

# Unit IV

## Organizing :

- Nature and purpose of organizing
- Bases of departmentation
- Span of management determinants of span of management
- Line and staff relationship line staff conflict
- Bases and kinds of delegation
- Decentralization methods of decentralization.

## ORGANISING Definition

- A deliberate arrangement of people to accomplish some specific purpose.
- The process by which managers establish working relationships among employees to achieve goals.
- A system of consciously co-ordinated activities or efforts of two or more persons. Chester Barnard
- Organizing is the process of arranging and allocating work, authority, and resources among an organization's members so that they can achieve organizational goal.
  - Stoner, Freeman and Gilbert

# ORGANIZING

## **Activities:**

- Identification of activities
- Grouping of Activities
- Assignment of jobs to formal groups
- Establishing a network of authority and responsibility
- Providing framework for measurement, evaluation and control

## **Resources:**

- Determining the specific need of resources
- Allocation of resources into specific groups
- Evaluation and control of use of the resources

# PROCESS OF ORGANIZING

- Division of Work
- Grouping of Work
- Delegation of Authority
- Coordination of Work

# PROCESS OF ORGANIZING SIMPLIFIED

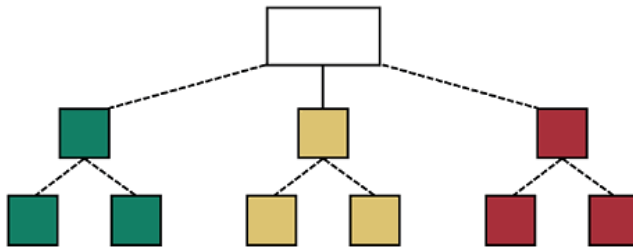
## Designing Jobs



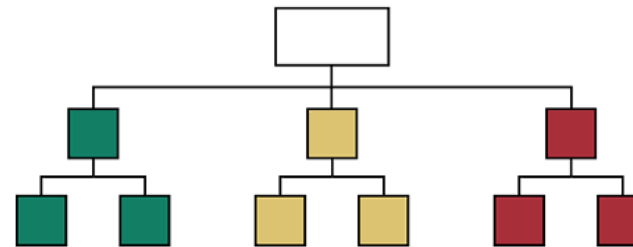
## Forming Departments



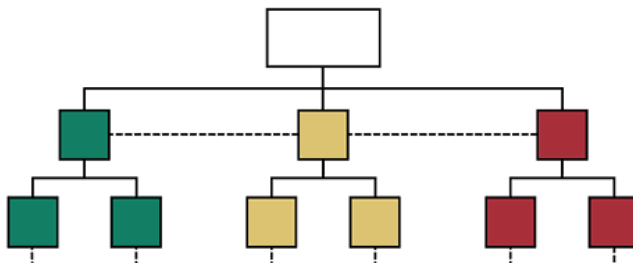
## Creating a Hierarchy



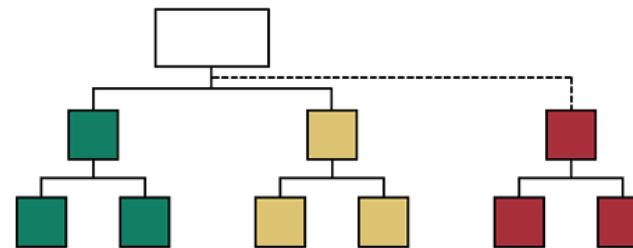
