



19MEE312

PRINCIPLES

OF

MANAGEMENT

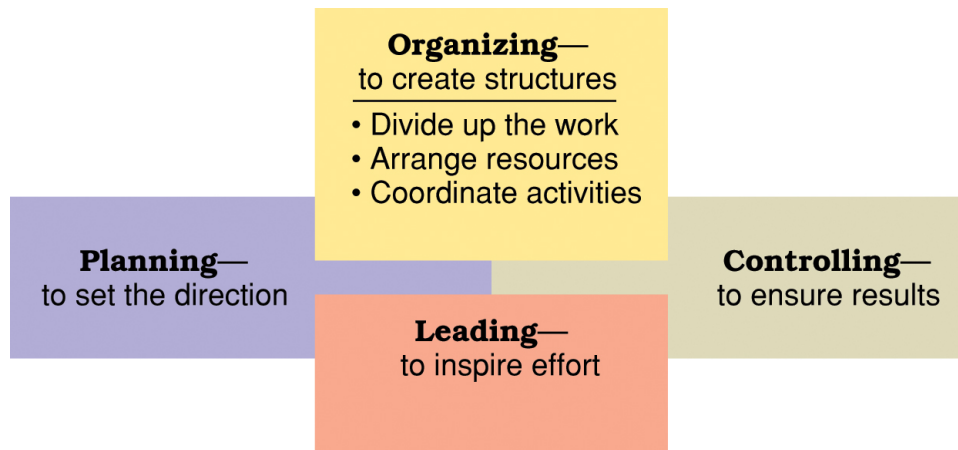


UNIT III ORGANISING

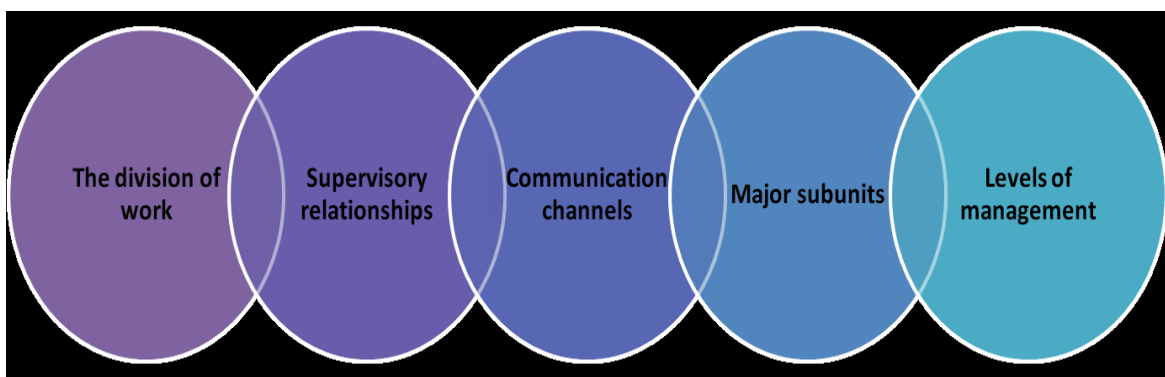
Organizing as a Management Function

- **Organizing**
 - Arranges people and resources to work together to accomplish a goal
- **Organization structure**
 - The system of tasks, reporting relationships, and communication linkages

Organizing viewed in relationship with the other management functions



- An organization chart is a diagram describing reporting relationships and the formal arrangement of work positions within an organization. It includes:





- **Informal structures ...**
 - The set of unofficial relationships between organization members
 - Social network analysis
 - Identifies informal structures and social relationships in the organization
 - Potential advantages of informal structures:
 - Helping people accomplish their work
 - Overcoming limits of formal structure
 - Gaining access to interpersonal networks
 - Informal learning

Potential disadvantages of informal structures:					
May work against best interests of entire organization	Susceptibility to rumor	May carry inaccurate information	May breed resistance to change	Diversion of work efforts from important objectives	Feeling of alienation by outsiders

