

# Organizing

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# **Chapter Objectives**

Analyze the different forms of an organization

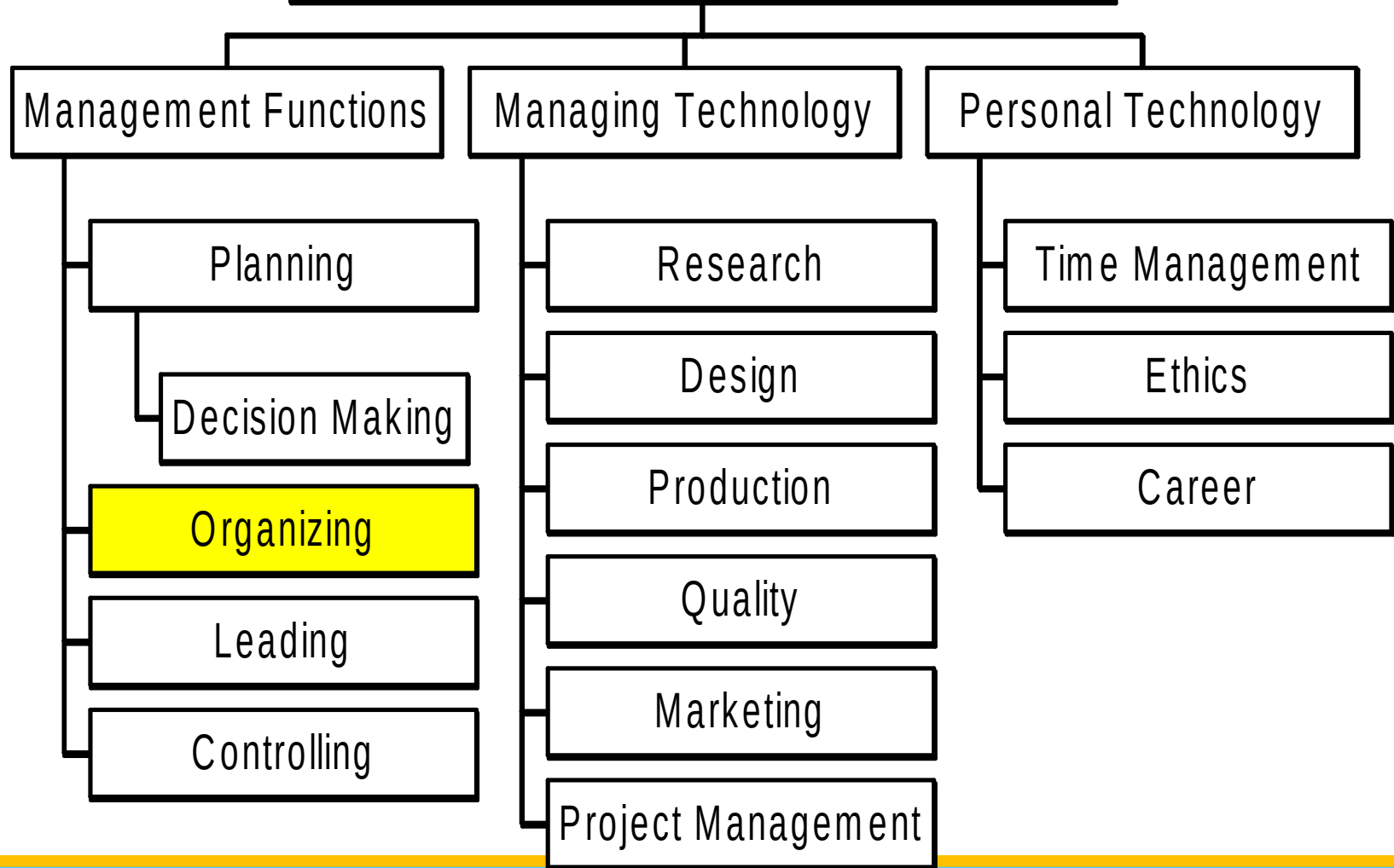
Explain different organizational structures

