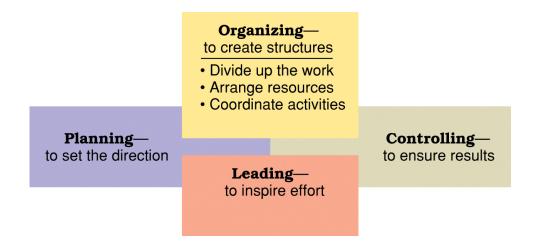# 19MEE312

PRINCIPLES

OF
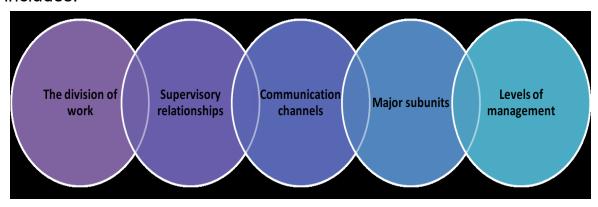
MANAGEMENT

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

Organizing—
to create structures
- Divide up the work
- Arrange resources
- Coordinate activities

Planning—
to set the direction

Controlling—
to ensure results

Leading—
to inspire effort

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

The division of work | Supervisory relationships | Communication channels | Major subunits | Levels of management

- **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

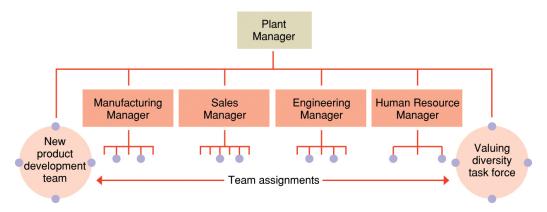| Potential disadvantages of informal structures:					
May work against best interests of entire organization	Susceptibility to rumor	May carry inaccurate information	May breed resistance to change	Diversion of work efforts from important objectives	Feeling of alienation by outsiders

- **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

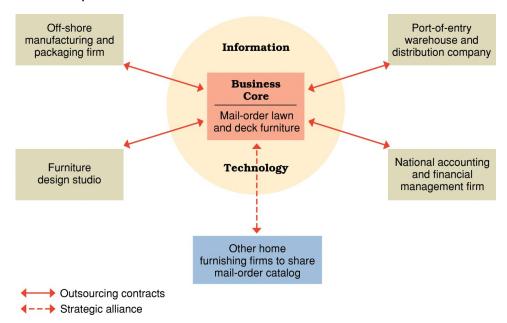| Potential disadvantages of team structures:		
Conflicting loyalties among members	Excessive time spent in meetings	Effective use of time depends on quality of interpersonal relations, group dynamics, and team management

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

–

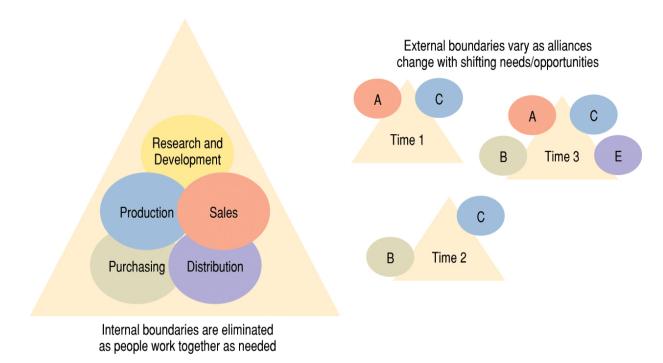| Potential disadvantages of network structures:			
Control and coordination problems may arise from network complexity	Potential loss of control over outsourced activities	Potential lack of loyalty among infrequently used contractors	Excessively aggressive outsourcing can be dangerous

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	Organic Designs
• Predictable goals	• Adaptable goals
• Centralized authority	• Decentralized authority
• Many rules and procedures	• Few rules and procedures
• Narrow spans of control	• Wide spans of control
• Specialized tasks	• Shared tasks
• Few teams and task forces	• Many teams and task forces
• Formal and impersonal means of coordination	• Informal and personal means of coordination

mechanistic designs **Bureaucratic Organizations**		organic designs **Adaptive Organizations**
Predictability	Goal	Adaptibility
Centralized	Authority	Decentralized
Many	Rules and procedures	Few
Narrow	Spans of control	Wide
Specialized	Tasks	Shared
Few	Teams and task forces	Many
Formal and impersonal	Coordination	Informal and personal

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

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)