## Distributing Authority



## Coordinating and Integrating Activities



## Differentiating Positions



# Principles of Organizing

1. Unity of Objective

2. Specialization

3. Coordination

4. Authority and Responsibility

5. Unity of Command

6. Scalar Chain

7. Span of Control

8. Exception

9. Efficiency

10. Balance

11. Homogeneity

12. Continuity

13. Simplicity

## Vertical differentiation

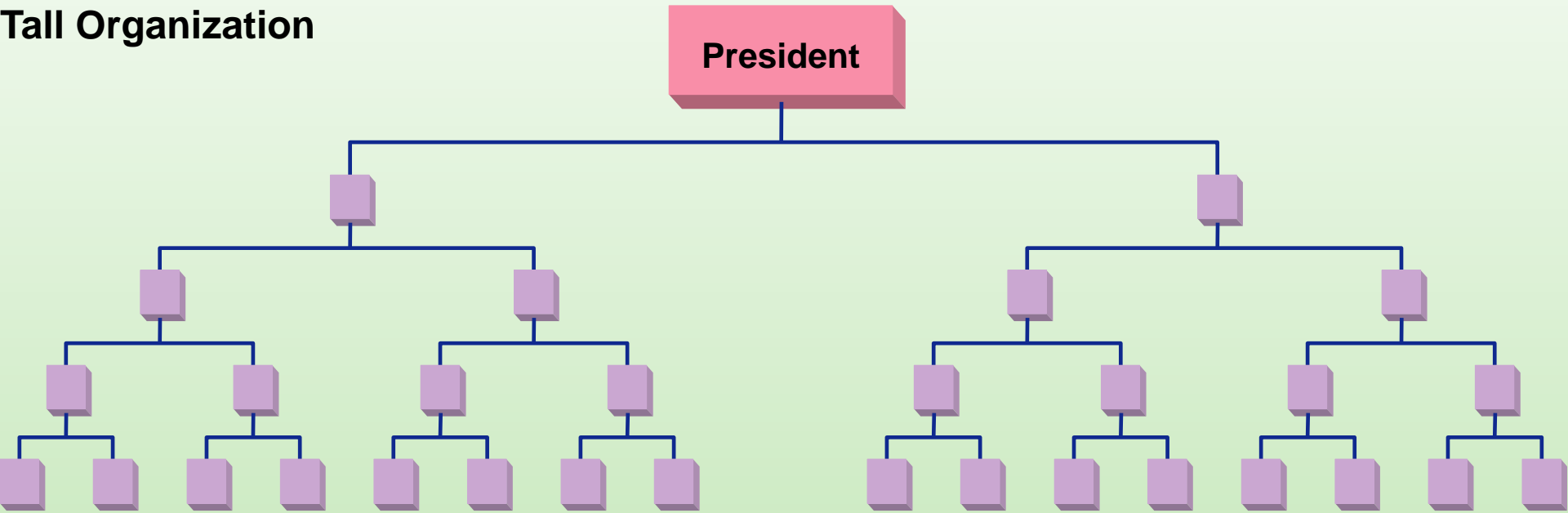
- Tall versus Flat Structure

## Horizontal differentiation

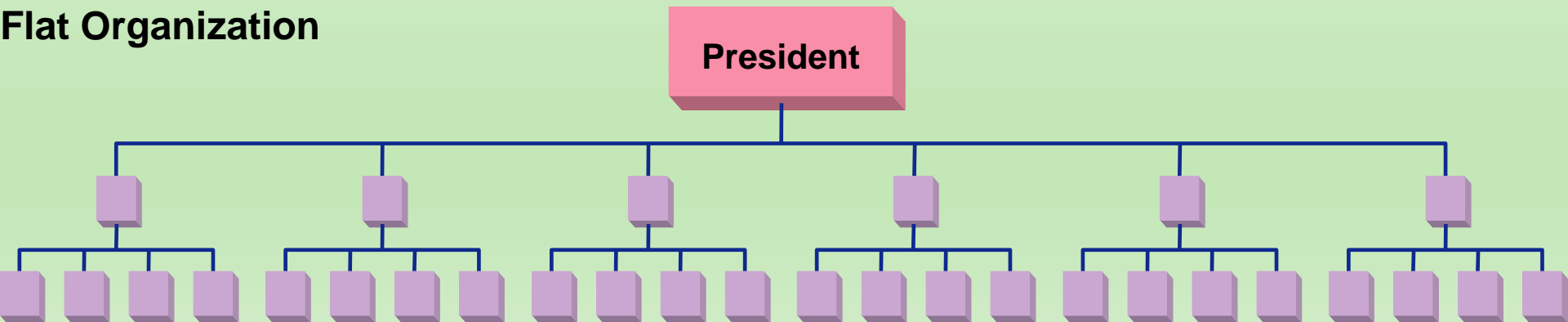
- Functional Structure
- Multidivisional Structure
- Geographic Structure
- Matrix Structure

# Tall Versus Flat Organizations

**Tall Organization**



**Flat Organization**



# Organizational architecture - Vertical integration

- **Tall Organization:**

- This type of organizational architecture has many layers and narrow span of control.

- **Flat organization:**

- This type of organizational architecture has few layers and wide span of control.

# Establishing Reporting Relationships: Tall Versus Flat Organizations

## Tall Organizations

- Are more expensive because of the number of managers involved.
- Foster more communication problems because of the number of people through whom information must pass.

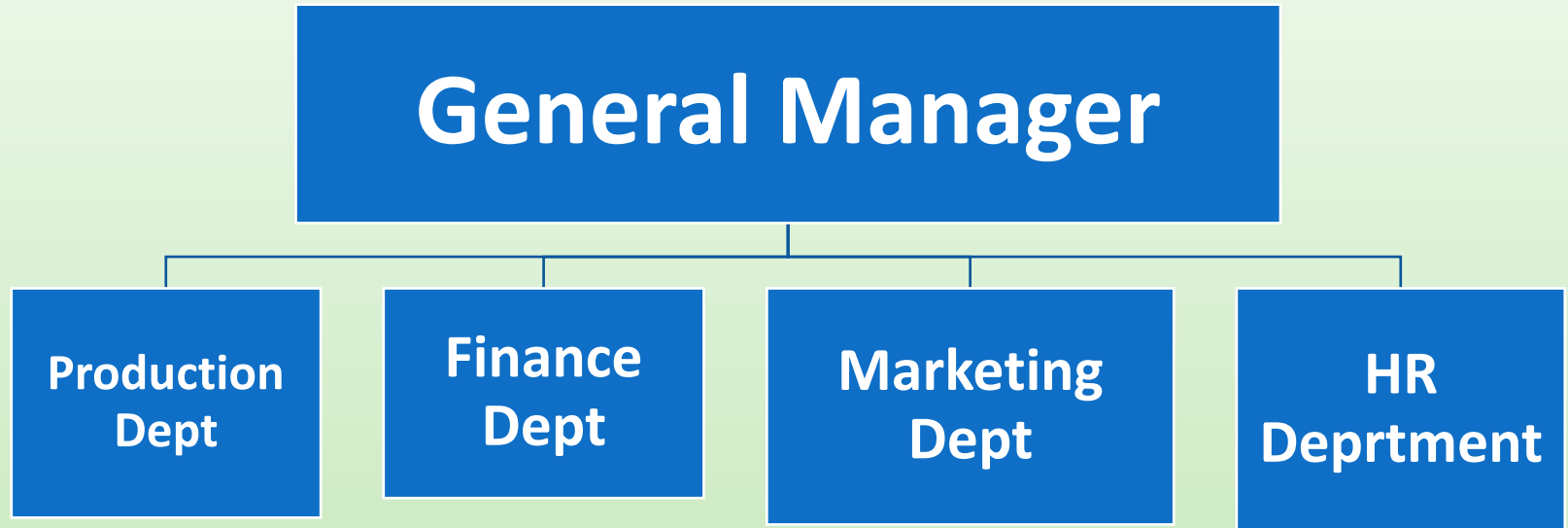
## Flat Organizations

- Lead to higher levels of employee morale and productivity.
- Create more administrative responsibility for the relatively few managers.
- Create more supervisory responsibility for managers due to wider spans of control.