Describe the differences in Line and Staff relationships

Describe the use and value of teams

# Advanced Organizer

## Managing Engineering and Technology



# Organizing defined



# Organizing defined

1. Arranging several elements into a purposeful sequential or spatial (or both) order or structure
2. Assembling required resources to attain organizational objectives

# Organizing defined

## **Organization Role consists of**

**1**

**Verifiable  
Objectives**

(from planning)

**2**

**Clear Idea of  
Major duties**

(awareness)

**3**

**Discretion and  
Authorities**

(delegation)

# **Purpose of Organization**

Helps to achieve organizational goal

Optimum use of resources

To perform managerial functions

Facilitates growth and diversification

Human treatment of employees

# Nature of organizing

## Characteristics of an Organization

Differ greatly in size, function, and makeup. But three characteristics of nearly all organizations with more than a few members are:

- (1) a division of labor;
- (2) a decision-making **structure**; and
- (3) formal rules and policies



# **Nature of organizing**

## **Legal forms of Organization**

Sole Proprietorship

Partnership

Corporations

Cooperatives



# Legal Forms of Organization

## **Sole Proprietorship**

- Easy to organize and shutdown
- Few legal restrictions
- Owner forced/free to make all decisions
- Profits taxed once
- Owner faces unlimited liability
- Duration of business is limited by life of proprietor

# Legal Forms of Organization

## Partnership

- Two or more partners
- Easy to organize & relatively few legal restrictions
- Pooling of skills
- Partners do individual taxes
- Unlimited liability for partners, but in limited partnership, at least one unlimited partner and others limited.

# Legal Forms of Organization

## **Corporations**

- Owned by shareholders
- No liability beyond stocks
- Taxed twice (corp. tax and personal income tax)
- Subject to many state and federal controls

# Legal Forms of Organization

## Cooperatives

- Owned by users and customers
- Usually tax free
- Ex: Khimti  
Rural Electric Coop

## Trust

- Ex: KU

# Traditional Organization Theory

## Patterns of Departmentation

Basic/primitive: hire few people to work under you.

Functional: hire special mgrs for particular areas like finance, production, sales etc.

Product/Sector: done when functional gets too complicated and chain of command is too long.

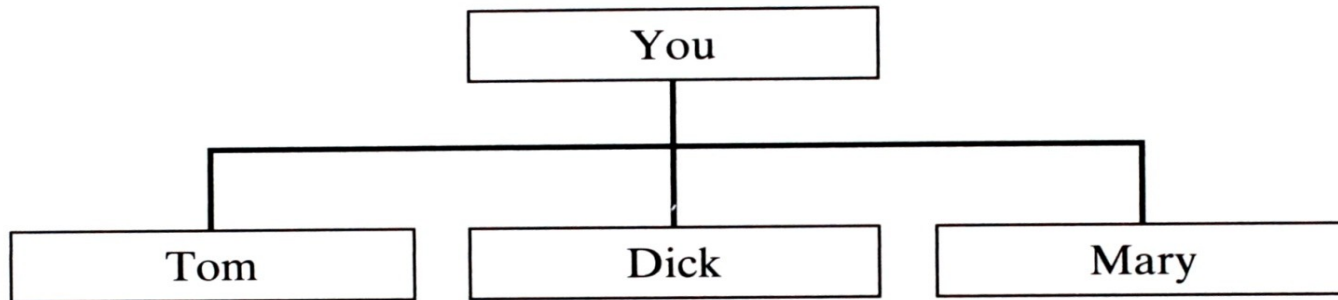
Geographic: say, full set for western and eastern coasts. good communication makes this easy.

