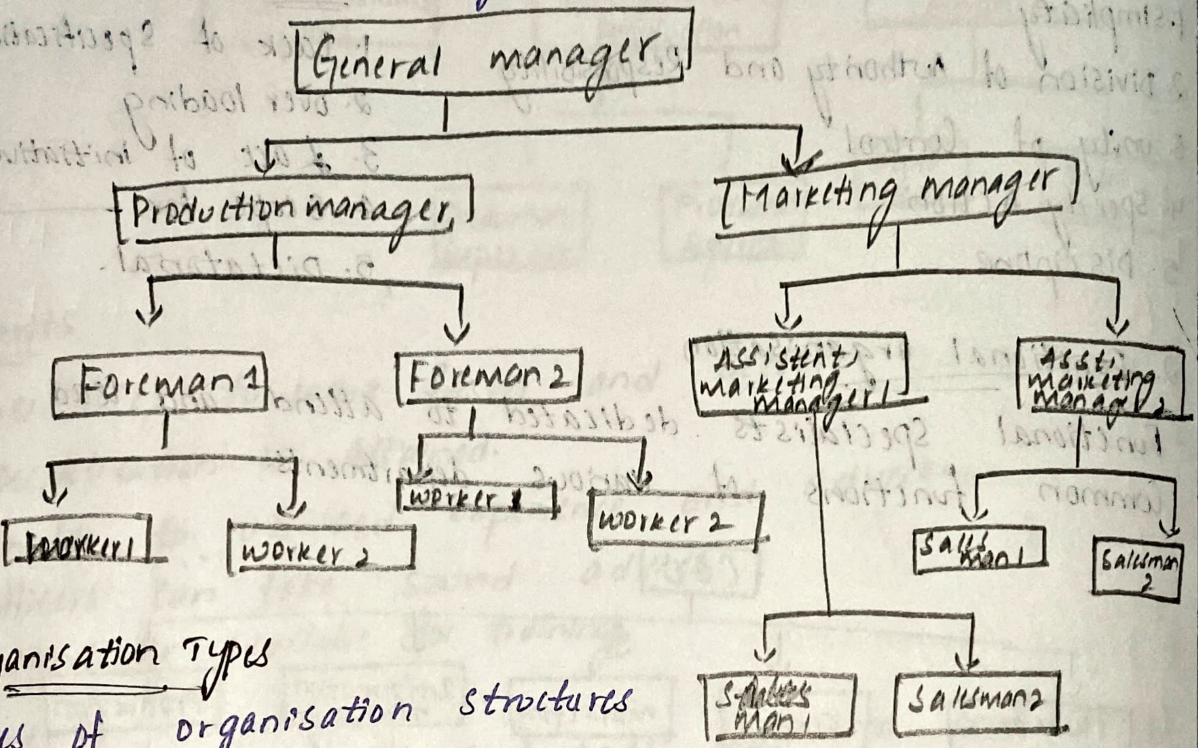
① Types of organisation and structures process

Organisation Structures

An organisation structure explains the position and official relationship between the various individuals working in an organisation.

Organisation chart

- The Diagrammatic presentation of the organisation structure is known as an organisation chart.



Organisation Types

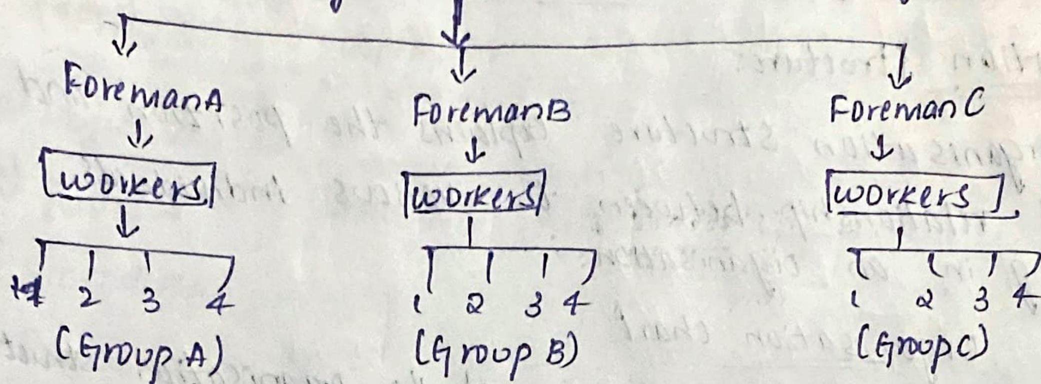
Types of organisation structures

1. Line, milatary (or) scalar
2. Functional
3. Line and staff
4. Committee
5. project.
6. Matrix
7. Freeform.

1. Line organization

Simplest and oldest types of organisation.

