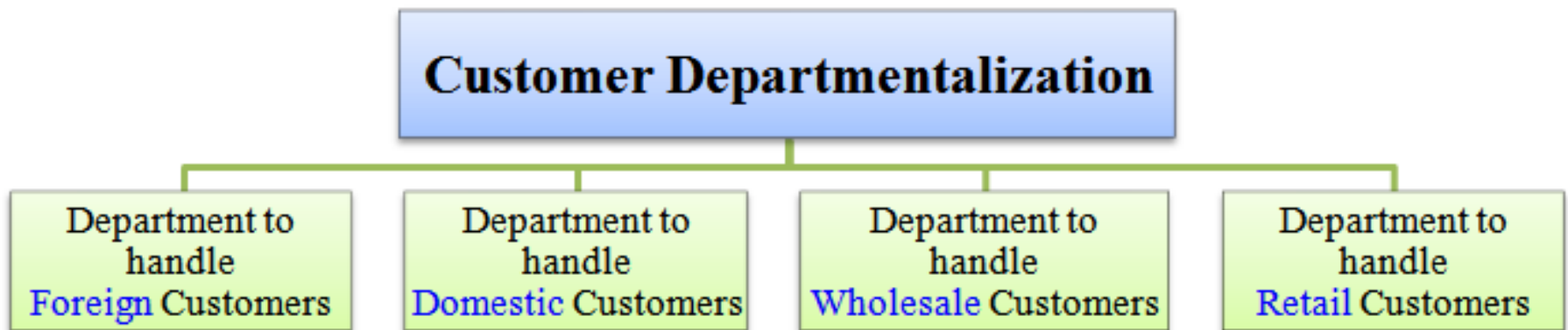
- Requires more persons with G.M abilities.
- Tends to make maintenance of economic central services difficult.
- Increases problem of top management control.

Departmentation by process/ equipment



- + More efficient flow of work activities
- Can only be used with certain types of products

Departmentation by customer

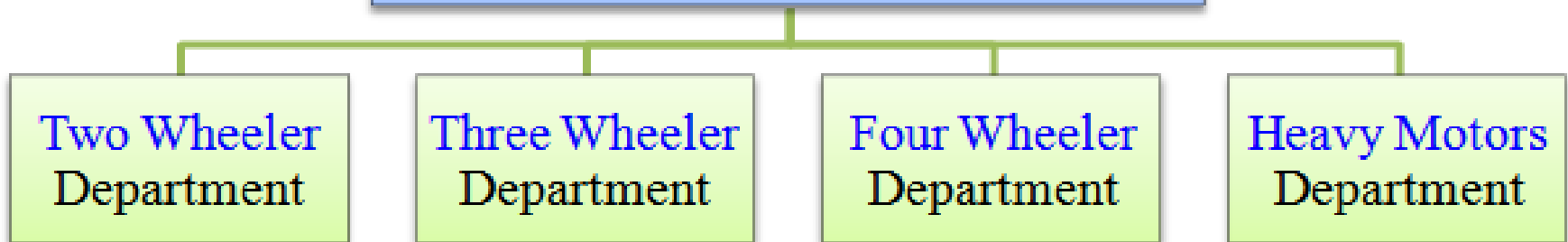


- Customer departmentalization - Grouping activities on the basis of common customers or types of customers.
- The assumption is that customers in each department have a common set of problems and needs that can best be met by specialists.