Traditional organization structures

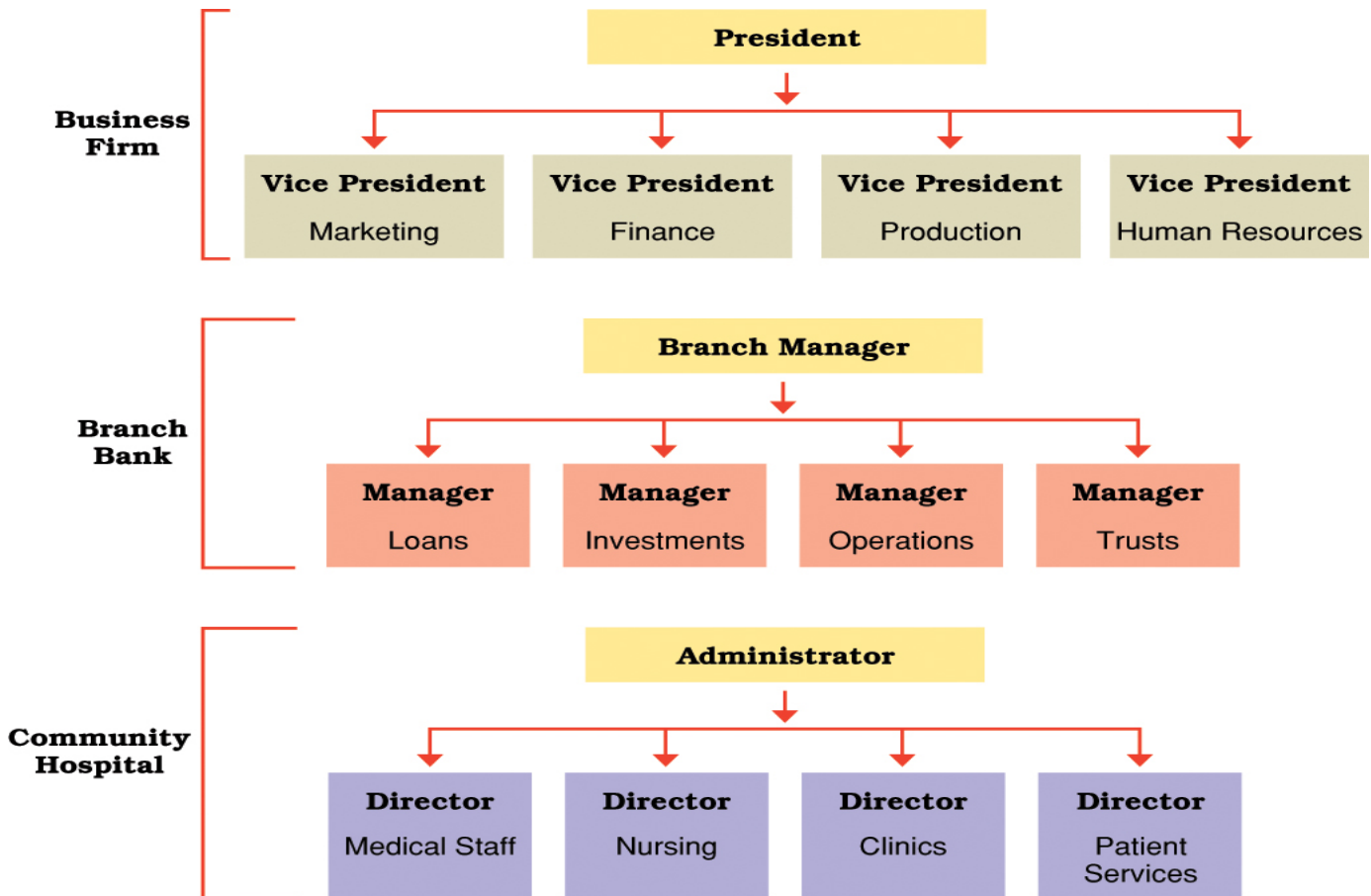
- **Departmentalization**
 - Groups people with and jobs into work units or formal teams
 - These formal teams are linked to create three major types of traditional organizational structures





- **Functional structures**

- People with similar skills and performing similar tasks are grouped together into formal work units
- Members work in their functional areas of expertise
- Are not limited to businesses
- Work well for small organizations producing few products or services