Pureline organisation production manager



Merits

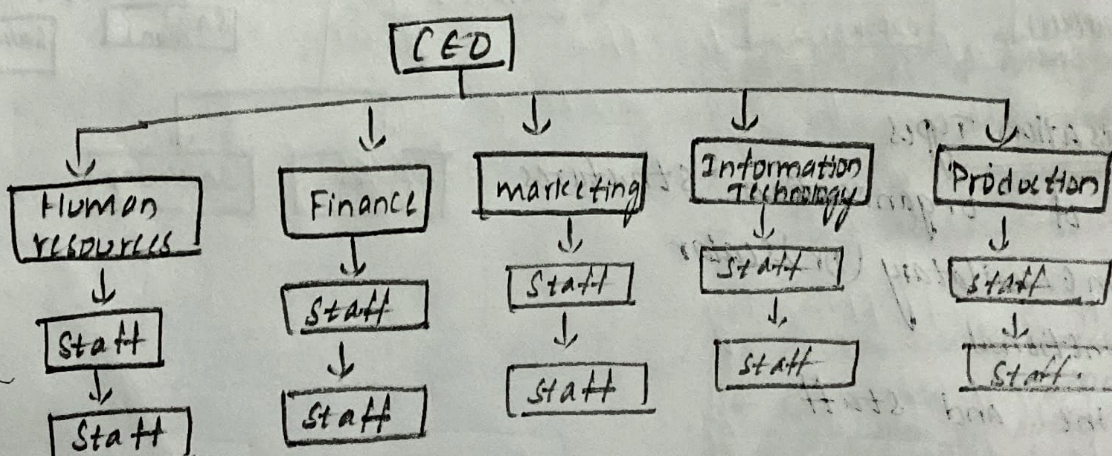
1. Simplicity
2. Division of Authority and Responsibility
3. unity of Control
4. Speedy Action
5. Discipline

Demerits

1. Lack of Specification
2. over loading
3. Lack of initiative
4. Scope for ——→ ?
5. Dictatorial.

2. Functional organisation

Functional specialists dedicated to attend and lead Common functions of various departments.



Merit

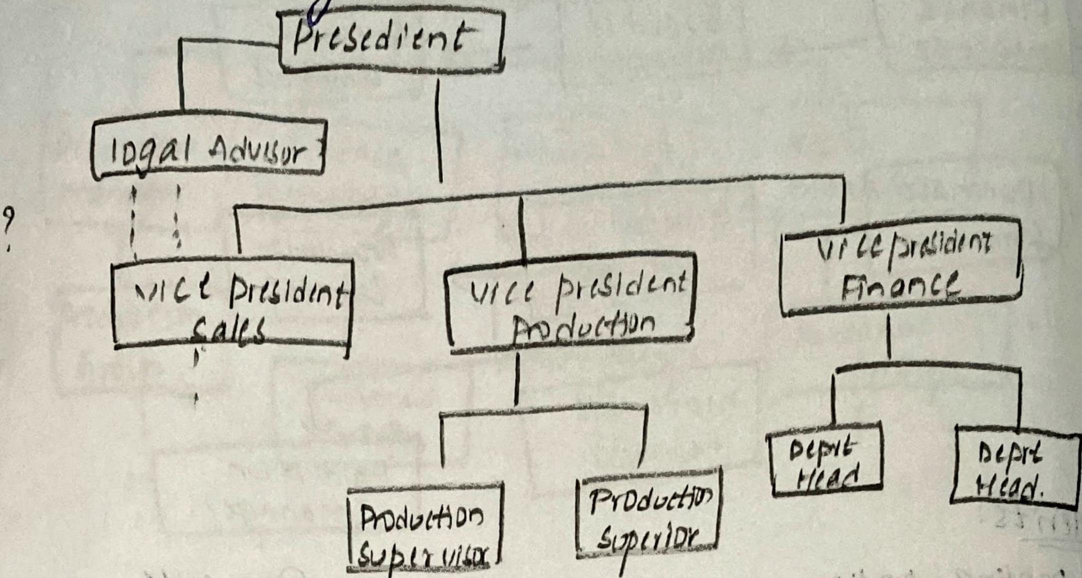
1. Benefit of specialization.
2. Application of Expert knowledge
3. Reducing the work load
4. efficiency
5. Co-operation.

Demerits

1. Complex Relationship
2. Discipline
3. over specialization
4. In-effective Co-ordination
5. Lack of Responsibility

3. Line and Staff organisation:

Line officers of each divison may be assisted by staff officers, staff officers are advisory and do not have authority.



Merits

1. Facilitates to work faster and better.
2. specialization is attained.
3. Enable to utilized experience and advice.
4. officers can take sound advice.
5. opportonity available for training.