## TYPES OF ORGANISATION ARE:

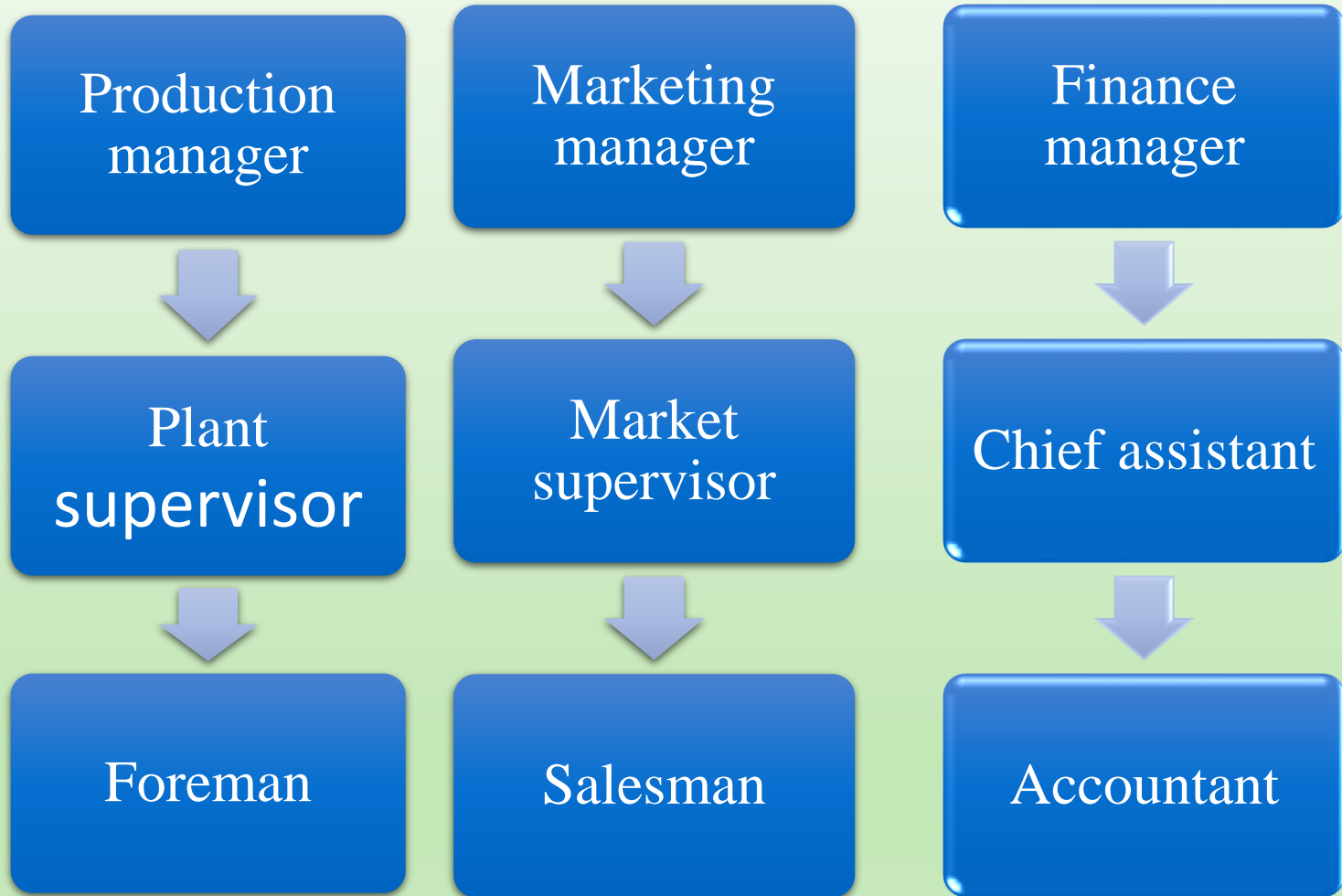
1. Functional Organisation
2. Divisional Organisation
3. Geographic structure:
4. Project Organisation
5. Matrix Organisation
6. Committee Organisation
7. Line Organisation
8. Line & Staff Organisation

# 1. Functional structure:

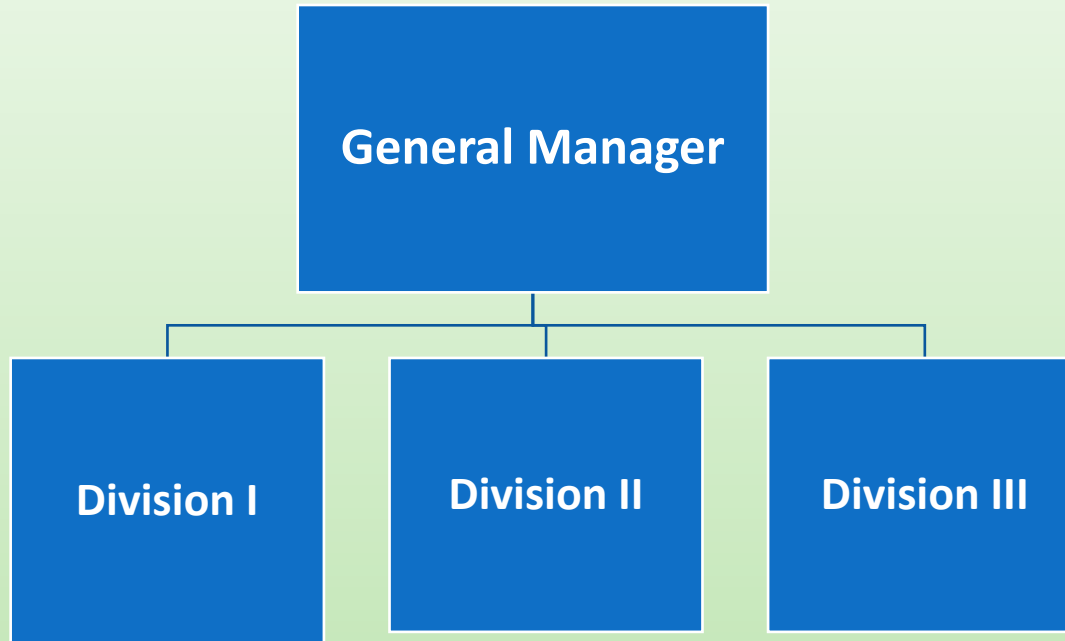


Structure is created based on the various functions of an organization.