- **Potential advantages of functional structures:**

- Economies of scale
- Task assignments consistent with expertise and training
- High-quality technical problem solving
- In-depth training and skill development
- Clear career paths within functions



Potential disadvantages of functional structures:

Difficulties in pinpointing responsibilities	Functional chimneys problem	Sense of cooperation and common purpose break down	Narrow view of performance objectives	Excessive upward referral of decisions
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• Divisional structures

- Group together people who work on the same product or process, serve similar customers, and/or are located in the same area or geographical region
- Common in complex organizations
- Avoid problems associated with functional structures

Type	Focus	Example
Product	Good or service produced	<pre> graph TD GM[General Manager] --> GP[Grocery products] GM --> DT[Drugs and toiletries] </pre>
Geographical	Location of activity	<pre> graph TD P[President] --> AD[Asian division] P --> ED[European division] </pre>
Customer	Customer or client serviced	<pre> graph TD AA[Agency Administrator] --> PY[Problem youth] AA --> SC[Senior citizens] </pre>
Process	Activities part of same process	<pre> graph TD CSM[Catalog Sales Manager] --> PP[Product purchasing] CSM --> OF[Order fulfillment] </pre>



- **Potential advantages of divisional structures:**

- More flexibility in responding to environmental changes
- Improved coordination
- Clear points of responsibility
- Expertise focused on specific customers, products, and regions
- Greater ease in restructuring

Potential disadvantages of divisional structures:

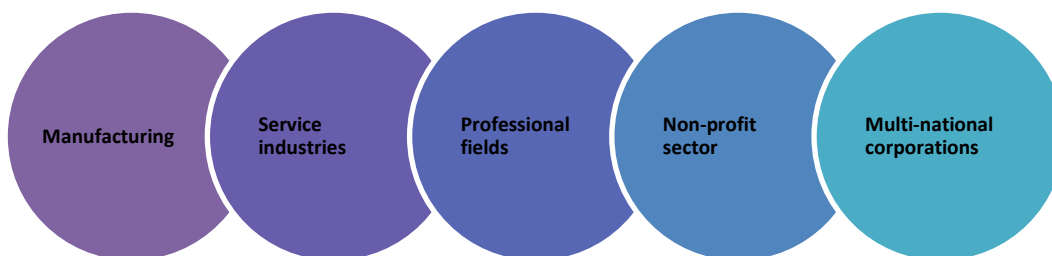
Duplication of resources and efforts across divisions

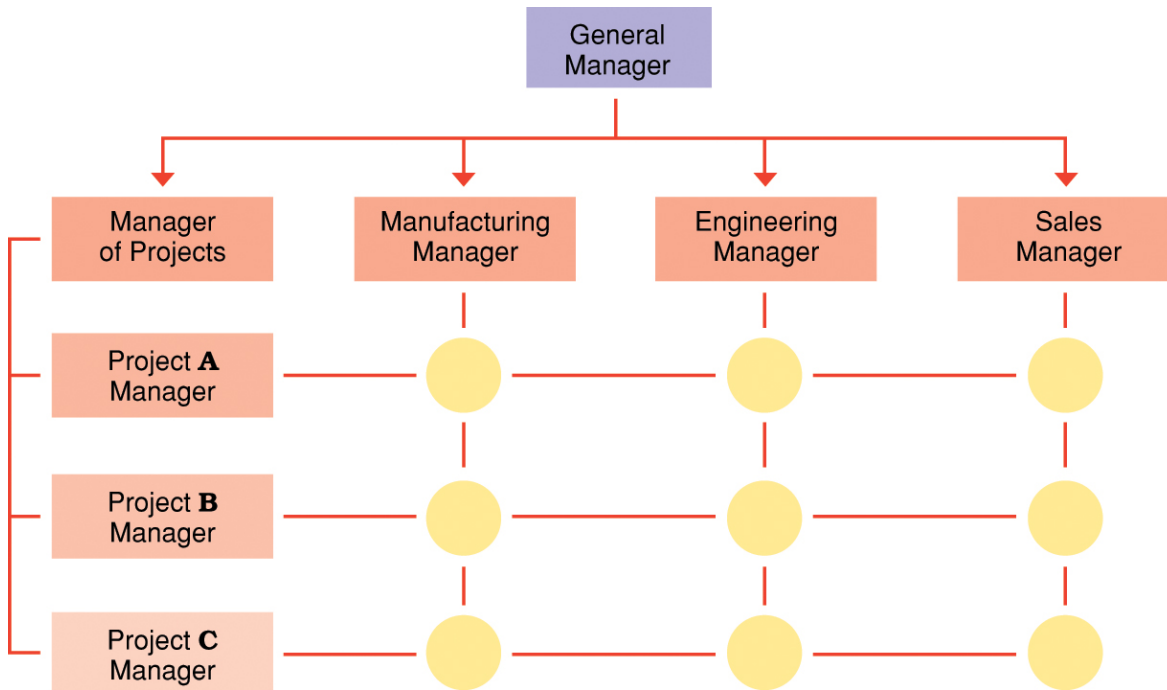
Competition and poor coordination across divisions