Demerits

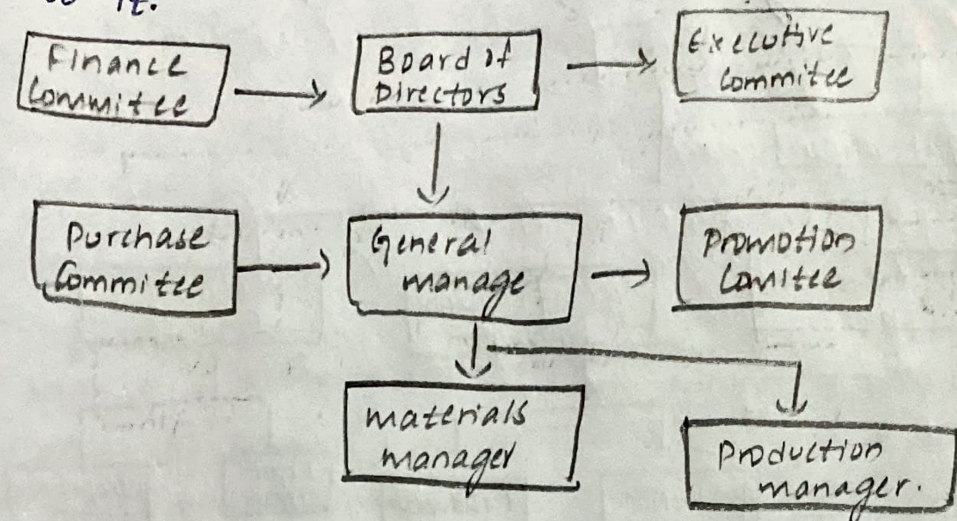
1. undefined line of Commands lead to confusion.
2. Advices could get rejected for no reason.
3. Staff officers not responsible if the advice.
4. officers can take sound advice.
5. opportunity available for training.

Demerits

1. undefined line of Commands lead to confusion.
2. Advices could get rejected for no reason.
3. Staff officers not responsible if the advice didnot produce favorouble result.
4. power conflicts may arise b/w line and staff officers
5. officer may get blamed or rewarded for the wrong reasons.

4. Committee organisation

Committee is a group of people either appointed (or) elected to meet and execute the functions assigned to it.



Merits:

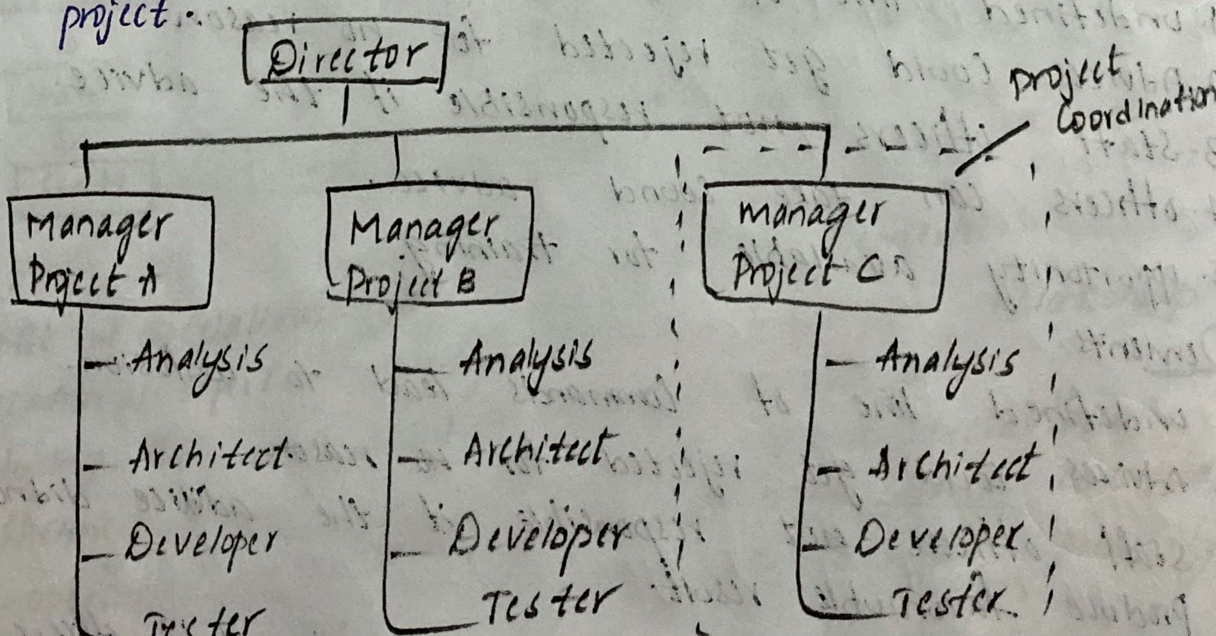
1. pooling option
2. Improved Cooperation
3. Motivation
4. Representation
5. Dispersion of power