Product/ Service departmentation

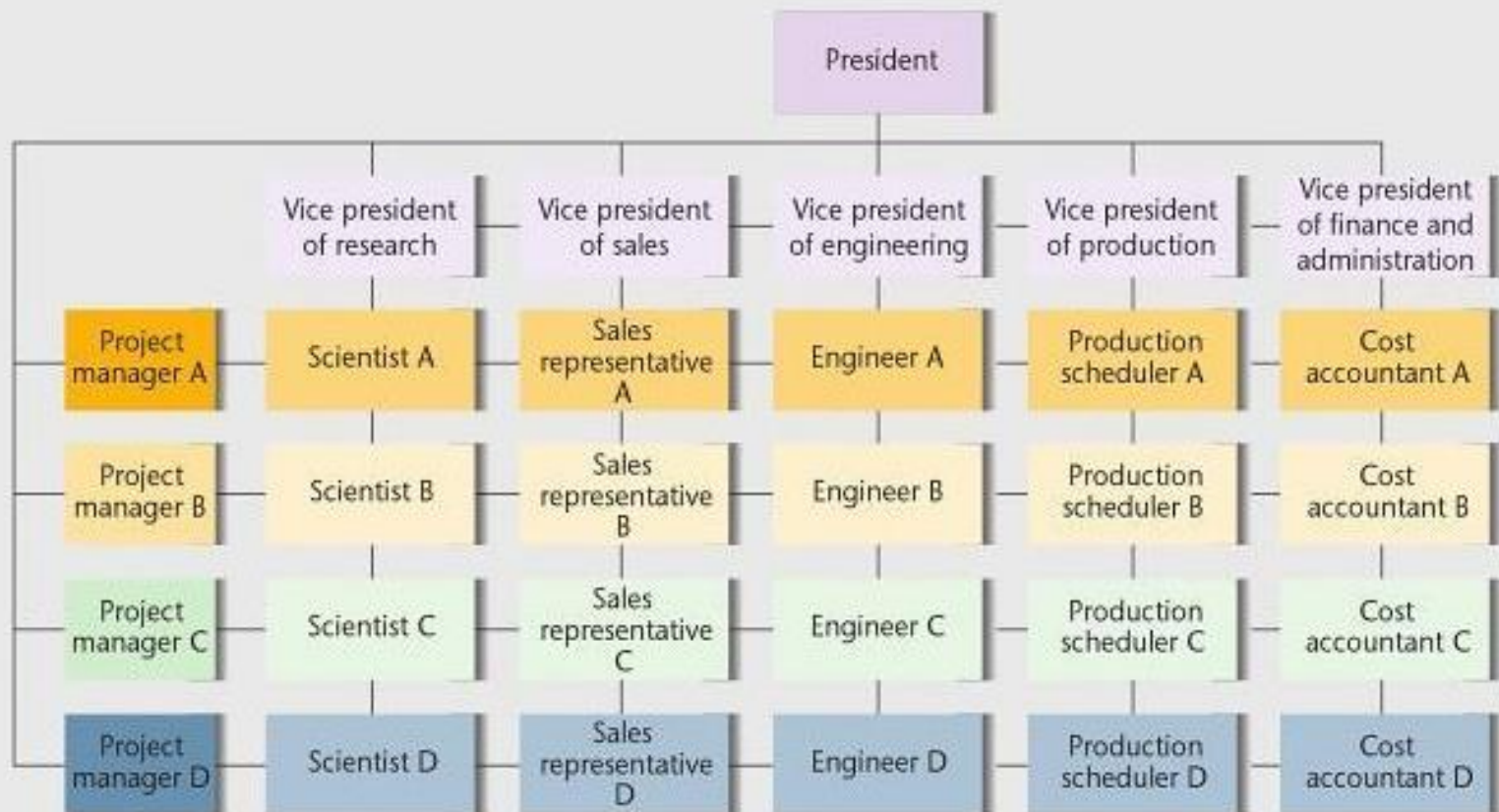


Product Departmentalization



- E.g.: A food product company may choose to divide its operations into a frozen food department, a dairy products department, a produce department, and the like.
- Product departmentation can also be a useful guide for grouping activities in service businesses.

Matrix structure departmentation



Matrix structure departmentation



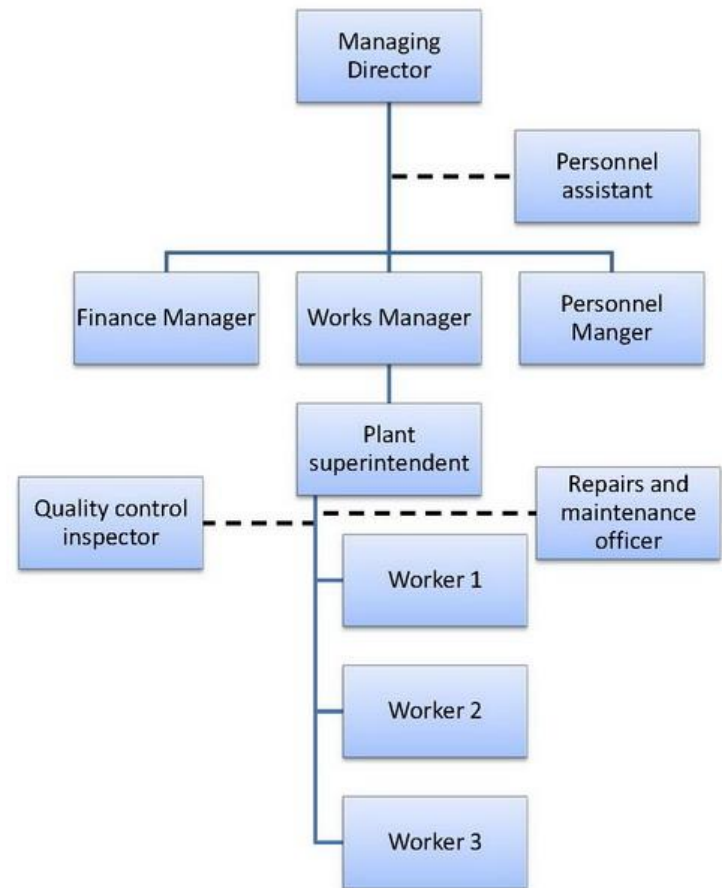
- A matrix structure is a type of departmentalization that superimposes a horizontal set of divisional reporting relationships onto a hierarchical functional structure.
- The essence of a matrix organization is the combination of functional and product or project patterns of Departmentation in the same organization structure.