# Managing Director



## 2. Multi-Division structure



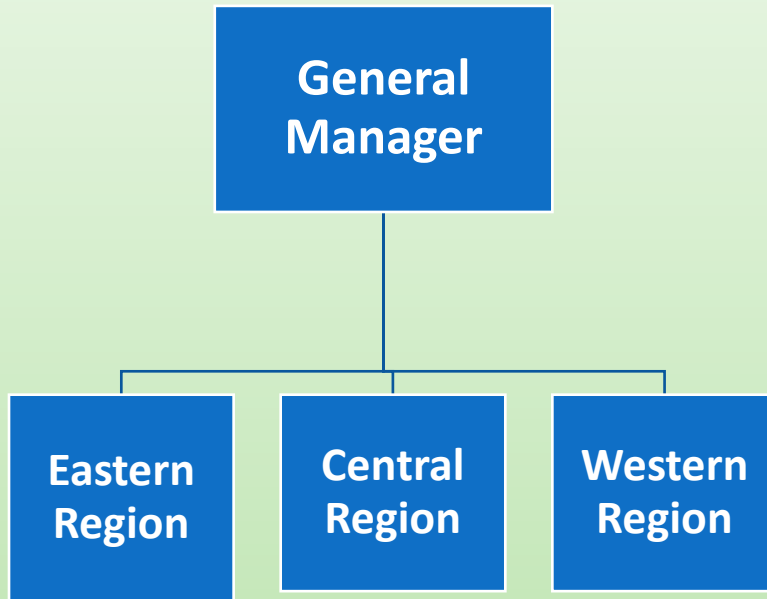
- Multiple divisions are created in a related industry.

# Organizational Architecture – Horizontal Differentiation

## Divisional or M-form (Multidivisional) Design

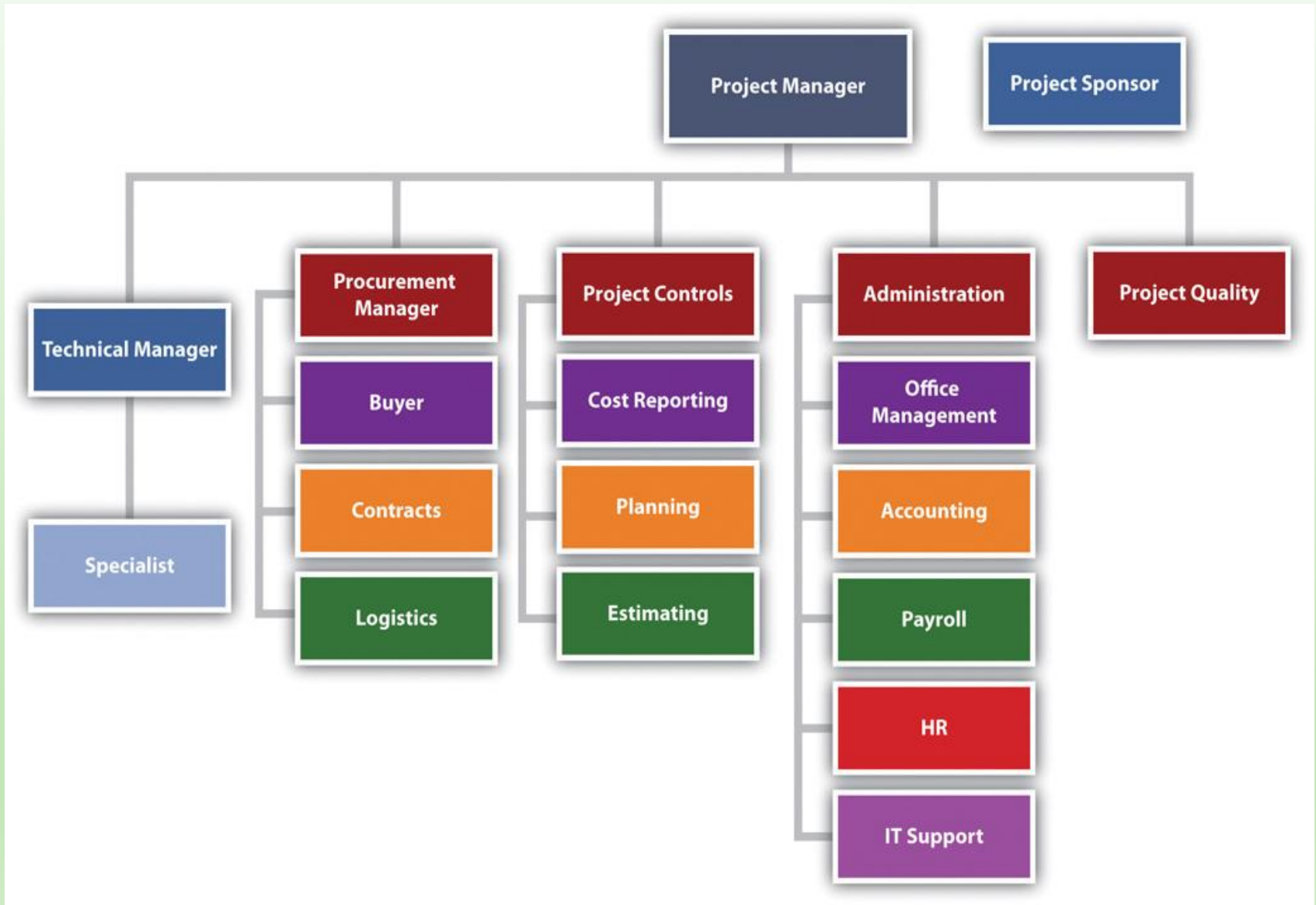
- An organizational arrangement based on multiple businesses in related areas operating within a larger organizational framework; following a strategy of related diversification.
- Activities are decentralized down to the divisional level; others are centralized at the corporate level.
- The largest advantages of the M-form design are the opportunities for coordination and sharing of resources.

