

Introduction to Management

Module 1: Organisation & Marketing Management

Odd Semester (2023-24)



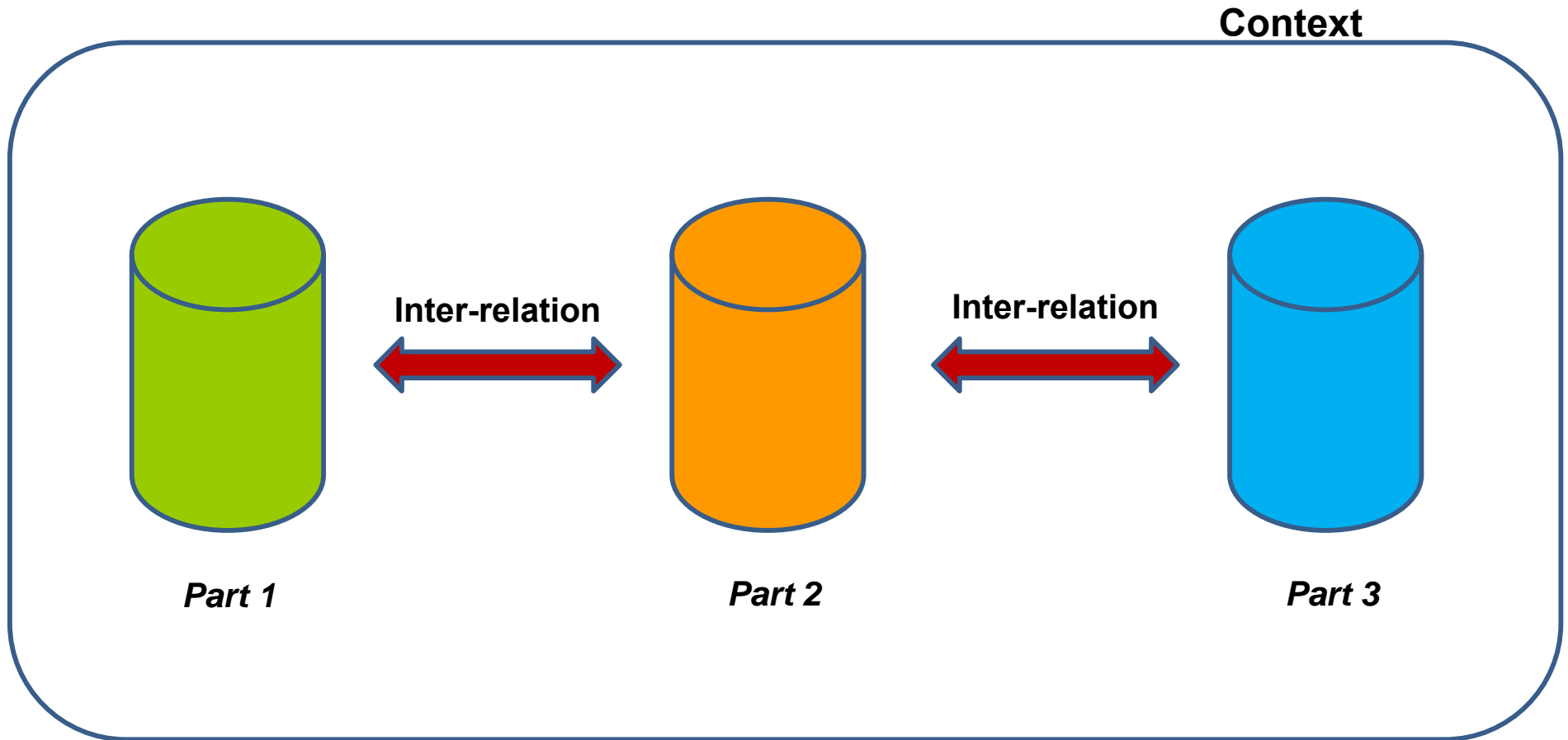
Prof. Amit Shukla

Organisational Structure

“The formal configuration between individuals and groups regarding the allocation of **tasks**, **responsibilities**, and **authority** within the organisation”

– *Galbraith, 1987; Greenberg, 2011*

Systems Thinking



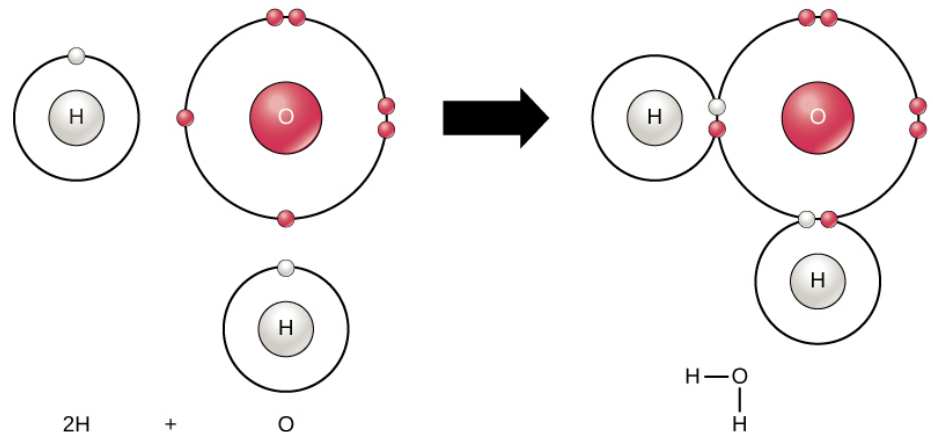
Systems Thinking

- A holistic approach to analysis that focuses on the way that a **system's** constituent parts interrelate and how **systems** work over time and within the context of larger **systems**

Organisational Structure: Peculiarities

- **P1:** Collectives are different from constituents

“The unique characteristics of living organisms are not due to their composition but rather to their organisation”
- **Ernst Mayr**



Organisational Structure: Peculiarities

- **P2:** Individualities take a back seat (Caveat)

“To be yourself in a world that is constantly trying to make you something else is the greatest accomplishment” – Ralph W. Emerson