Line organization



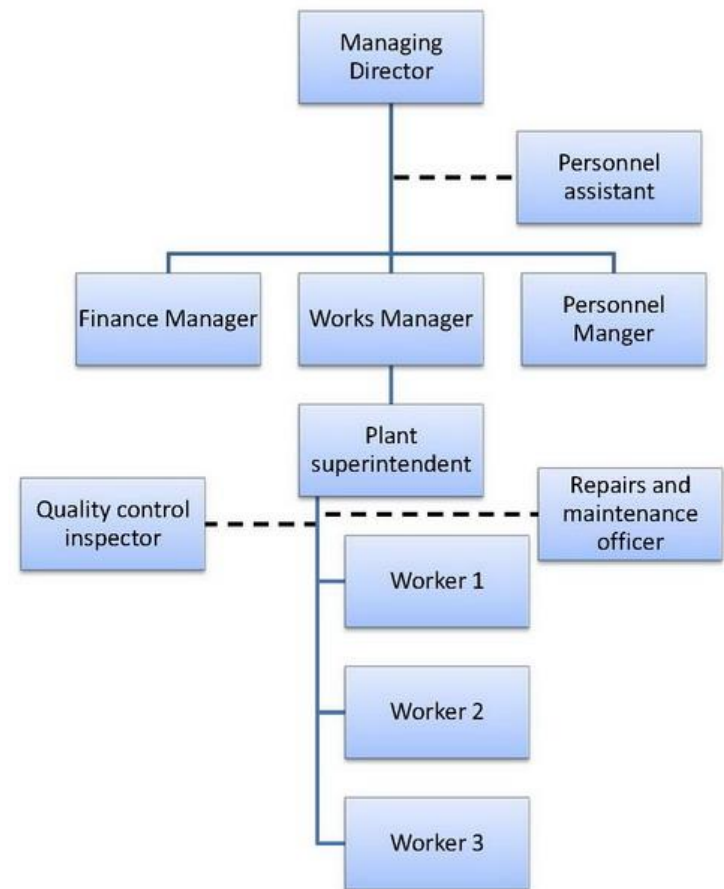
- It is the oldest type of organization. This is known by different names, i.e, military, vertical, scalar departmental organization.
- ***The persons having greater decision making authority are placed at the top and those having the least decision –making authority are at the bottom.*** In between there are other levels of management such as intermediate or supervisory.



Line & Staff organization



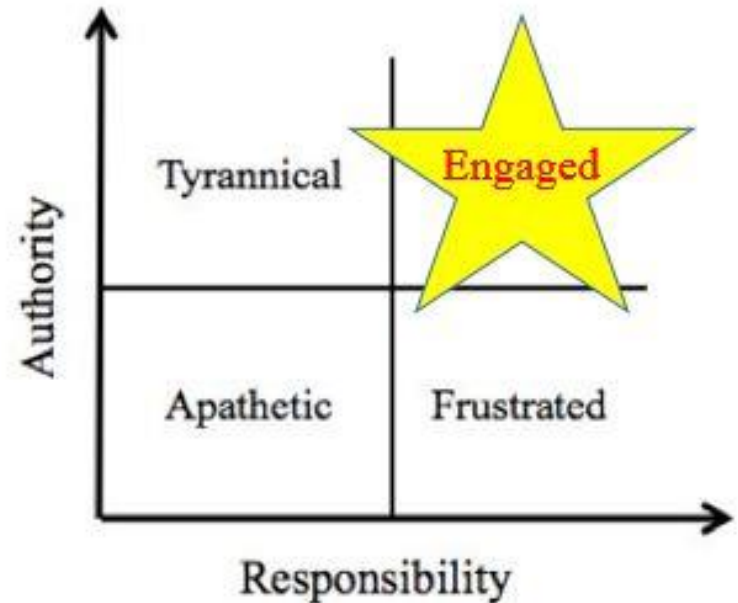
- A line and staff organization is one where specialist advisers, in the form of functional managers, assist the line managers in the performance of their responsibilities.
- Line executives have direct control over the sub-ordinates under them. Staff executives have no such authority. Rather, they are meant to aid and advise the line managers at the same level.
- Line and staff functions frequently overlap. Most staff executives may also simultaneously be line and functional executives.