### 3. Geographic structure:

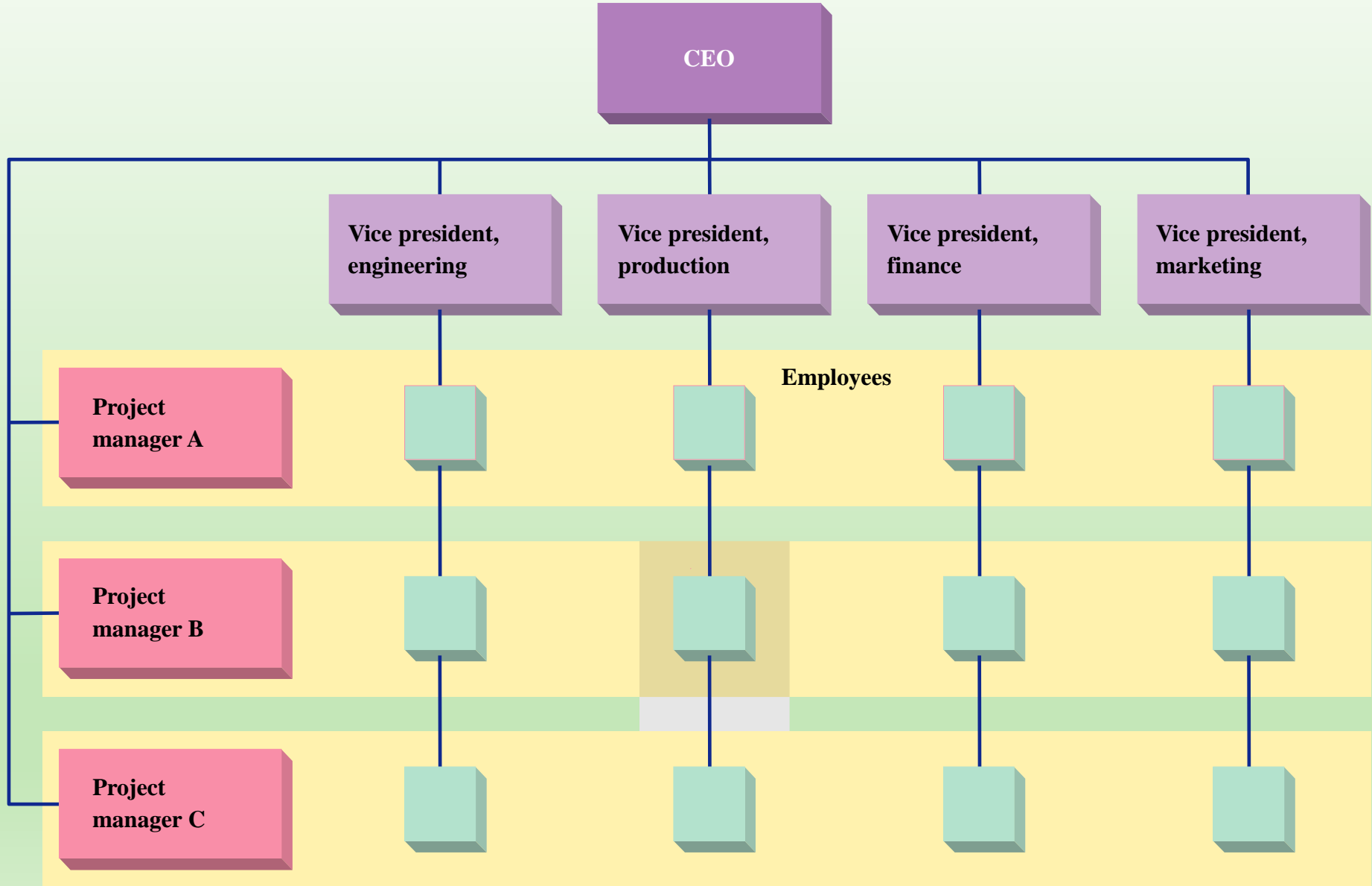


- Departments are created based on geographic regions.
- All the activities in one geographic region is categorized into one unit.