Organisational Structure: Peculiarities

- **P3:** New frame of reference for a new perspective

“Truth is a point of view, and so is changeable”
– *Hypatia*



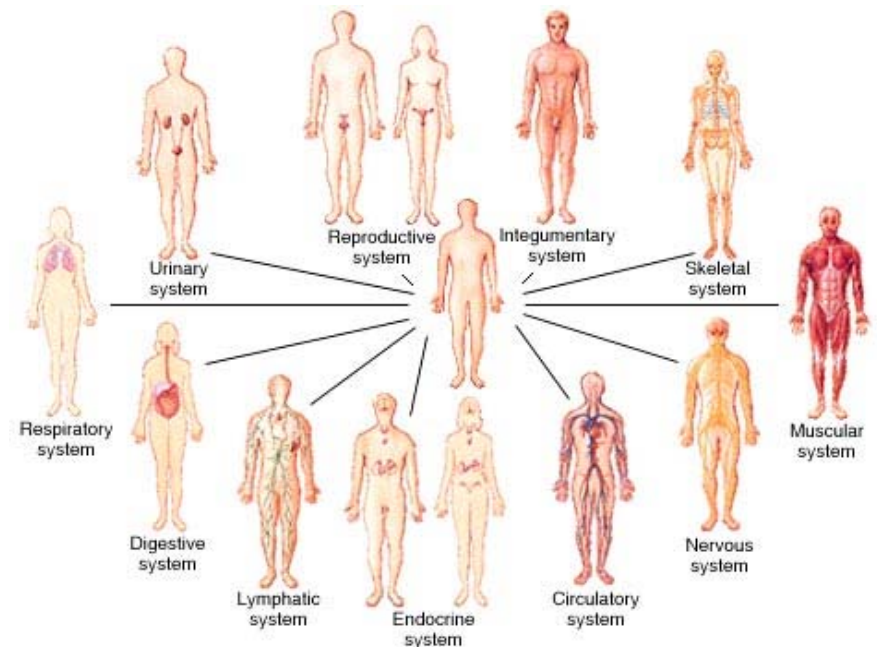
Sir Isaac Newton (1643- 1727)

Max Planck (1858-1947)

Organisational Structure: Peculiarities

- **P4:** It comprised of many sub-organisations

“Great things are done by a series of small things brought together”
– **Vincent van Gogh**



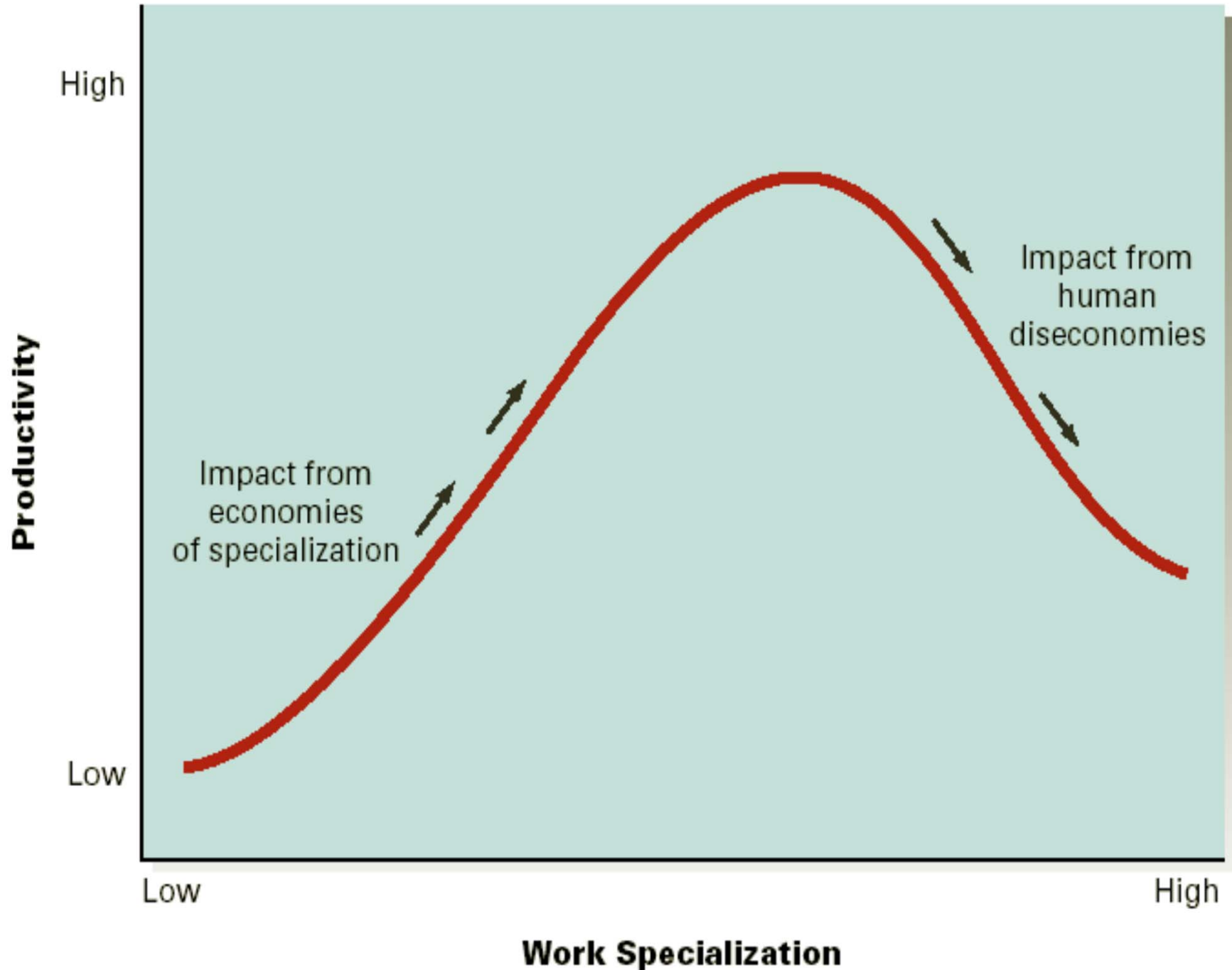
OS: Key Historical Concepts

- Division of Labour
- Bureaucracy
- Scientific Management
- Administrative Principles

OS: Key Historical Concepts

- *Division of Labour (Smith) – Late 1700s*
 - Invisible hand
 - Free markets
 - Demand and supply
 - Role of government

Economies of Work Specialization



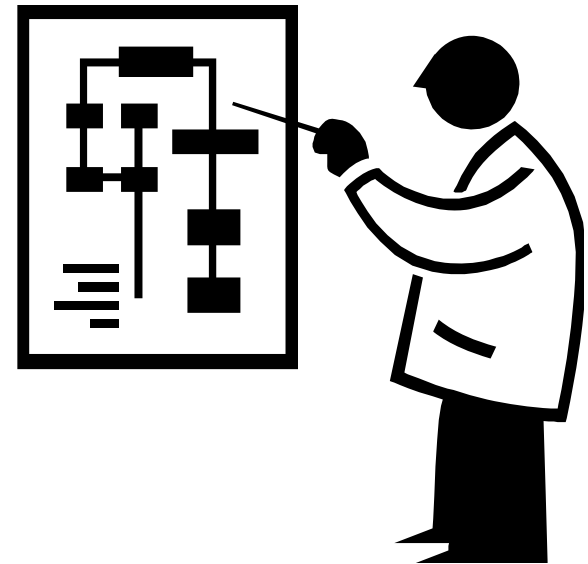
OS: Key Historical Concepts

- *Bureaucratic Organizations (Weber) – Early 1900s*
 - Division of Labour
 - Hierarchy
 - Rules and Procedures (SOPs)
 - Managers – Ownership
 - Promotion – Qualifications
 - Documentation

“A form of organization based on logic, order, and the legitimate use of formal authority”

Hierarchy

- Organization Chart
(*Organogram*)
 - A chart that shows the structure of the organization including the title of each manager's position and, by means of connecting lines, who is accountable to whom and who has authority for each area.