Mixed

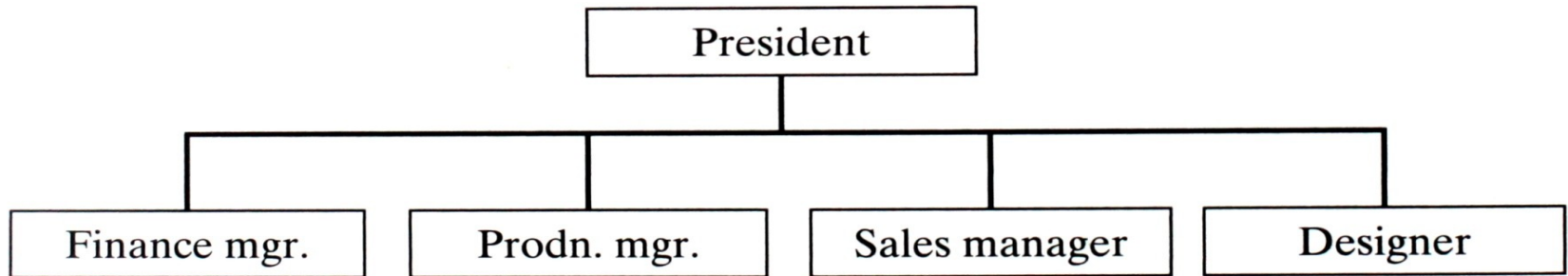
# Departmentation

a) Basic Organization

b) Functional organization



(a)



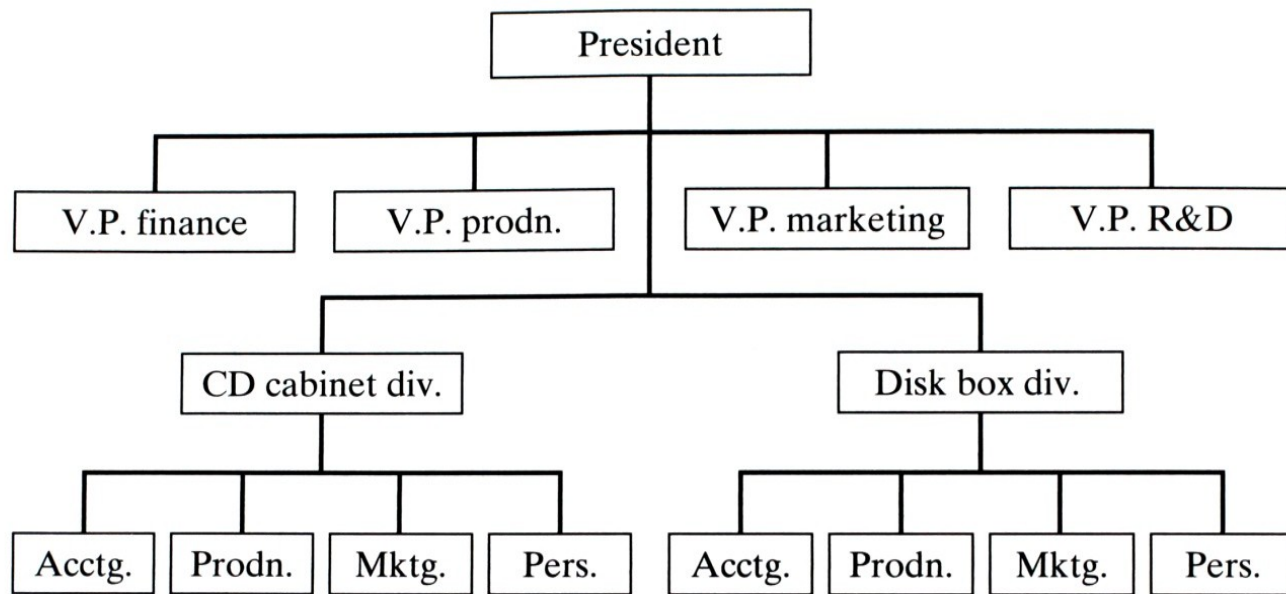
(b)