Demerits

1. Time and cost.
2. Compromise
3. Personal prejudice
4. Logrolling
5. Lack of effictiveness

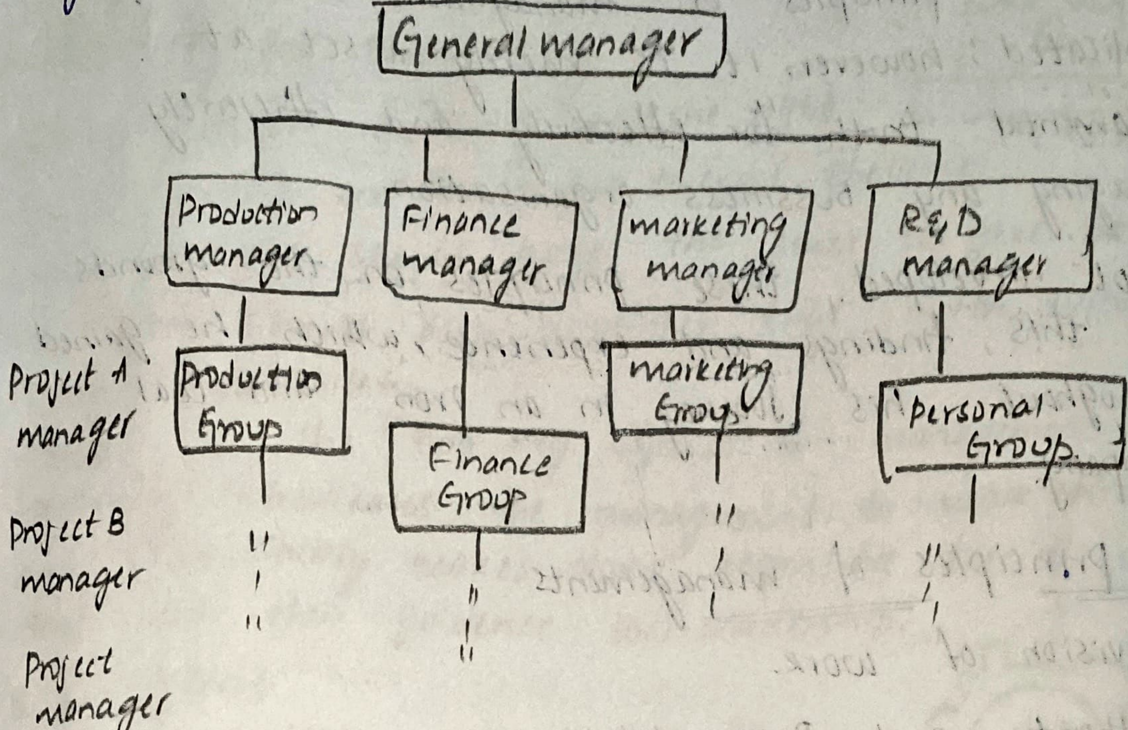
5. project organisation

Grouping of work force and activites assigned for each project.



6. Matrix organisation

Multiple Command Structure with support mechanisms and organisation culture.



7. Freedom Organization

- Forms whenever a need arises to form an organization to achieve a particular objective.
- organization dissolves as soon as the objective is achieved.
- otherwise called organic (or) dynamic organisational structure.

2. Principles of management by HENIR FAYOL

- The term "principles of management" Sounds quite Complicated; however, it is merely a set at fundamental truth for effectively and efficiently managing any bussiness organisation.

- Fayol developed these principles on the grounds of this findings and experience, which he gained throughout his journey in an iron and coal Company

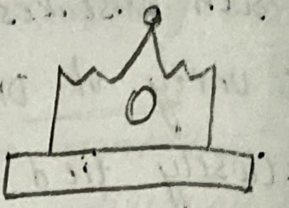
14 principles of managements

1. Division of work.
2. Authority and Responsibility
3. Discipline
4. unity of Command
5. unity of Direction.
6. Subordination of individual interest to General interst
7. Remuneration of personnel.
8. The Degree of Centralization.
9. Scalar Chain.
10. Order
11. Equality
12. Stability of Tenure
13. Initiative
14. Esprit de corps.

1. Division of work:

- This principle explains the importance of ~~disting~~ distinguishing the employees based on their levels of expertiese and their knowledge area. For examples, Categorizing the employee from general to specialist.