OS: Key Historical Concepts

- *Scientific Management (Taylor) – Early 1900s*
 - Standard methods for each job
 - T & M study
 - Job ability matching
 - Performance control
 - Workmen training
 - Wage incentives

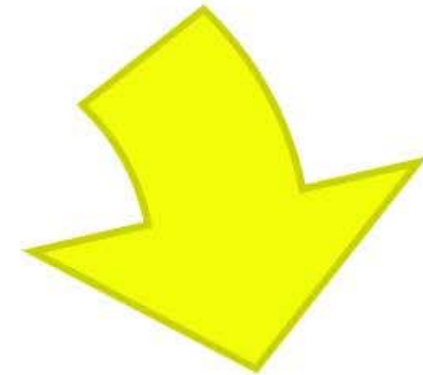
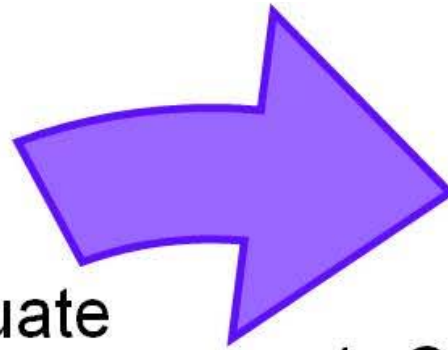
1. Conduct a Method Study

2. Standardize Processes
and Procedures

3. Conduct a
Time Study

4. Establish
Standard Time

5. Monitor and Evaluate
Changes in Conditions



OS: Key Historical Concepts

Administrative Principles (Fayol) – Early 1900s

Exhibit 2.4 Principles of management

1. **Division of labour** If people are specialists, they can perform their tasks better. It recommends grouping of people as per their areas of specialization. The modern assembly line concept is an outcome of such division of labour.
2. **Authority** Managers must have the authority to get things done. But formal authority alone may not ensure obedience from the subordinates. Managers must have the expertise to exert personal authority as well.
3. **Discipline** People working in an organization need to comply with rules and agreements that govern the organization. Results cannot be achieved without discipline. Good discipline is the result of good leadership and together they can create an environment of good work culture.
4. **Unity of command** Members in an organization must receive instructions from only one person. Conflicts arise when one receives orders and instructions from multiple bosses. Therefore, ideally an employee should report to a single boss.
5. **Unity of direction** All operations of an organization need to be directed at one objective. Goals cannot be achieved without unity of direction.
6. **Subordination of individual interest to the common good** Interests of an individual employee should not take precedence over the interests of the organization as a whole.
7. **Remuneration** It should be fair to both employees and employers.
8. **Centralization** While centralization reduces the role of the subordinates in the process of decision making, decentralization enhances it. Managers should retain responsibility by centralization but at the same time give their subordinates enough authority to do their jobs properly.
9. **The hierarchy** There should be a line of authority, illustrated in the form of an organizational chart, showing the hierarchy clearly from the top management down to the lowest level.
10. **Order** Men and materials should be in the right place at the right time. Job allocation should be made in a way that suits employees.
11. **Equity** Managers should be fair to their subordinates.
12. **Stability of staff** Employee turnover should be the minimum possible to ensure continuity and efficiency of an organization.
13. **Initiative** Subordinates should have the freedom to plan and work out their tasks, even though they may commit mistakes.
14. **Esprit de corps** Team spirit should be promoted to develop a culture of unity in an organization. Wherever possible, verbal communication should be used instead of formal written communication as this helps in developing team spirit in an organization.

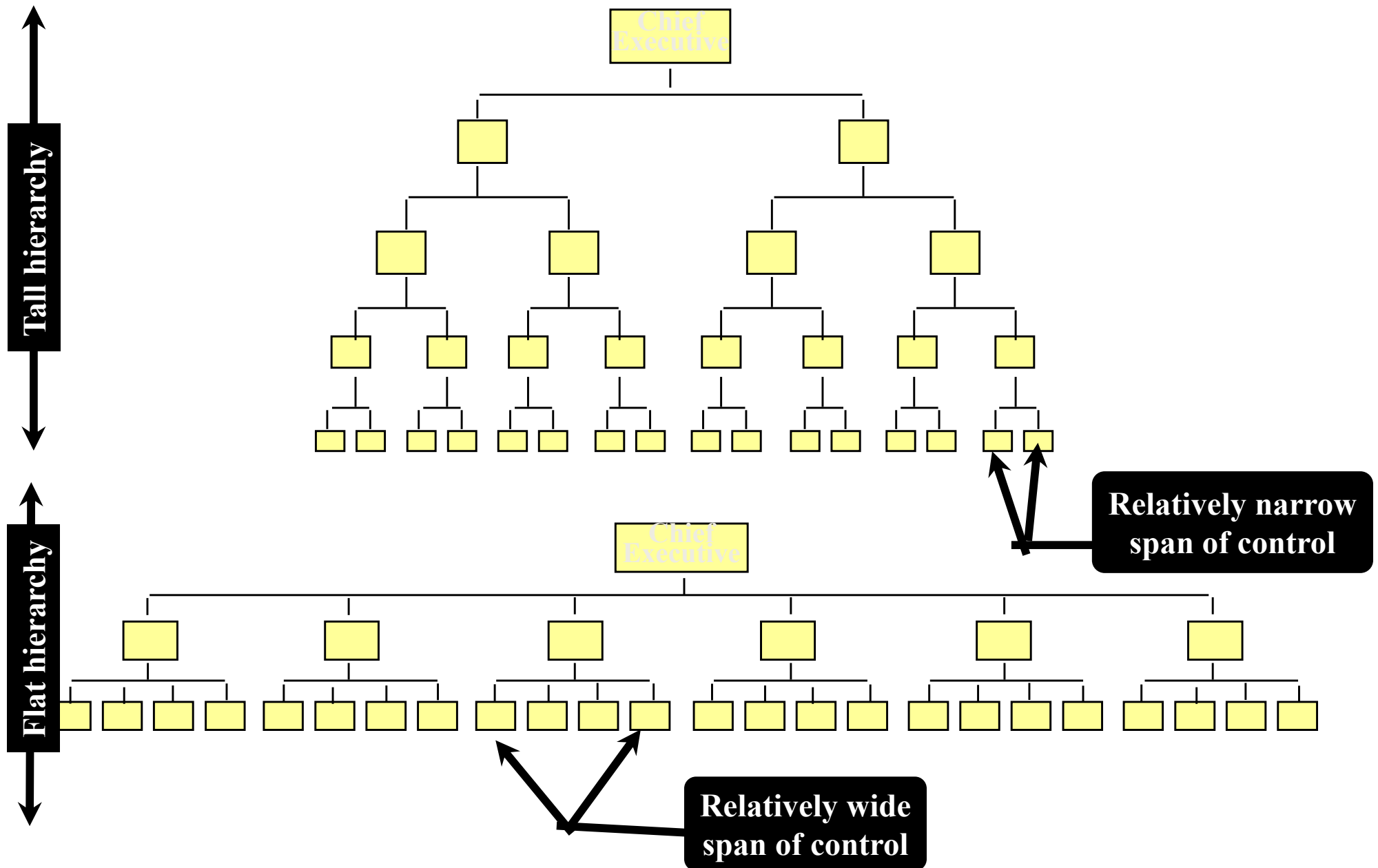
OS: Parameters

- Pugh's Model (1968)
 - *Specialization*
 - *Standardization*
 - *Formalization*
 - *Centralization*
 - *Configuration (Span of Control)*