# 4. PROJECT ORGANISATION



# 5. Matrix Organization



# Matrix Structure:

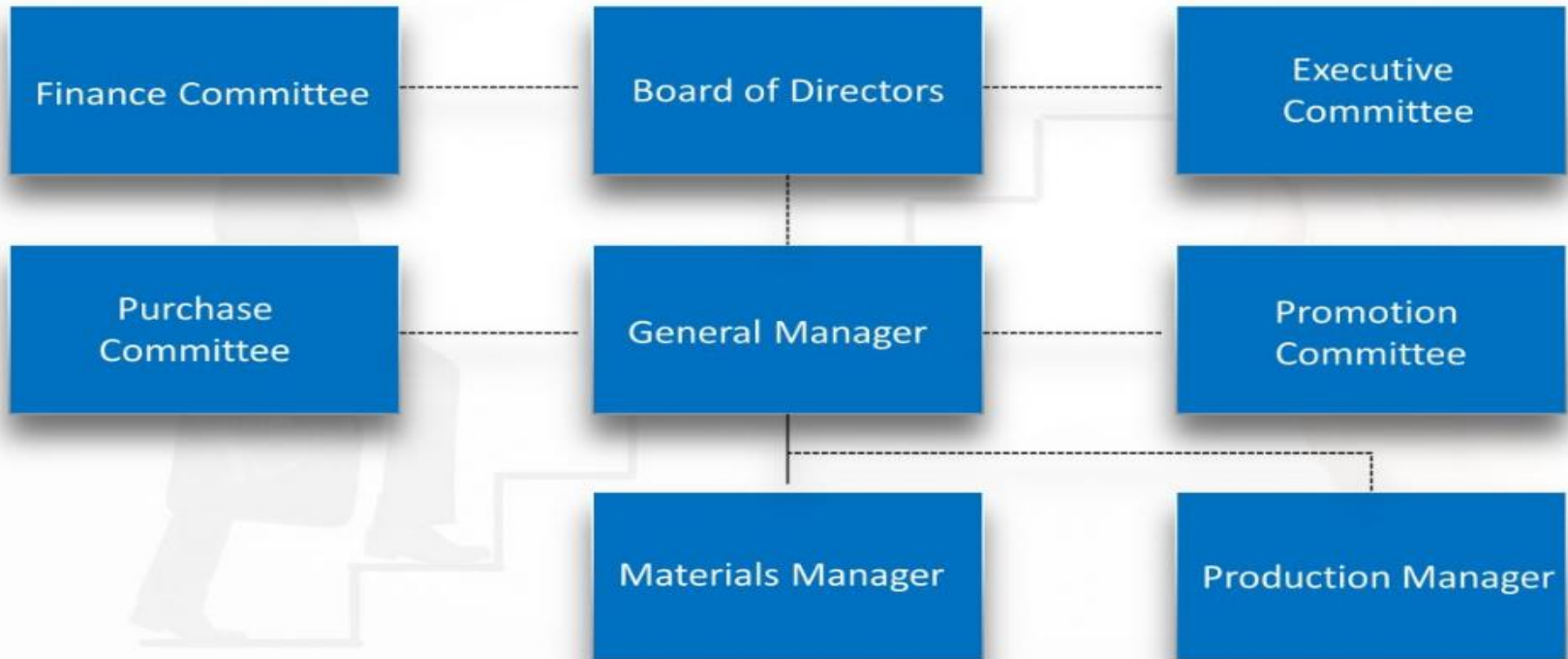
## Advantages:

- Enhances organizational flexibility.
- Team members have the opportunity to learn new skills.
- Provides an efficient way for the organization to use its human resources.
- Team members serve as bridges to their departments for the team.

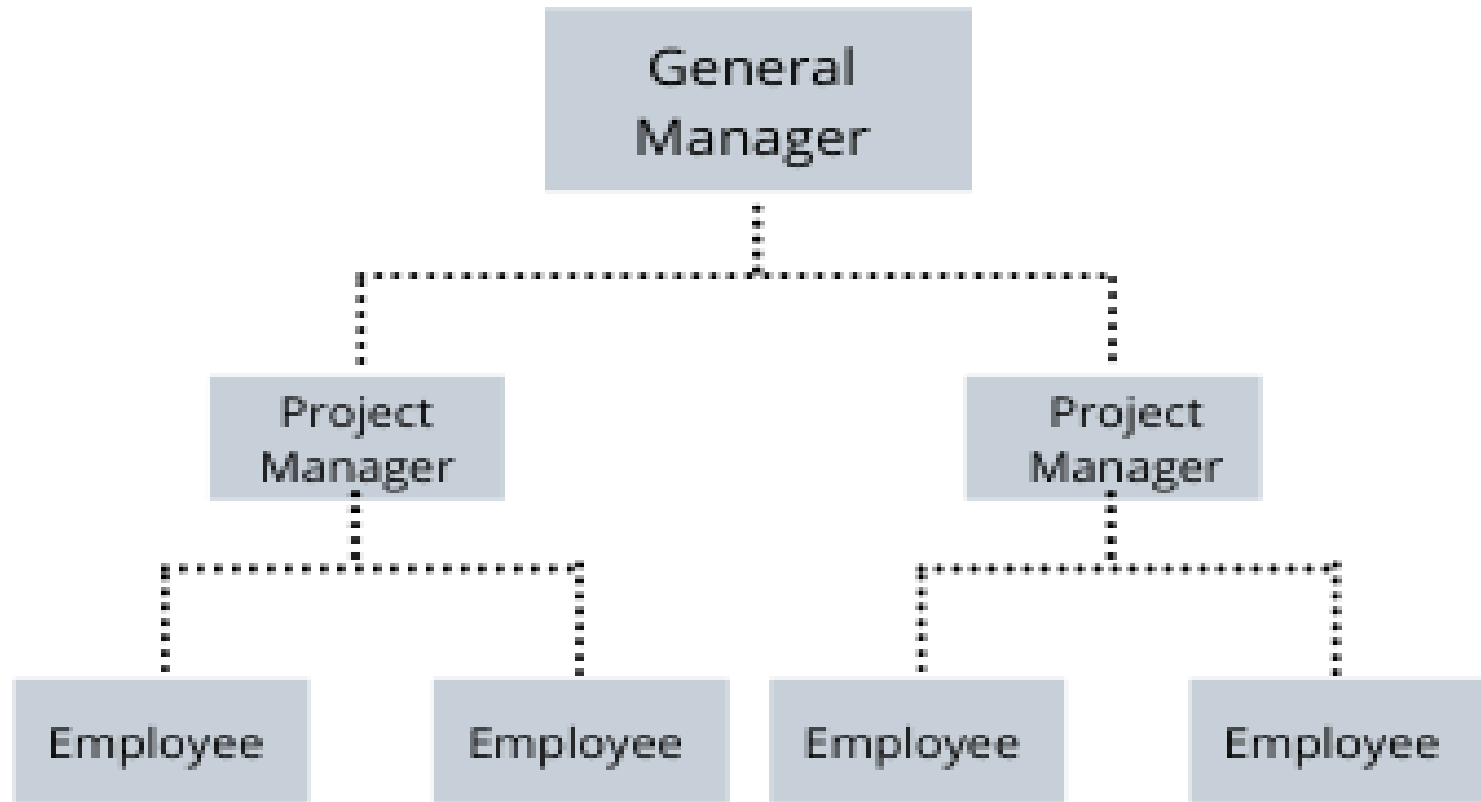
## Disadvantages:

- Employees are uncertain about reporting relationships.
- The dynamics of group behavior may lead to slower decision making, one-person domination, compromise decisions, or a loss of focus.
- More time may be required for coordinating task-related activities.