# Basic Organizational Structures

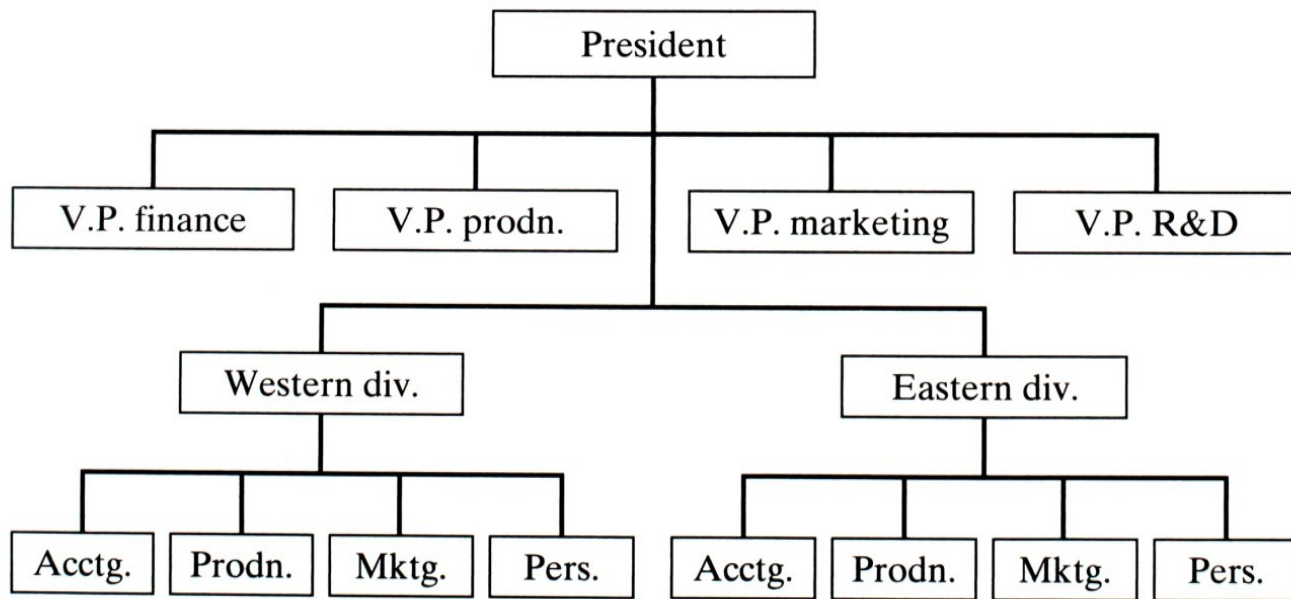
**a) Product Organization**

**b) Geographic  
organization**





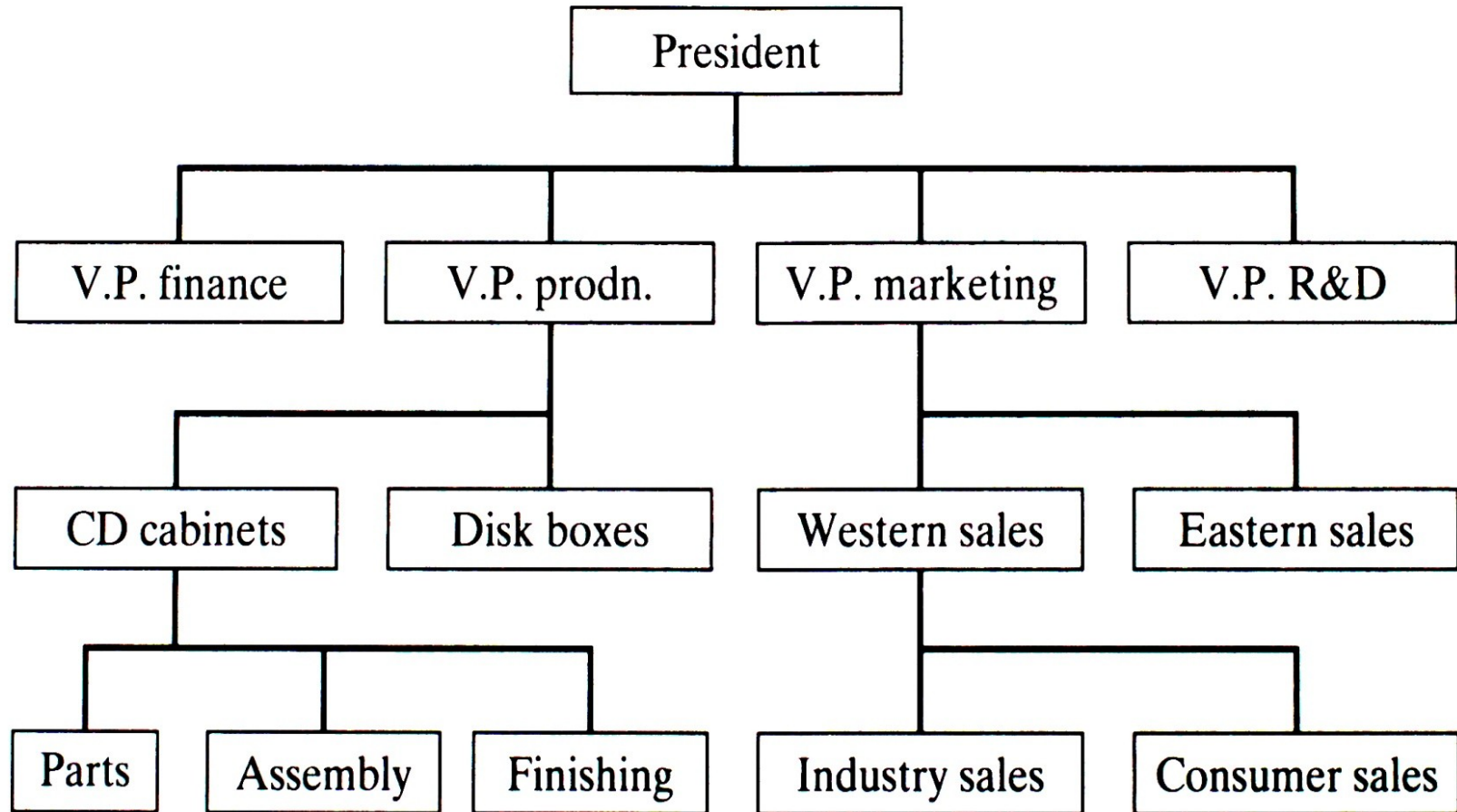
(a)