OS: Typologies

- Tall vs. Flat
- Mechanistic vs. Organic
- Hierarchical types

Tall versus Flat Organizations: Comparison



Contrasting Spans of Control

		Members at Each Level	
		(Highest) Assuming Span of 4	Assuming Span of 8
Organizational Level		1	1
	2	4	8
		16	64
	4	64	512
		256	4,096
	6	1,024	
		4,096	
(Lowest)			
		Span of 4:	Span of 8:
		Employees: = 4,096	Employees: = 4,096
		Managers (level 1–6) = 1,365	Managers (level 1–4) = 585

Mechanistic vs. Organic Structures

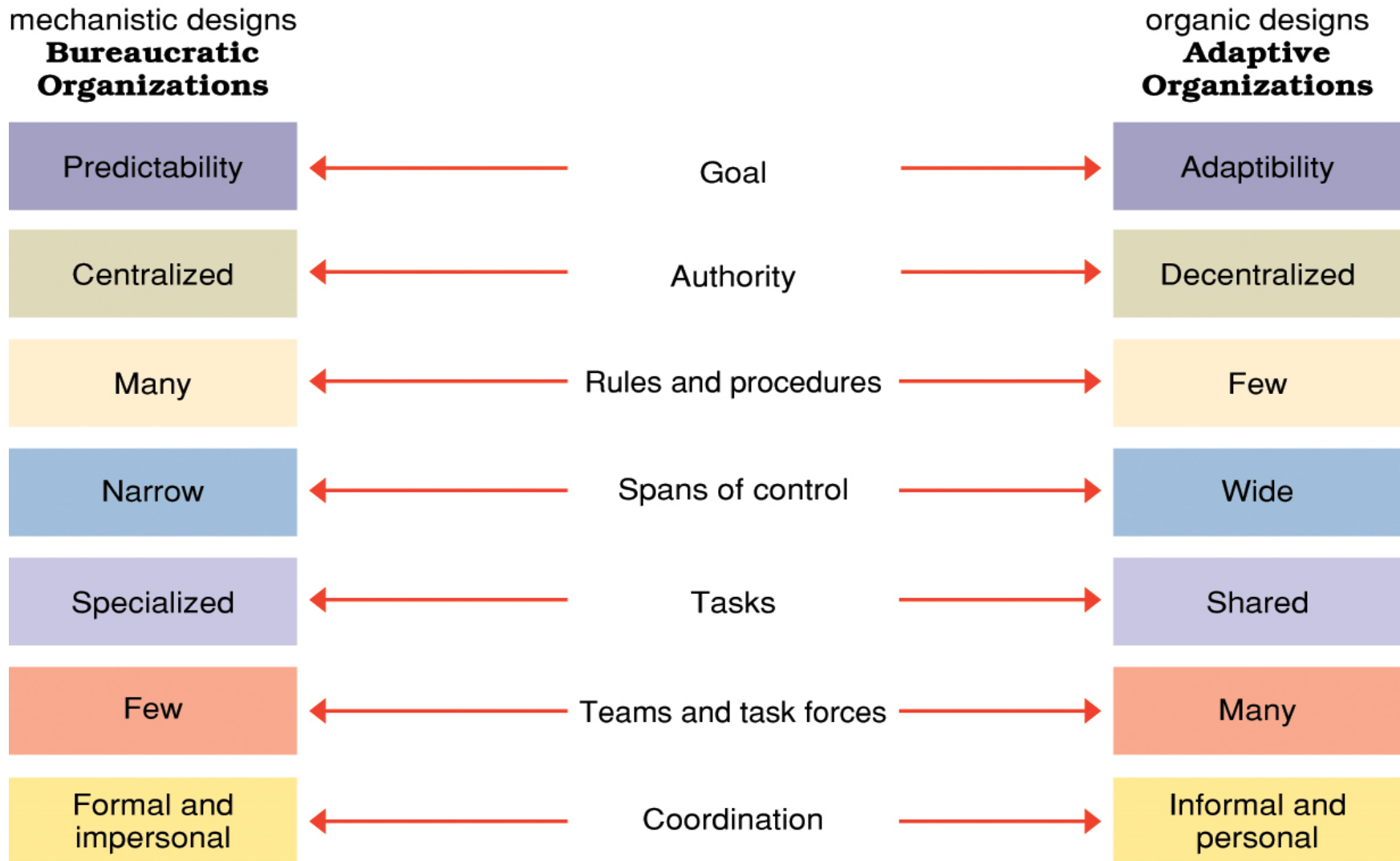
Mechanistic

- High formalization
- Narrow span of control
- High centralization

Organic

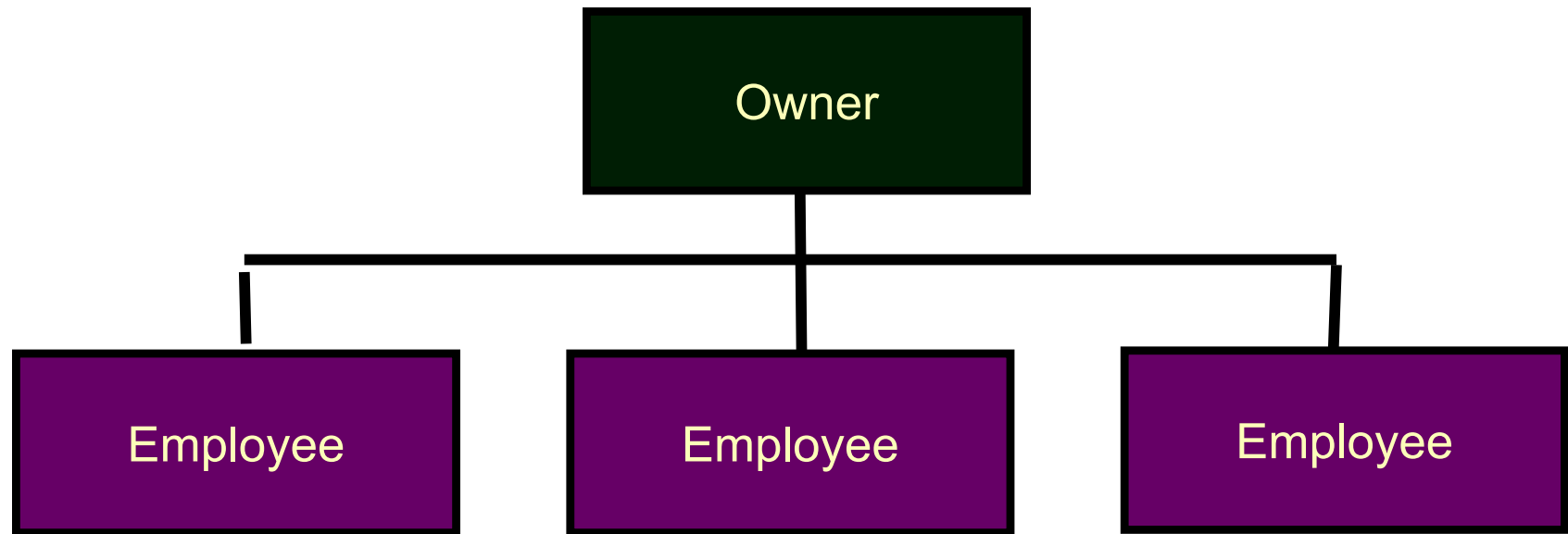
- Low formalization
- Wide span of control
- Low centralization