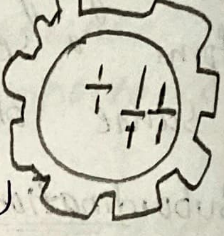
- managers should divide work among individuals and groups. This ensures that effort and attention will be focused on special Portions of the work



2. Authority and Responsibility

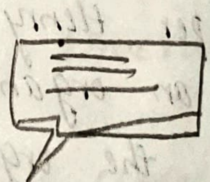
- Fayol defined authority as "the right to give orders and the power to exact obedience.
- The managers should have the power to give orders.
- But they should also remember that with authority comes responsibility.
- These are the two key aspects of management.
- Authority facilitates the management to work efficiently and responsibility makes them responsible for the work done under their guidence (or) leadership.

3. Discipline



- without discipline, nothing can be accomplished.
- It is the core value for any project (or) any project (or) any management
- Good performance and sensible iterrelation make the management job easy and comprehensive.
- Employee's good behaviour also helps the smoothly build and progress in their professional carees.
- This principle state the importance of having obedience.

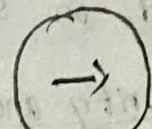
4. ~~out~~ unity of Command



- This means an employee should have only one boss and follow his command.
- If an employee has to follow more than one boss; there begins a conflict of intrest and can create confusion.
- This principle clearly defines the need to know where the employee takes the order and whom he must report
- If an ~~example~~ Employee receives the order and from one or more mangers, confusion & ~~Some tim~~ sometimes conflicts may occur

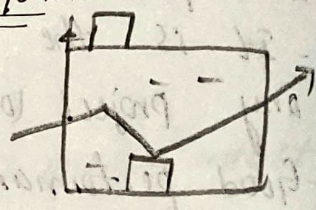
- Following this principle reduces the chances of making such mistakes.

5. Unity of Direction



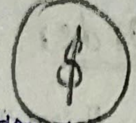
- Closely tied to the unity of Command this principle involves working toward a central bussiness goal.
- Team should have a clear sense of their goal and use the same processes to acheive them.
- This allows for efforts that save time in the longrun.
- The principle of "unity of direction" emphasis on focus and unity.
- This highlights the fact that all the employees perform a set of activities that finally links to the same objectives.

6. Subordination of individual intrest to General interest



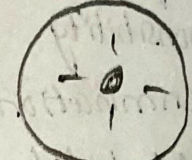
- This indicates a company should work unitedly towards the intrest of a company rather than personal interest.
- Be subordinate to the purposes of an organisation.
- This refers to the whole chain of command in a company
- As per Henry fayol the personal interest of the individuals in an organization are subordinate to the interest of the organisation.
- The main and primary focus is the organizational objects.
- This principle of management is application to all the level of the organisation including the managers.

7. Remuneration of personnel



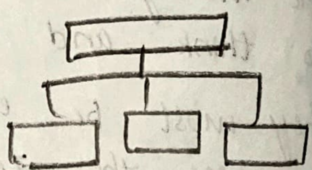
- This plays an important role in motivating the workers of a company.
- Remuneration can be monetary or non-monetary.
- However, it should be according to an individuals' effort they have made.
- this principle conveys the importance of remuneration for the employees which promotes motivation and productivity

8. The Degree of Centralisation



- centralisation refers to how involved employees are in the decision-making process.
- manager should aim for a suitable balance.
- Fayol defined this as "lowering the importance of the subordinate role".
- Decentralization means to increase its importance.
- The degree of centralization (or) decentralization a firm should adopt depends on the specific organisation.

9. Scalar chain

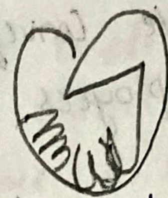


- This term refers to an organisation's hierarchy.
- Fayol posited that each employee should understand his (or) her position with in the largest structure of a bussiness.
- Each member of an organization has a certain amount of authority with leadership having the most and entry-level employes having the least.

10. **Order**

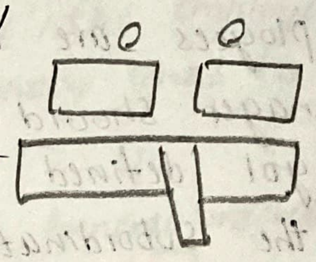
- This principle is about ensuring that the workplace is both safe and orderly.
- It also suggests that employees in the same role should be treated equally with no favoritism.

11. **Equity**



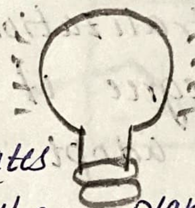
- All employees should be treated equally and respectfully. Its the responsibility of a manager that no employees face doscrimination.

12. **Stability of Tenure of personnel**



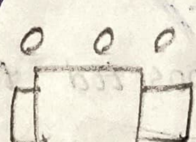
- Finding that instability is both the cause and effect of bad management
- Fayol points out the dangers and cost of unneccessary ~~for~~ turnover.