(b)

# Basic Organizational Structures

## Mixed organization



# Traditional Organization Theory

## Spans of Control

Number of subordinates a supervisor has

In the hierarchical business organization of the past it was not uncommon to see average spans of 1 to 4 or even less.

In the 1980s corporate leaders flattened many organizational structures causing average spans to move closer to 1 to 10.

# Traditional Organization Theory

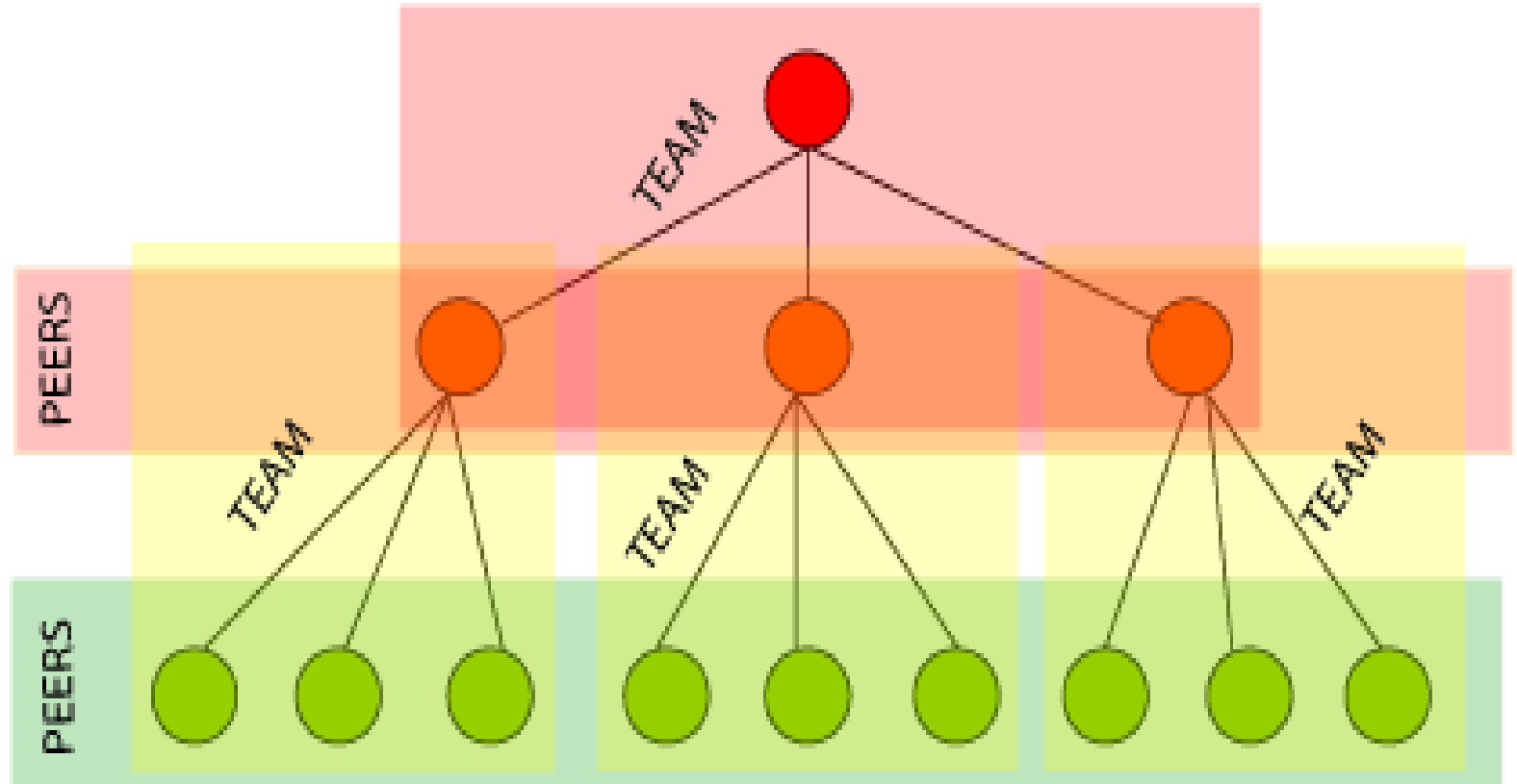
## Spans of Control

The current shift to self-directed cross-functional teams and other forms of non-hierarchical structures, have made the concept of span of control less salient.

Theories about the optimum span of control go back to V. A. Graicunas. In 1933 he used assumptions about mental capacity and attention span to develop a set of practical heuristics.

# Traditional Organization Theory

Span of control, direct reports, peers and manager's team



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# **Traditional Organization Theory**

## **Spans of Control**

Factors determining effective spans

Subordinate training

Nature of jobs

Rate of change of activities and personnel

Clarity of instruction and delegation

Staff assistance

# Traditional Organization Theory

## Line and Staff Relationships

Line functions: those that accomplish the main mission/objectives of the organization.

Staff functions: those that help line accomplish these objectives by providing some kind of service/advice.

Personal staff: `assistant' to a manager, troubleshoots or does assignments for the manager.

Specialized staff: they serve the entire organization in an area of special competence.

# Line and Staff Relationships

Line relationships: Superior/Subordinate relationships typically represented vertically in organizational charts