A Continuum: Contingency Perspective



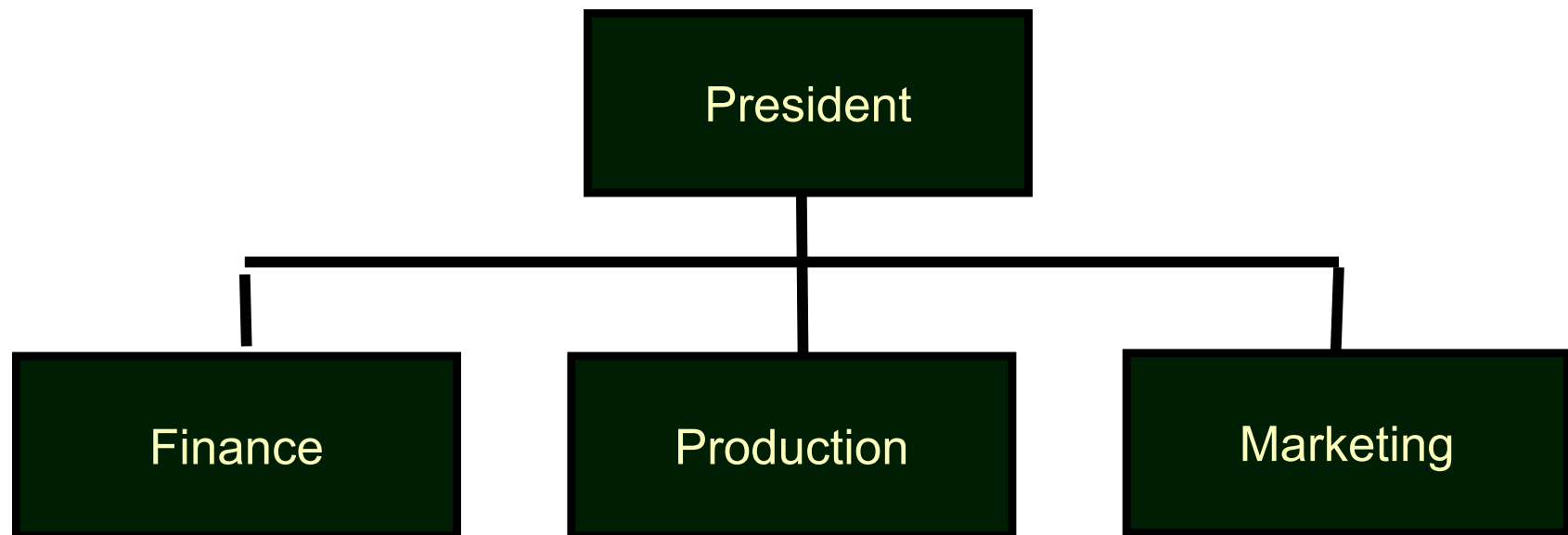
Simple Structure

- Few employees reporting directly to one person (owner)



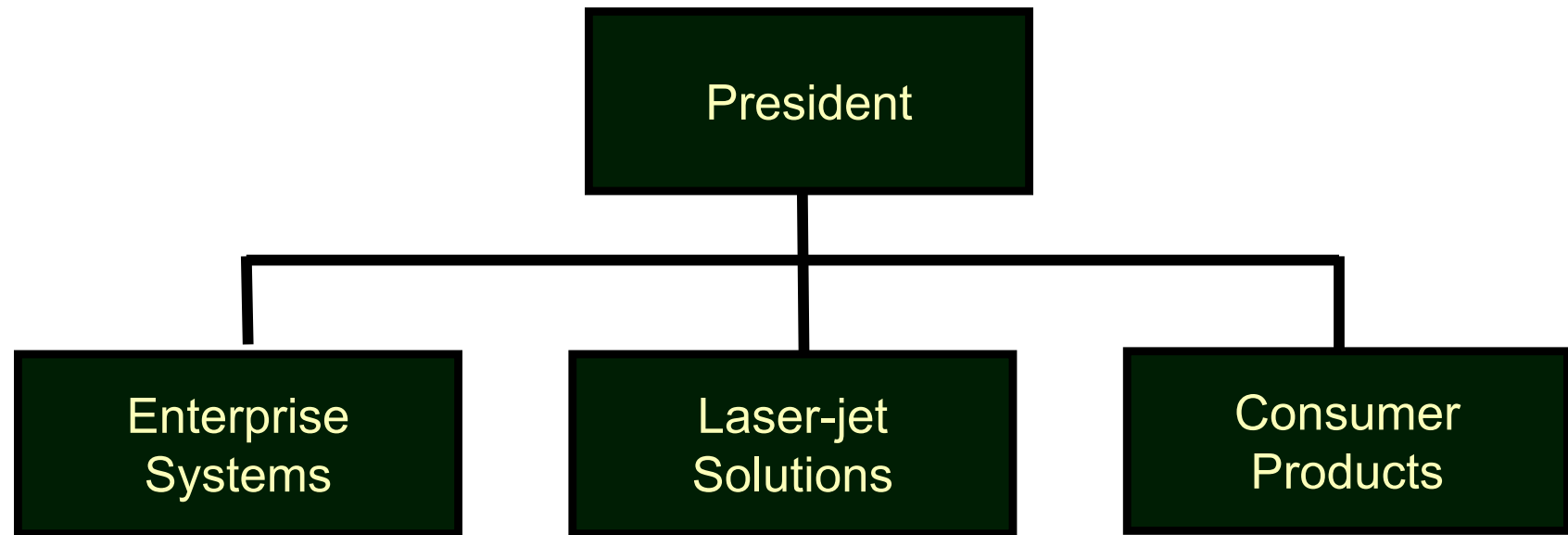
Functional Organizational Structure

- Organizes employees around skills or other resources (marketing, production)
- Create subordinate goals