Emphasis on divisional goals at expense of organizational goals

- **Matrix structure**

- Combines functional and divisional structures to gain advantages and minimize disadvantages of each
- Used in:





● Functional personnel assigned to both projects and functional departments

- **Potential advantages of matrix structures:**

- Better cooperation across functions
- Improved decision making
- Increased flexibility in restructuring
- Better customer service
- Better performance accountability
- Improved strategic management

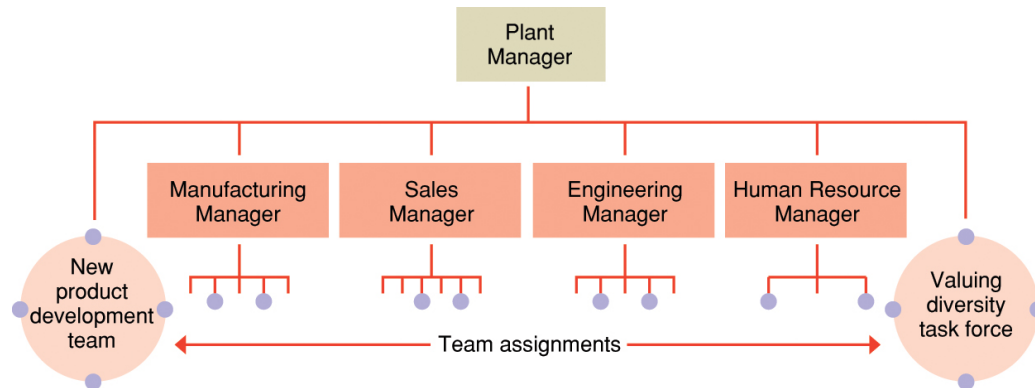
Potential disadvantages of matrix structures:

Two-boss system is susceptible to power struggles	Two-boss system can create task confusion and conflict in work priorities	Team meetings are time consuming	Team may develop "groupitis"	Increased costs due to adding team leaders to structure
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• Team structures

- Extensively use permanent and temporary teams to solve problems, complete special projects, and accomplish day-to-day tasks
- Often use cross-functional teams composed of members from different functional departments
- Project teams are convened for a specific task or project and disbanded once completed



• Potential advantages of team structures:

- Eliminates difficulties with communication and decision making
- Eliminates barriers between operating departments
- Improved morale
- Greater sense of involvement and identification
- Increased enthusiasm for work
- Improved quality and speed of decision making

Potential disadvantages of team structures:

Conflicting loyalties among members

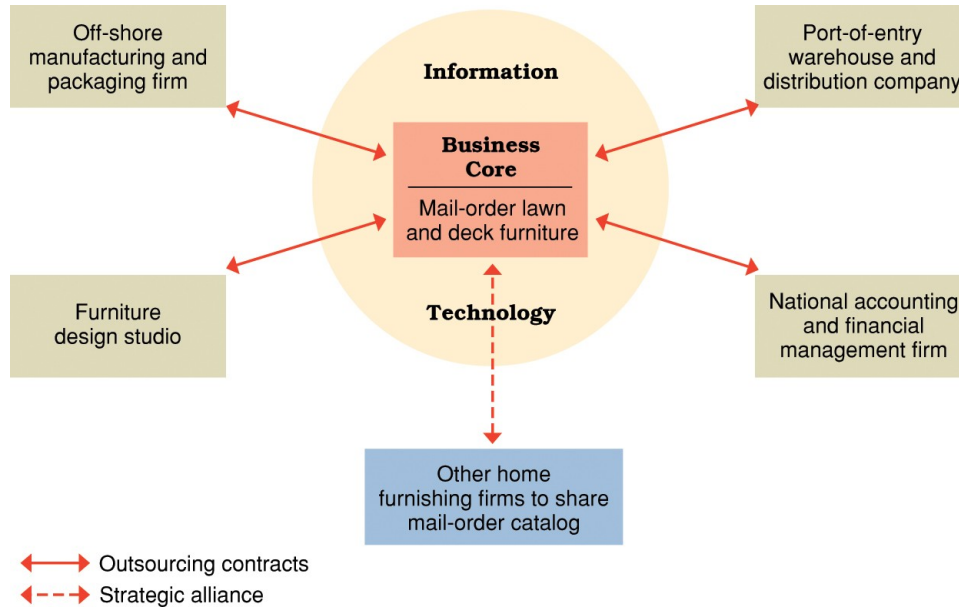
Excessive time spent in meetings

Effective use of time depends on quality of interpersonal relations, group dynamics, and team management



Network structures

- Uses information technologies to link with networks of outside suppliers and service contractors
- Own only core components and use strategic alliances or outsourcing to provide other components



Potential advantages of network structures:

- Firms can operate with fewer full-time employees and less complex internal systems
- Reduced overhead costs and increased operating efficiency
- Permits operations across great distances

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Potential disadvantages of network structures:

Control and coordination problems may arise from network complexity	Potential loss of control over outsourced activities	Potential lack of loyalty among infrequently used contractors	Excessively aggressive outsourcing can be dangerous
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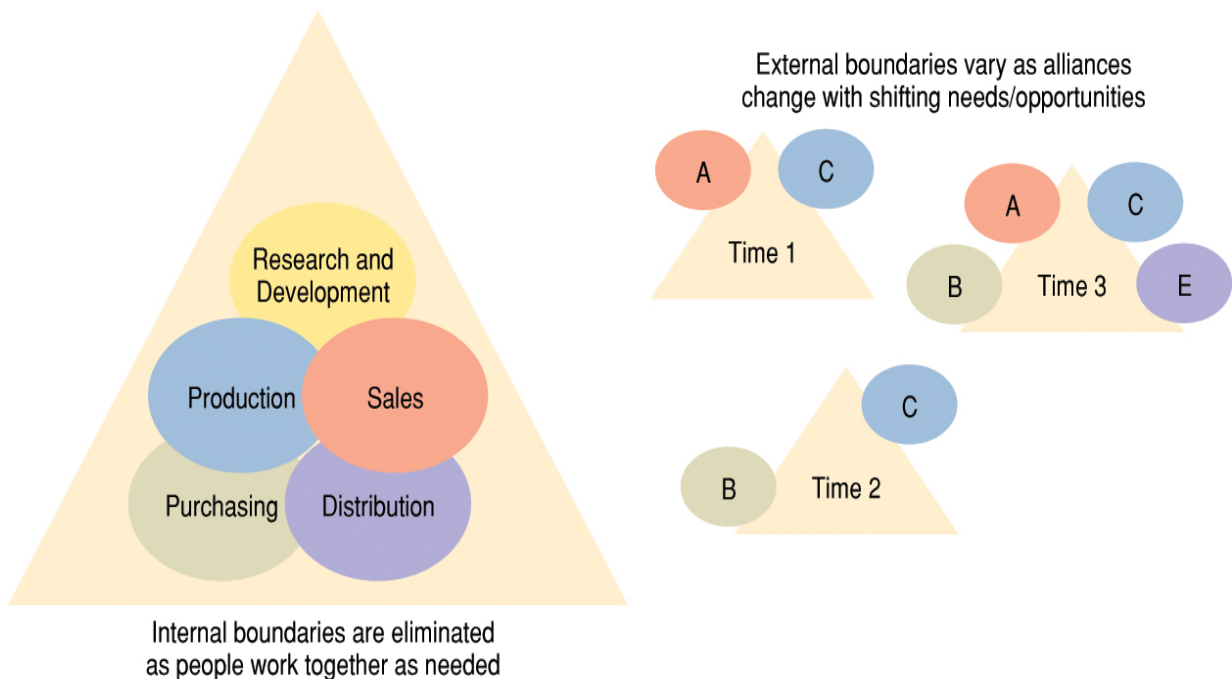