Authority



- Authority: right to give orders.
- “Rightful legal power to request subordinates to do certain thing or to retain from doing so, and if he doesn’t follow these instructions the manager is in a position, if need be, to take disciplinary action, even to discharge the subordinate.”



Responsibility



- Responsibility: Duty or responsibility is used in many senses. It means obligation, liability, or activity or accountability.
- “It may be defined as the obligation of a subordinate, to whom a supervisor has assigned a task, to perform the service required.”



Delegation of Authority



- Delegation: “The entire process of delegation involves the determination of results expected, the assignment of tasks, the delegation of authority for accomplishment of these tasks.”



Delegation of Authority



Delegation Flow Chart

I do.

I do,
you
watch.

We do.

You do,
I watch.

You do.

- Realization
- Observation
- Collaboration
- Evaluation
- Delegation

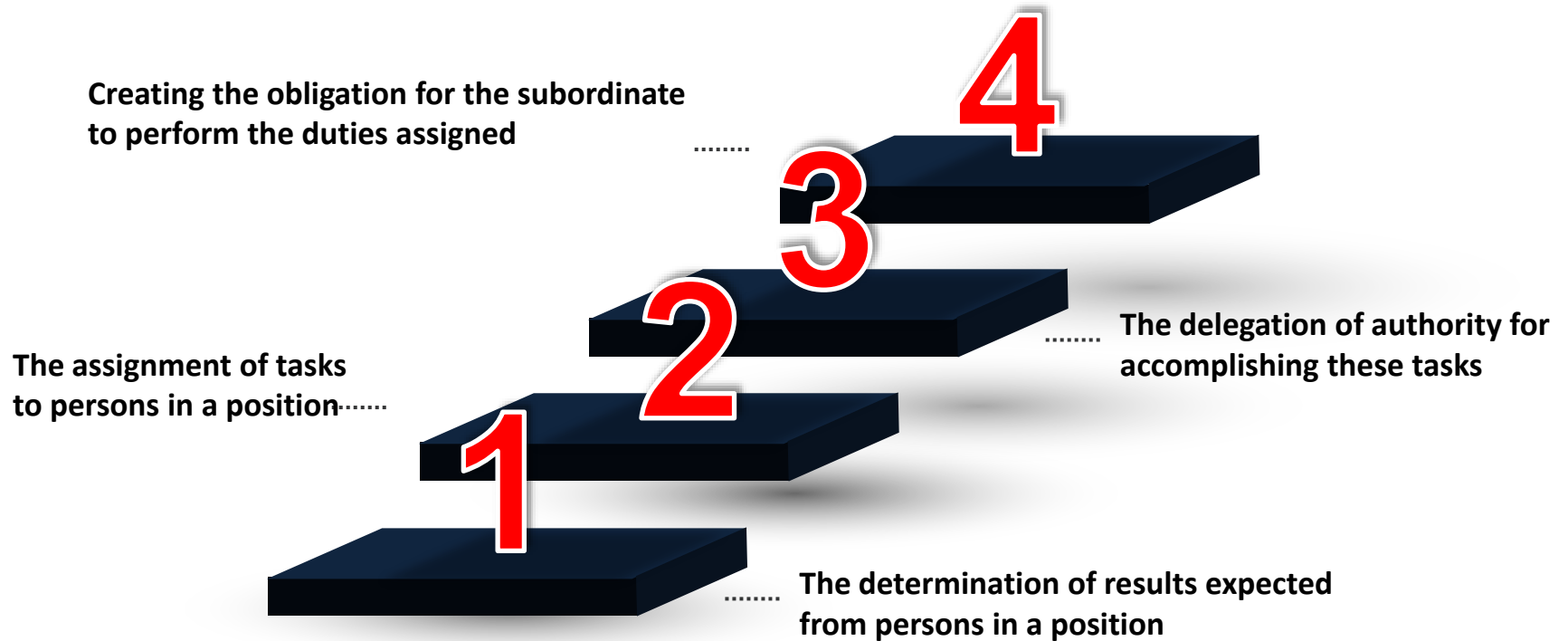
Principles of Delegation



1. **Delegation to go by results expected:** Before assigning duties and delegating the authority to his subordinates, the manager should be clear in his mind as to what he expects from them.
2. **Responsibility is absolute:** A manager can delegate only authority not responsibility. Responsibility is never delegated.
3. **Select appropriate sub ordinate for delegation:**
4. **Authority to match responsibility and vice versa:** Just as an ill-equipped soldier can't fight a battle successfully, similarly an inadequate unauthorized subordinate can't succeed in accomplishing the assigned task.



Process of Delegation



Any Questions ???