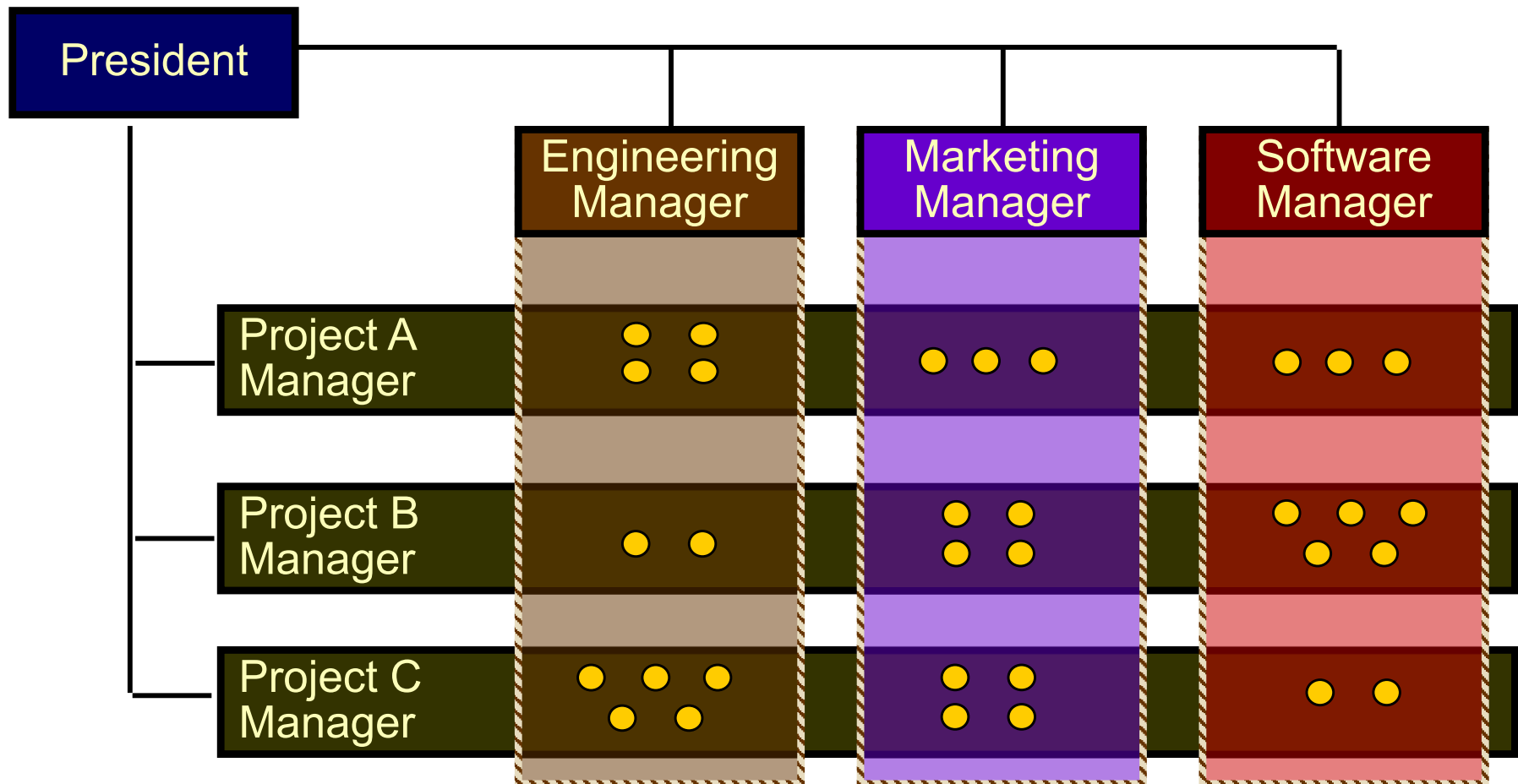
Divisional Structure

Organizes employees around outputs, clients, or geographic areas



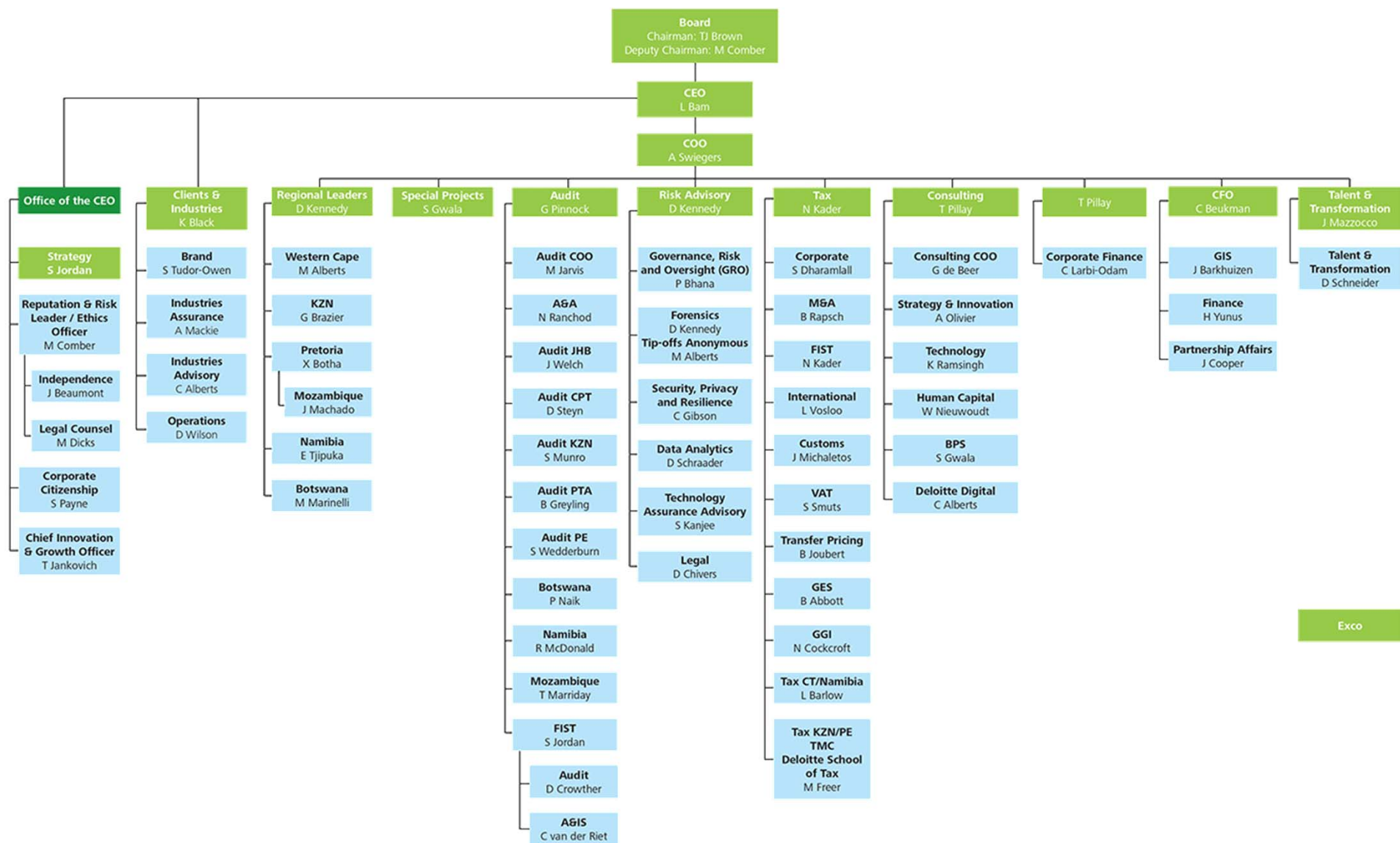
Project-Based Matrix Structure

Employees are temporarily assigned to a specific project team and have a permanent functional unit



HYBRID Structure

- Parts are combined to maintain balance of power and effectiveness across functional, product, geographic and client focused units



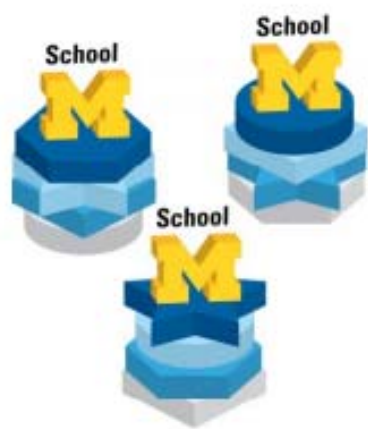
Shared Services

- In-sourcing of domain expertise

What is shared services?

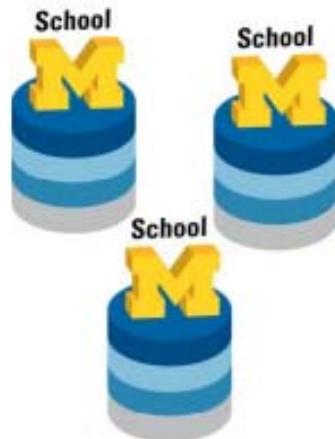