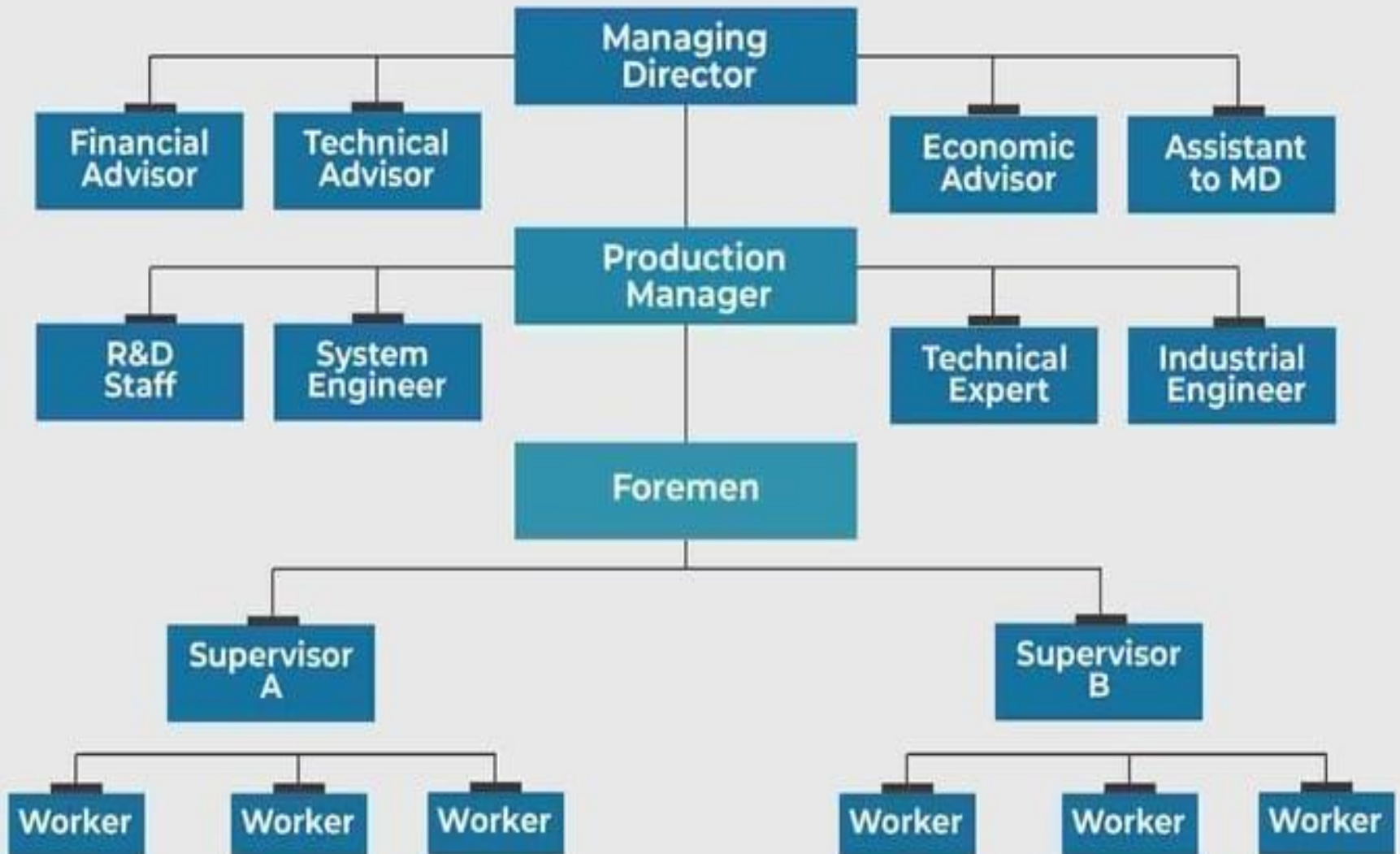
# 6. Committee Organisation



# 7. Line Organisation



## 8. Line and Staff Organisation



# **Authority**

- Line and Staff Authority
- Delegation of Authority

# Authority:

- Right to take decisions that arises due to position in organizational structure.
- Authority is the right to perform or command. It allows its holder to act in certain designated ways and to directly influence the actions of others through orders.
- Types of Authority:
  - Line Authority
  - Staff Authority

# LINE AUTHORITY

- The chain of command in the organizational structure that flows major decision making power.
- The officially sanctioned ability to issue orders to subordinate employees within an organization.

# STAFF AUTHORITY

Staff authority consists of the right to advise or assist those who possess line authority as well as other staff personnel.

- The Advisory or Counseling Role :
- The Service Role
- The Control Role

# Conflict between line – staff employees

- Assume Line Authority
- Do not give Sound Advice
- Steal Credit for Success
- Fail to Keep line personnel informed of their activities
- Do not see the whole picture.

# LINE AND STAFF

- Line and staff organization is a modification of line organization and it is more complex than line organization . According to this administrative organization , specialized and supportive activities are attached to the line of command by appointing staff supervisors and staff specialists who are attached to the line authority .
- The power of command always remains with the line executives and staff supervisors guide , advice and council the line executives . Personal secretary to the managing director is a staff official .

# Features of line and staff organization

1. There are two types of staff :Staff assistants [ P.A. to managing director secretary to marketing manager. ]

Staff supervisor [operation control manager , quality controller etc.

2. Line and staff organization is a compromise of line organization. It is more complex than line concern.
3. Division of work and specialization takes place in line and staff organization.
4. The whole organization is divided into different functional areas to which staff specialists are attached.
5. Efficiency can be achieved through the features of specialization.
6. There are two line of authority which flow atone time in a concern :
  - a. Line authority
  - b. Staff authority
7. Power of command remains with the line executive and staff serves only as counselors.