Boundaryless organizations

- Eliminate internal boundaries among subsystems and external boundaries with the external environment
- A combination of team and network structures, with the addition of temporariness”
- **Key requirements:**
 - Absence of hierarchy
 - Empowerment of team members
 - Technology utilization
 - Acceptance of impermanence
 - Encourage creativity, quality, timeliness, flexibility, and efficiency
 - Knowledge sharing is both a goal and essential component

Virtual organization

A special form of boundaryless organization Operates in a shifting network of external alliances that are engaged as needed, using IT and the Internet





Organizational design

- Process of creating structures that accomplish mission and objectives
- A problem-solving activity that should be approached from a contingency perspective

Bureaucracy

- A form of organization based on logic, order, and the legitimate use of formal authority
- Bureaucratic designs feature ...
 - Clear-cut division of labor
 - Strict hierarchy of authority
 - Formal rules and procedures
 - Promotion based on competency

Environment determines the most appropriate design

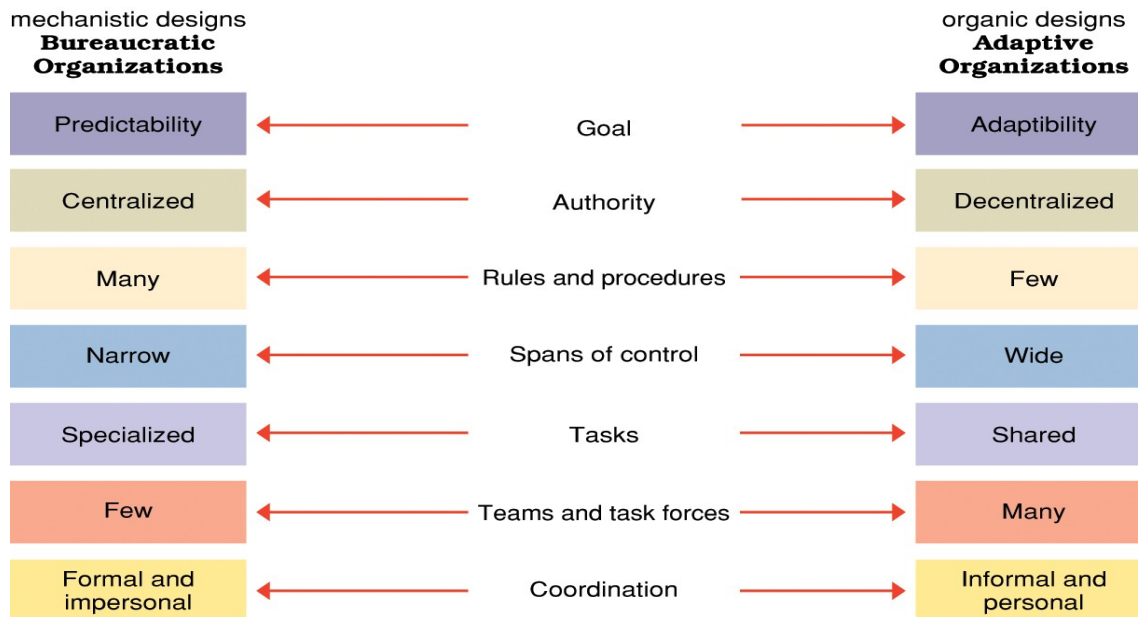
- Mechanistic designs work in a stable environment
- Organic designs work in a rapidly changing and uncertain environment
 - Adaptive organizations operate with a minimum of bureaucratic feature and encourage worker empowerment and teamwork