Shared Services is a way of organizing administrative functions to optimize the delivery of cost-effective, flexible, reliable services to all “customers”.

Decentralized



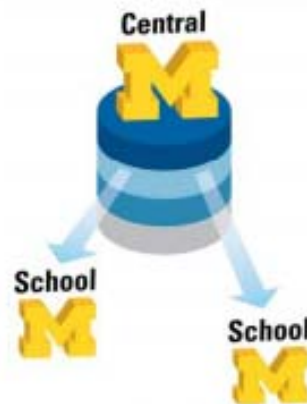
- Autonomous departments
- Focus on responsiveness
- Different systems and non-standard processes
- Separate functional staff

Standardized



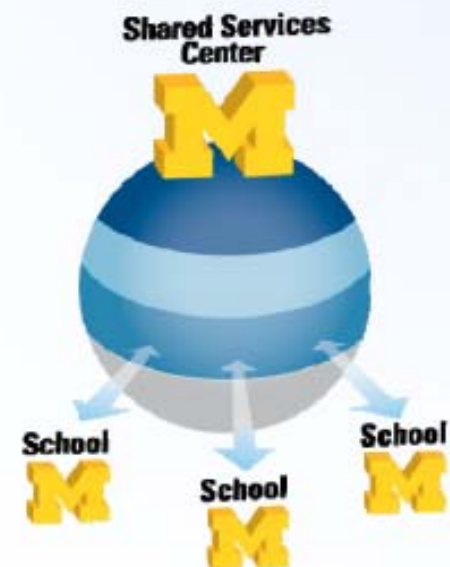
- Schools run similarly
- Typically some common sub-systems
- Common processes
- Separate functional staff

Centralized



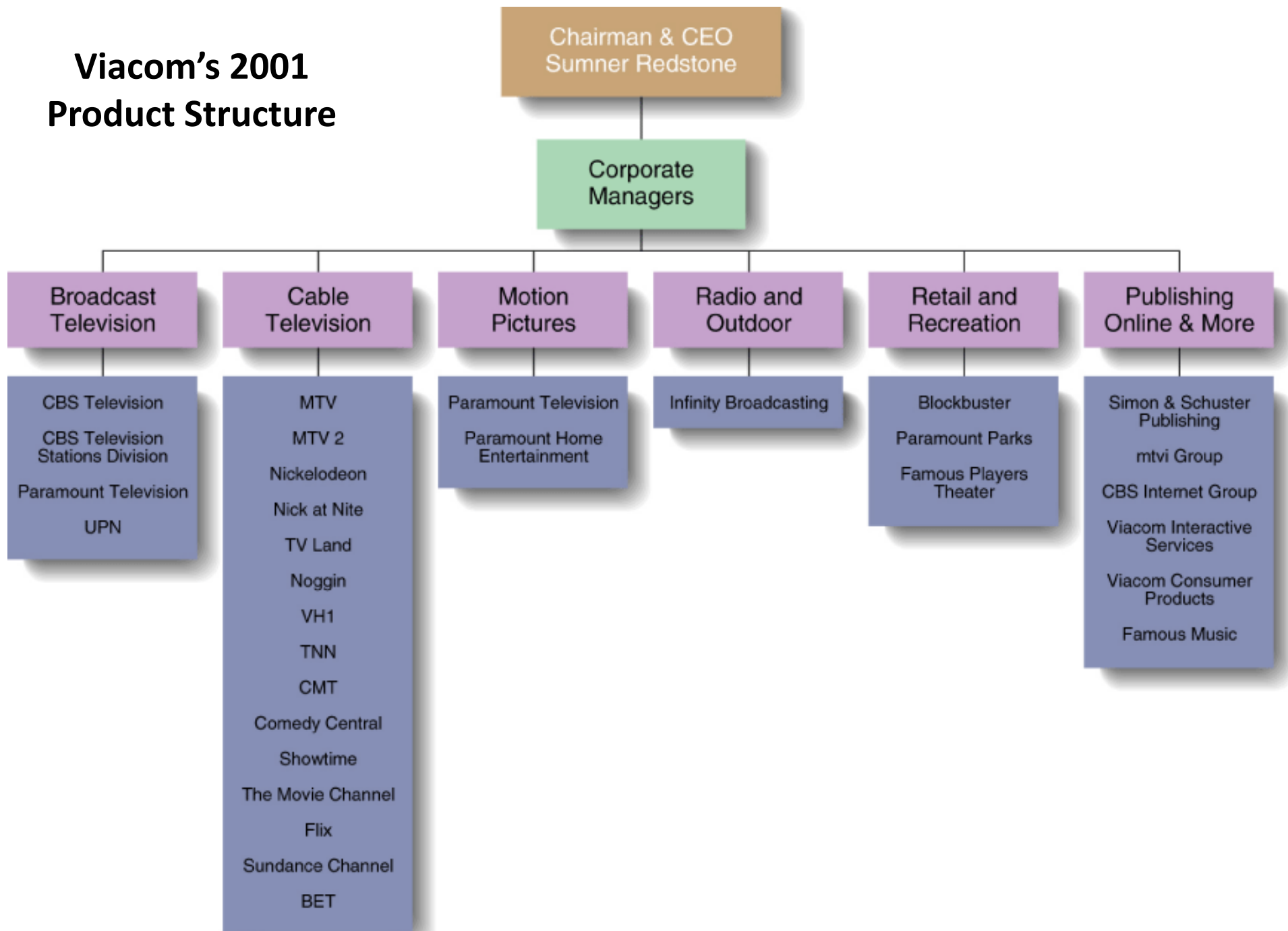
- Single department or site which performs the function
- Focus on efficiency and control
- Typically some common sub-systems
- No service level agreements nor performance targets