13. **Initiative**



- The manager must motivate his subordinates to think and take actions to execute the plan.
- They must be encouraged to take initiatives as this increases the zeal and energy among the individuals.

14. **Esprit decors?**



This principle is all about developing a sense of unity (or) "teams sprit" among employers. By creating a positive company culture managers can maintain a high level of job satisfaction.

3. Types of Bussiness organisations

1. Sole proprietorships
2. partnerships
3. Corporations.
4. Joint stock Company.
5. public Corporations.
6. Government Companies.

$\boxed{\text{Bussiness Type Organisations}}$

1 2 3 4 5 6.

1. Sole proprietorships

Owned by one person- has day to day responsibility of running the bussiness.

- Owns all assets and protirs but also responsible for liabilities and losses.
- How complete control and makes all decisions- keep or re-invest.
- Total risk on bussiness- and personal. osers.
- Law does not distingush b/w the bussiness and the owner.
- limited to using funds obtained by personal means.
- Easy to dissolve when desired.

2. partnerships

- Two (or) more people share the ownership of a single bussiness.
- partners should have legal agreement regarding assets and decisions.
- Easy to establish partnerships and high ability to raise funds.

- Partners are liable for the actions of the other Partners.
- Profits are to be shared.
- Dissolving of Bussiness is not easy.

3. Coorporations:

- Owned by a group of share holders.
- is a separate entity apart from the owners. can be taxed and used.
- It doesnot dissolve when ownership changes.
- share holders have limited or no liability for the Corporations.
- Can raise funds through sale of stock.
- Have more ~~appr~~ paperwork to comply with regulations.
- Higher overall taxes.

4 Joint Stack company:

- Owned by shareholders; managed by Board of Directors.
- Private limited - formed by two persons upto 50.
- Transfer of shares limited to members only.
- Government does not interfere in the working.
- Public limited membership open to general public.
- No liability risk to share holders and any risk of loss is divided.
- Difficult to preserve secrecy, large amounts of legal formalities.

5. Public Corportions:

- wholly owned by the Government.
- Established usually by a Special Act of the Parliament.
- Total capital provided by Government but are separate entities.

- Good benefits and working Conditions for examples.
- No particular efforts for adopting new techniques (or) improvements.

6. Government Companies:

- Share Capital held wholly (or) partly by Central government
- Easy to form.
- Directors are free to take decisions and are not bound by certain rigid rules and regulations.
- Misuse of excessive freedom.
- Directors spend time in pleasing the "government".

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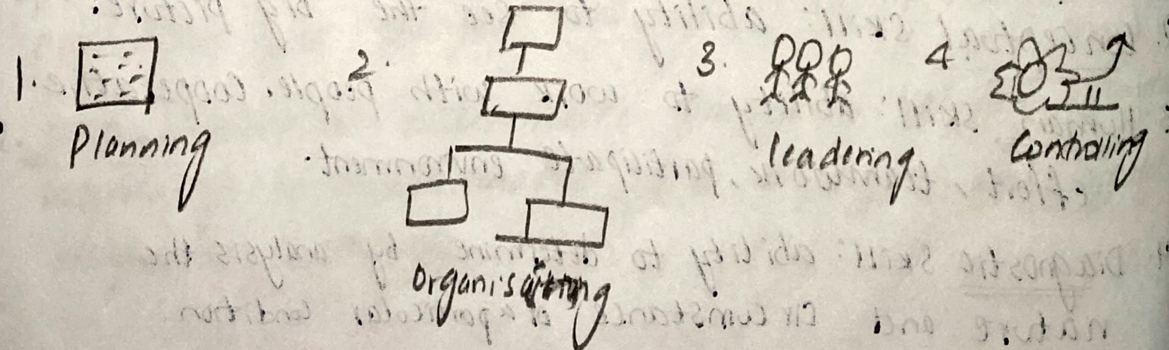
4. Management: [Manager skills and roles].

- Group of people working in an organisation to develop or appraise or attain the common good at the organization by utilizing the available resource are called Management.
- Management is the process of planning organizing, Stating, Directing, coordinating and controlling the human, Physical, financial and information resources of the organization in an effective organization in an effective manner in order to maintain the common objectives.

4 key functions of MANAGEMENT:



...ning: look a head and chart out future course of operation.
- Formulation of objectives, policies, procedure, Rules, Programmes and Budgets.

2. **Organizing**
- Bringing people together and typing them together in the pursuit of common objectives.
- Enumination of activites, classification of activities, fitting individuals into functions. also in

3. **Leading / Directing**
- Act of guiding overseeing and leading people. Motivation, leadership, decision making.