Staff relationships: Advisory in nature, degree of influence may vary

- Provide advice on request
- Recommendations when appropriate
- Must be consulted by line but have no direct authority
- Concurring authority - veto authority over line



# Line and Staff Relationships

Service: Centralized support functions

- Custodial
- Security
- Medical

# Friction b/w line & staff personnel

Staff specialists: hired from college for degree, little understanding of problems and realities of line organization.

Line managers: usually older, longer tenure in org., less educated and doesn't understand expertise of staff specialists and need for org.

To solve this in military, officers have assignments in both command and staff.

# Teams

Small group of people

Serve interests of its members

Exchange ideas freely and clearly

Have common goals

Committed to achieving goals

Each team member treated equally

Physical and virtual teams: cross boundaries of time, distance and organization, and communicate using technology.

# Impact of Information Revolution

Computer

Internet

Intranet

# Computer Technology's Impact on the Work Force

Workers will monitor rather than be a part of production.

Factory workers will require a higher level of skills

- Visualization
- Conceptual thinking
- Knowledge of production process
- Statistical inference
- Oral and visual communication
- Attentiveness
- Individual responsibility

# **Drucker's list of problems for management w.r.t. info-based org**

1. Developing rewards, recognitions and career opportunities for specialists (because promotions decrease the higher one goes up)
2. Unified vision in specialists org.
3. Devise proper mgmt structure.
4. Ensuring supply, preparation and testing of top mgmt people.