# Advantages of line and staff organization

- Relief to line executives
- Expert advice
- Benefit of specialization
- Better coordination
- Benefits of research and development
- Training
- Balanced decisions
- Unity of action

# Disadvantages

- Lack of understanding
- Lack of sound advice
- Line and staff conflicts
- Costly
- Assumption of authority
- Dissatisfaction

# Why distinction between line and staff is necessary

- To provide specialized services
- To maintain adequate control
- To maintain responsibility

# Conflict between line – staff employees

- Assume Line Authority
- Do not give Sound Advice
- Steal Credit for Success
- Fail to Keep line personnel informed of their activities
- Do not see the whole picture.

# Conflicts between line and staff

## Conflicts due to line view point

- Lack of accountability
- Encroachment on line authority
- Dilution of authority
- Theoretical basis

## Conflicts due to staff view point

- Lack of proper use of staff
- Resistance to new ideas
- Lack of proper authority

# To overcome the line and staff conflicts

- Clarity in relationship
- Proper use of staff
- Completed staff work
- Holding staff accountable for results

# Delegation of authority

- Assigning work to subordinates and giving them necessary authority to do the assigned work effectively.
- In business, delegation of authorities refers to a formal organisational process that allows staff in managerial roles to transfer their duties among their subordinates and lower-level employees. The main purpose of delegating authority is therefore to ensure a smooth and effective business operation.
- Simple terms - Granting authority to subordinates

**The basis of the delegation process is responsibilities in the form of operations or tasks to be performed.**

### **1. Delegation of Authority:**

The element of Delegation of authority is the initial step in Delegation. Assigning the job to the employee means Delegation of authority. The leader instructs his employees to finish the work within a specified time frame.

### **2. Grant of Authority:**

3. The second step of Delegation is the grant of authority. The facilitator permits subordinates for the designated process to be completed. The Delegation of authority without responsibility is worthless.

### **3. Creation of Accountability:**

Responsibility gives rise to authority. It is the authority assigned from a higher authority to enable an employee to carry out his obligations. Accountability refers to a subordinate's obligation to complete the tasks delegated to him. Leadership is delegated, and accountability is created when a job is given.

# FEATURES

## DELEGATION OF AUTHORITY:


- No delegation of total authority
- Delegation of only that authority a manager has
- Representation of the superior
- Delegation for organizational purpose
- Restoration of delegated authority
- Balance of authority and responsibility
- No delegation of responsibility


# TYPE OF DELEGATION


- General Delegation
- Specific Delegation
- Formal Delegation
- Informal Delegation
- Written Delegation
- Verbal Delegation
- Downward Delegation
- Sideward Delegation

# TYPES OF DELEGATION

- **General Delegation:** the subordinate is granted authority to perform all the functions in his department or division. However, the subordinate will be under the overall guidance and control of the superior.
- **Specific delegation:** a person is given authority regarding specific function. For example, a sales person may be given the authority to collect payments from debtors.
- Specific delegation is precise and the subordinate clearly understands what he is expected to do. But it may create inflexibility in the organisation.

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- **Formal Delegation:** When authority is delegated as per the organisation structure. Such delegation is effective because it leaves no option to the subordinate but to obey the commands of the superior
  - **Informal delegation:** Takes place when an individual or a group agrees to work under the direction of an informal leader.

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- **Written Delegation:** Delegation made by written orders and instructions is known as written delegation.
  - **Oral delegation:** Unwritten or oral delegation is based in custom and conventions.

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- **Downward Delegation:** Downward delegation occurs when a superior assigns duties and grants authority to his immediate subordinate. This is the most common type of delegation.
  - **Sideward delegation:** It takes place when a subordinate assigns some of his duties and authority to another subordinate of the same rank

# Responsibility

- Meaning of Responsibility

Responsibility is the obligation to perform duty to carryout certain activities

- Establishing Task and Reporting Relationships

- Creating Accountability

# Establishing Task and reporting relationship:

## Task Relationship:

- How activities related to each other in an organization.
- How the basic units of an organization are formed.
- Establishment of job description and job specification
- Job Specification: Prerequisites of job. Various skills and experiences needed to perform certain job.
- Job Description: The activities that have to be carried out at certain position in a job. It describes the job.

# Establishing Task and reporting relationship:

- Establishing Reporting Relationship:
- It is finding out Chain of command and Span of control or span of management
  1. Who reports to whom?
  2. How many subordinates will a supervisor have?  
(Relate it to tall vs flat organizational architecture.)

## **Creating accountability**

- Requirement to report

# Centralization and Decentralization

Centralization and Decentralization are two modes of working in any organization. In centralization, there is a hierarchy of formal authority for making all the important decision for the organization.

In **centralized organizations**, strategic planning, goal setting, budgeting, and talent deployment are typically conducted by a single, senior leader or leadership team.

In contrast, in **decentralized** organizations, formal decision-making power is distributed across multiple individuals or teams.

**Decentralization** gives an opportunity to the workers to demonstrate their capacities by taking care of different tasks freely. Such freedom to make choices is to increment their insight and involvement with all levels. It likewise gives qualified labour to satisfy the top positions through advancements and in decentralization decision making is left for the lower level of organization.

## Advantages of Centralization

- The organization can strictly enforce uniformity of procedures and policies.
- It can help in the elimination of overlapping or duplicate activities and save costs.
- The organization has a better chance of utilizing the potential of its outstanding employees.
- It offers a better control over the activities of the organization by ensuring consistency in operations and uniformity in decision-making.

## **Advantages of Decentralization**

- Faster decision-making and better quality of decisions
- Improves the effectivity of managers.
- Offers a democratic environment where employees can have a say in their governance.
- Provides good exposure to mid and lower-level managers and creates a pool of promotable manpower with managerial skills.
- Since managers can see the results of their own actions, they are more driven and have improved morales.

# Factors determining the Degree of Decentralization

- Significance of the decision
- Size of the Enterprise
- The Attitude and Philosophy of the Management
- Control Techniques
- Availability of Capable Executives
- External Environment Influences