4. **Controlling**
- Laying standards, Comparing actuals and correcting duration to acheive objectives according to plans.

manager skills required

1. Technical skills
2. Conceptual skills
3. Human skill.
4. Diagnostic skill.

1. **Technical skill**
Knowledge and proficiency in activities involving methods, process and procedures.

2. **Conceptual skill**: ability to see the big picture.

3. **Human skill**: ability to work with people. Cooperative effort, teamwork, participate environment.

4. **Diagnostic skill**: ability to determine by analysis the nature and circumstance of a particular condition.

Role of manager

1. Interpersonal Roles.
2. Informational Roles.
3. Decisional Roles.

1. Interpersonal Roles:
Provides leadership to employees, acting as Liaison ~~leader~~ b/w groups, networking and fostering relationship.
- How a manage interact with other people

- Figurehead: A figure head is responsible for social and legal matters.
- They represent there company in a traditional manner.
- Leader: A leader is responsible for creating an environment that will motivate, inspiring and coaching the team.
- Liaison: A Liaison is responsible for dealing with people both inside and ouside the organisation and releasing the neccessary information

2. Informational Roles:
Gathering information from inside and outside organisation, Sharing information
- How a manager enhances and process the information.
1. Monitor: Monitor seeks the information with in and outside of their company to access their companys operations and identify issues that need to be approached or changes that need to be made.

2. Disseminator: A disseminater transmits valuable information internally to subordinates and employes and delegates assignments accordingly

3. Spokesperson: A spoke person - transmits information to people inside and outside the organisations (or) acting as a spoke person for the organisation.

3. Decisional Roles: Facing an endless stream of decisions, Some which need to be made on the sport. How a manager use information in decision making.

1. Entreprenuir: An Enterpreneur inspires change and innovation and creates and implements new ideas.

2. Disturbance Handler:

A disturbance handler responds to situations and issues that are beyond his (or) her control.

3. Resource Allocator:

A resource allocater decides how and to whom the organizations resources will be distributed.

4. Negotiator:

A negotiator is responsible for participating and directing negotiation with in their organisation.

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5. Decision making

The word decision has been derived from the Latin word "decider" which means "cutting off".
- Thus, decision involves cutting off of alternatives b/w those that are desirable and those that are not desirable.

Characterstics of effective Decisions:

1. Action Orientation
2. Goal Direction
3. Effective in implementation.

1. Action orientation:

Decisions are action-oriented and are directed towards relevent and Controllable aspects of the environment.

2- Goal Direction:

Decision making should be goal-directed to enable" the organisation to meet its objectives.

3- Effective in Implementation:

Decision making should take into account all the possible factors not only in terms of external Context but also in internal Context. So that a decision can be implemented properly

Types of Decisions:— 1. Programmed decisions.
2. non-programmed decisions.

1. programmed decisions

Programmed decision are routine and repetitive & are made within the frame work of organizational policies and rules.

- programmed decisions have short-run impact.
- It generally taken at lowerlevel of management.

2. Non-programmed Decisions:

- non programmed Decisions are decisions taken to meet non-repetitive problems.
- non-programmed decisions are releant for solving unique problems in which various alternatives cannot be decided in advance.

b) Strategic and Tractical Decisions:

① Strategic Decisions:

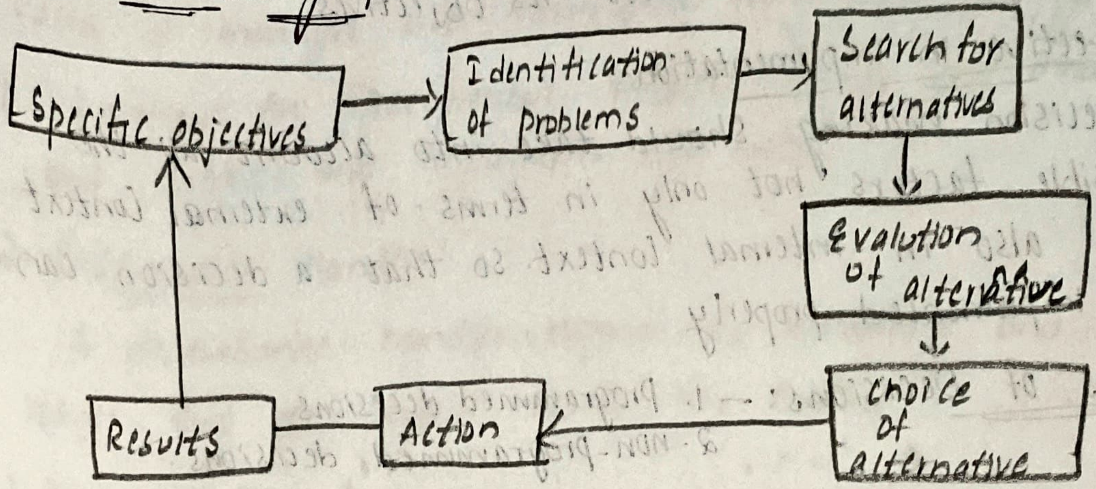
* Basic decision (or) strategic decisions are decisions which are of crucial importance.
* Strategic decisions of resources and Contribution to the achievment of organizational objectives.