Mechanistic Designs

- Predictable goals
- Centralized authority
- Many rules and procedures
- Narrow spans of control
- Specialized tasks
- Few teams and task forces
- Formal and impersonal means of coordination

Organic Designs

- Adaptable goals
- Decentralized authority
- Few rules and procedures
- Wide spans of control
- Shared tasks
- Many teams and task forces
- Informal and personal means of coordination



Contemporary organizing trends include:

- Fewer levels of management
 - Shorter chains of command
 - Less unity of command
- Wider spans of control
- More delegation and empowerment
- Decentralization with centralization
- Reduced use of staff

Shorter chains of command

- The line of authority that vertically links all persons with successively higher levels of management

Organizing trend:

- Organizations are being “streamlined” by cutting unnecessary levels of management
- Flatter structures are viewed as a competitive advantage



Less unity of command

- Each person in an organization should report to one and only one supervisor

Organizing trend:

- Organizations are using more cross-functional teams, task forces, and horizontal structures
- Organizations are becoming more customer conscious
- Employees often find themselves working for more than one boss

Wider spans of control

- The number of persons directly reporting to a manager

Organizing trend:

- Many organizations are shifting to wider spans of control as levels of management are eliminated
- Managers have responsibility for a larger number of subordinates who operate with less direct supervision



More delegation and empowerment

- A common management failure is unwillingness to delegate
- Delegation leads to empowerment

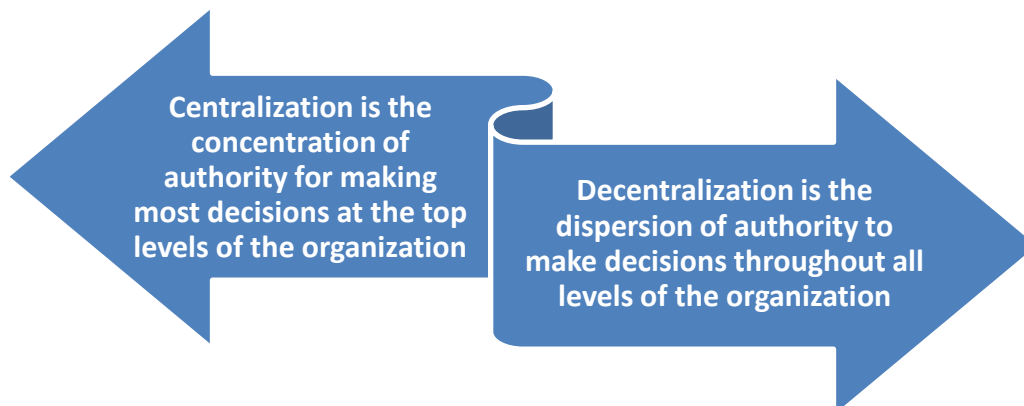
Organizing trend:

- Managers are delegating more and finding more ways to empower people at all levels
- **More delegation and empowerment**
 - Delegation is the process distributing and entrusting work to other persons
 - The manager assigns responsibility, grants authority to act, and creates accountability
 - Authority should be commensurate with responsibility

Three Steps in Delegation:



Decentralization with centralization





Decentralization with centralization

- Centralization and decentralization not an “either/or” choice

Organizing trend:

- Delegation, empowerment, and horizontal structures contribute to more decentralization in organizations
- Advances in information technology allow for the retention of centralized control

Reduced use of staff

- Staff positions provide technical expertise for other parts of the organization
- Line and staff managers may disagree over staff authority
 - Advisory authority
 - Functional authority
- No one best solution for dividing line-staff responsibilities

Organizing trend:

- Organizations are reducing staff size
- Organizations are seeking increased operating efficiency by employing fewer staff personnel and smaller staff units

Reference:

1. Harold Koontz, and Weihrich, ‘Essential of Management’ 8th Edition, Tata Mc Graw Hill Education, Delhi, (2010).
2. John R. Schermerhorn, Jr. Management. 12th Edition, John Wiley and Sons, (2012)