Shared Services Center



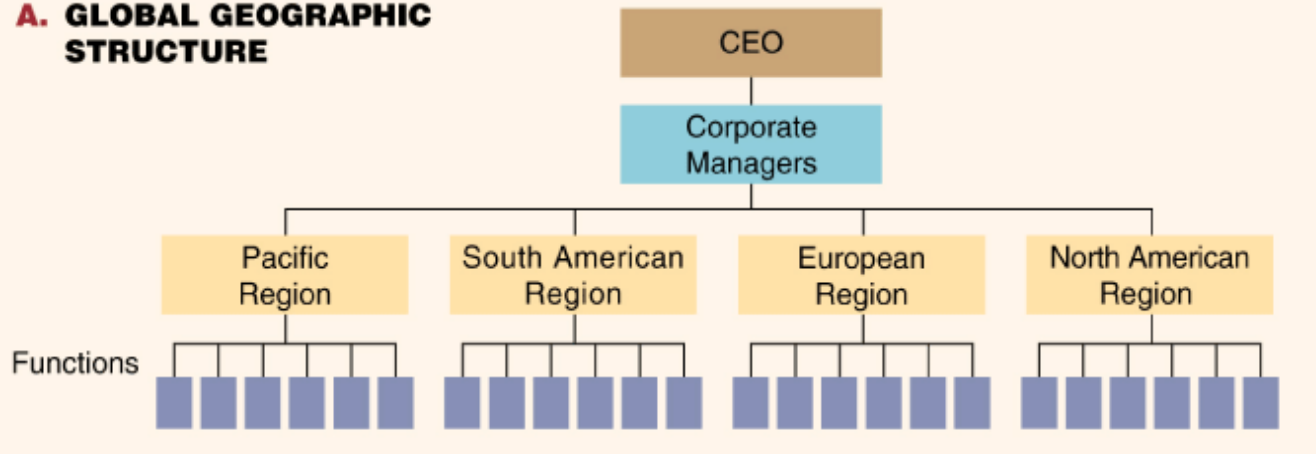
- Separate organization but linked to customers through oversight model
- Managed service delivery through clear service level agreements
- Customer driven transactions
- Performance driven culture through measurement and feedback
- Process ownership end-to-end

Viacom's 2001 Product Structure

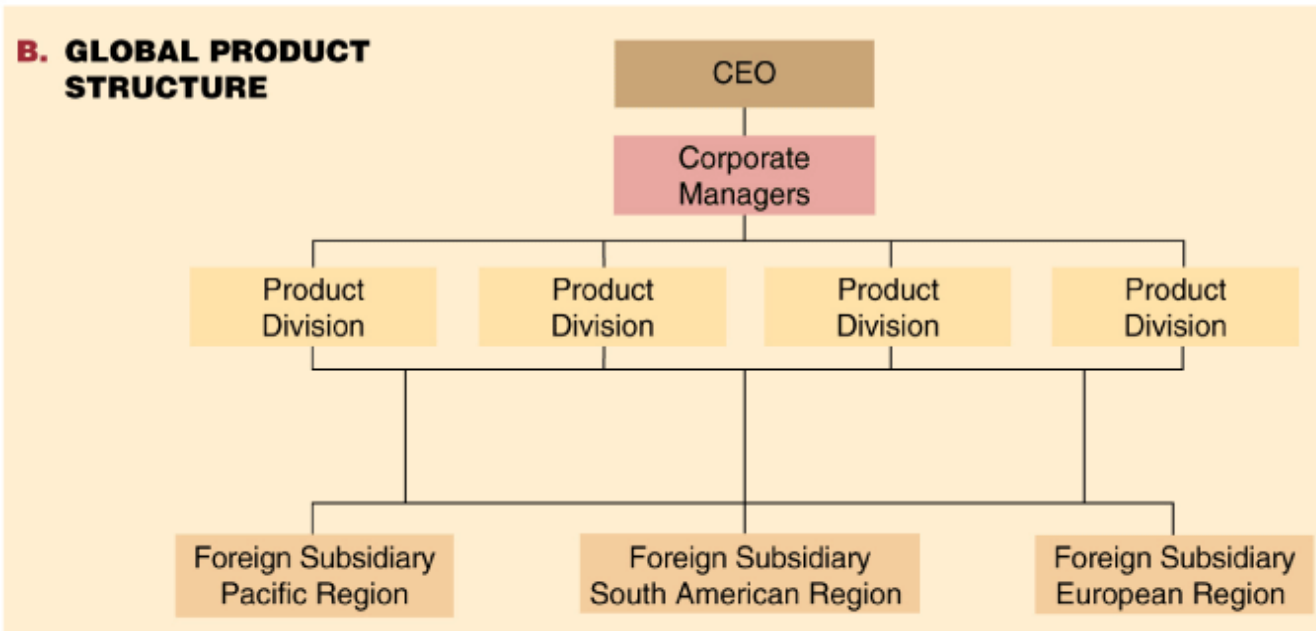


Global Geographic and Global Product Structures

A. GLOBAL GEOGRAPHIC STRUCTURE



B. GLOBAL PRODUCT STRUCTURE



OS: Determinants

- *Environment (Stable ?)*
- *Strategy (Diversification ?)*
- *Technology (Complex ?)*
- *Human Resource (Highly skilled ?)*
- *Organisation size/life cycle*

Organisational Routines

- Indicate set of modes and methods for conducting various functions
- These are repetitive and recognizable patterns of interdependent actions
- Include various internal and external processes
- Usually a hallmark of bureaucracy

Organisation: Processes

- Organisations are open system
- Environment plays important role
- Parameters are determined by
 - Internal capabilities (SWOT Analysis)
 - External circumstances (PESTEL Analysis)

The Organization as an Open System