2. Tractical Decisions:

Routine decisions (or) tractical decisions are decisions which are routine and repetitive.

* It is related to day-to-day operational organisation and has to be taken very frequently.

Decision making process:



1. Specific objectives:

- The need for decision making arises in order to achieve certain specific objectives.
- The starting point in any analysis of decision making involves the determination of wheather a decision need to be made

2. problem identification

A good decision is dependent upon the recognition of right problem.

3. Search for alternatives:

The decision maker must try to find out the various alternative available in order to get most satisfactory result of decision.

4. Evalution of Alternatives:

After the various alternatives are identified the next step is to evalute them, and select the one that will meet the choice criteria.

5. Choice of Alternative:
The evalution of various alternative presents a clear picture as to how each one of them contribute the objective under question.

6. Action:
once the alternative is selected, it is put into action.

7. Result:
The result must be correspond with objectives starting point of decision process, it good decision has been made & Implement properly.

Rational Decision making model:

- It is a model which emerges from organisational Behaviour.
- The process is one that is logical and follows the path from problem identification through solution.
- using such an approach can help to ensure discipline and consistency it built into your decision making process.

Defining the problem
↓
Identify Decision Criteria
↓
weight the criteria
↓
Generate Alternatives
↓
Rate Alternatives Based on criteria
↓
Compare the optimal Decision

Decision making under various conditions:

1. Certanity
2. uncertainity
3. Risk.

6 Departmentallization, Centralitation, Decentralisation

- Departmentilization is a process of horitontal Clustering of different types of function and activites on any one level of hieracrhy.
- It is based on purpose, product, process, fun, personal, things and place.

Departmentation by Fun

Production department | Sales | marketing | Acont | HR.

⇒ Production manager
- manufacture
- quality Control
- plant maintaience

⇒ Finance manager
- working capital management.
- management of fixed capital.

⇒ marking manager
- Advertising
- Sales Promotion
- Control of salesman

⇒ personal manager
- Recruitment
- Training
- wage administration.

Types

1. By function

Fun departmentation by a Concern selling cars may be shown by means of chart.

- General Manager
  - Manager-sales
    - Cash
    - Hire-purchase
    - Records
  - manager-services
    - cash
    - Delivery of vehicles
    - Records
  - manager-spares
    - purchase
    - Issue
    - Records.

2. By products

These are suitable for those concerns who market different lines of produce.

- Board of directors
  - managing Directors
    - Soap Division
    - Lock Division
    - Refrigerator Division
      - Production
      - marketing
      - Finance
      - personal
    - Furniture Division

3. By Territory

- This is suitable for banks, insurance companies, transport companies etc.
- These activities are spread over the different parts of country, Division of activities are done region wise

eg: Indian railways.

Board of directors
↓
managing Directors

Southern Region | Nothern region | western region | Eastern region

Southern Region → Branch I, Branch II

4. By Customers

If its division activitys is done based on needs of Customers.

Branch Manager

Branch Manager → Deposits | Loan Accounts | Foreign Exchange

Deposits → Fixed Deposit | Recurring Deposit | Saving Bank Deposit.

Merits

- Simplifies training and super visor of subordinates.
- Follow principles of occupational specialization.
- Furnishes means of tight Control at the top

Demerits

- Show adaptation to change in environment.
- Limits development of general manager.
- Decision making becomes slowes and more bureaucratic

Centralisation

The organisation whose decision are taken by then top management are known as Centralization.

Features

1. Presence of top management.
2. Decision-making from top management
3. Designed for small organisation.

Merits:

1. Consistency in decision making.
2. Strong top management
3. Lower Cost of administration.
4. Board approach to managing
5. Efficient handling of emergencies.

Demerits

1. Heavy, burden on top management.
2. Organizational growth refered.
3. Automatic management.
4. Initiative discouraged.
5. Delayed decision making.

Decentralisation

Decentralization means systamatic dispersal of authority in all department and all levels of management.

Importance of Decentralisation

1. Rapid Decision making
2. Adminstrative developement.
3. Development of executive Skills.
4. Higher Control.

Merits:

1. Light burden on top management
2. Democratic management
3. Initiative encouraged.
4. Superior decision making
5. Span of Control.

Demerits:

1. Lack of Consistency in decision making
2. weak top management
3. Inefficient handling of emergencies.
4. Encouraging inter-departmental conflicts.