

MANAGEMENT

Unit 3 : Organizational Management

Topics Covered :

- Organization - definition
- Steps
- Types of Organization
- Assignment

By : Nainey Priya
Guest lecturer

Unit 3 Organizational Management

• Organization :

→ An organization is an organized group of people, who work together in an organized way for common objective.

→ Steps :-

(i) Identifying the objective :

- provides guideline for all the employees at all levels.

(ii) Grouping the activities:

- Based on functions, manpower, skills, etc.

(iii) Assigning duties :

- Assignments based on qualification, skills and experience.

(iv) Developing authority and responsibility relationship.

→ Characteristics :-

(i) Small or large group of people.

(ii) Group is lead by Executive leader.

(iii) It is an important tool of management

(iv) It includes division of work and responsibility

(v) Allocates duties and responsibilities to employees.

(vi) It establishes a relationship between authority and responsibility.

(vii) Controls the efforts of the group.

(viii) Ensures achievement of established goals.

→ Principles :-

(i) Understanding and formulating of objectives.

(ii) Association and relation of basic components of organization.

(iii) Responsibility and authority.

(iv) Span of Control

(v) Division and grouping of work

- (vi) Proper delegation of work
- (vii) Effective and efficient communication.
- (viii) Line and staff interaction
- (ix) Balance, stability and flexibility of organization.

• Organizational Structure:

→ It is a network of relationships between various position in an organization.

→ Types: -

- (i) Line / Military / Scalar
- (ii) Line and staff
- (iii) Staff / Functional
- (iv) Project

(i) Line Organization:

- Most oldest and simplest method type of organization.
- Authority flows from top to bottom.
- Also called scalar or military organization.

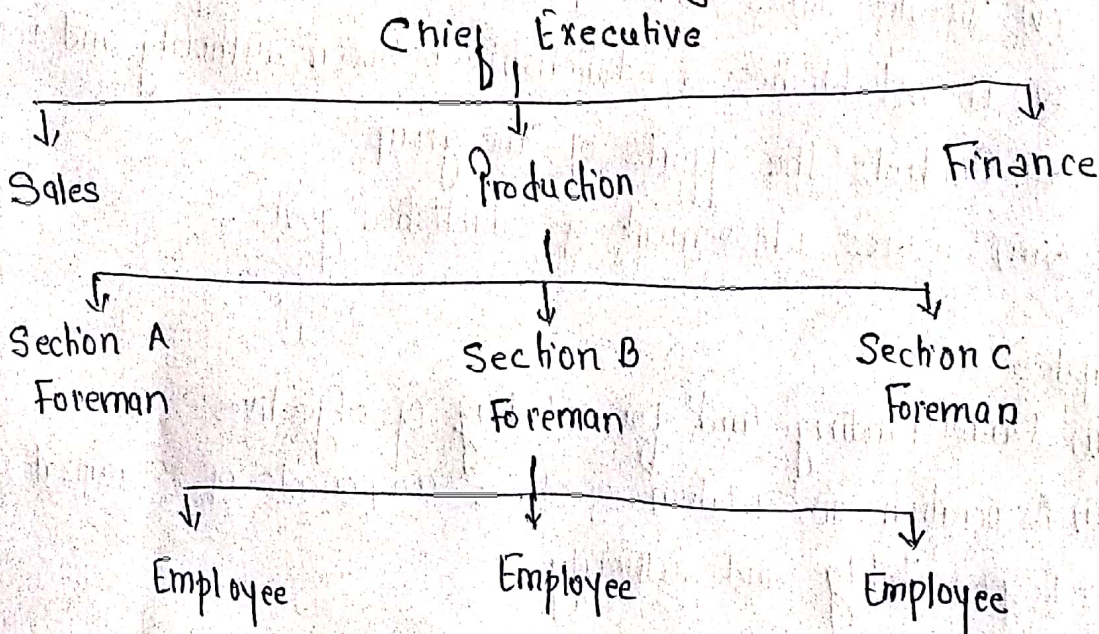


fig: Line Organization

→ Merits :-

- (i) Simple and easy method
- (ii) Flexible, easy to expand or contract
- (iii) Clear and simple division of authority
- (iv) Easy communication among employees.
- (v) Almost no confusion exists.
- (vi) Fast working speed
- (vii) High degree of discipline.
- (viii) Unity of command : command flows from top to bottom.

→ Demerits :-

- (i) Over reliance.
- (ii) Lack of specialization.
- (iii) May overload employees.
- (iv) Cannot cover complicated relationships.
- (v) Not suitable for highly specialized organization.
- (vi) Wastage of resources.
- (vii) Monotonous working style and dictatorship by superiors.

(ii) Line and Staff :

→ Modification of line organization

→ Staff supervisors and staff specialists who are attached to line authority.

→ There are two lines of authority which flows at one time in concern :

(a) Line Authority

(b) Staff Authority

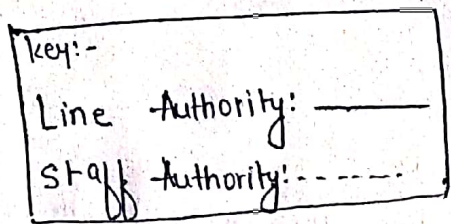
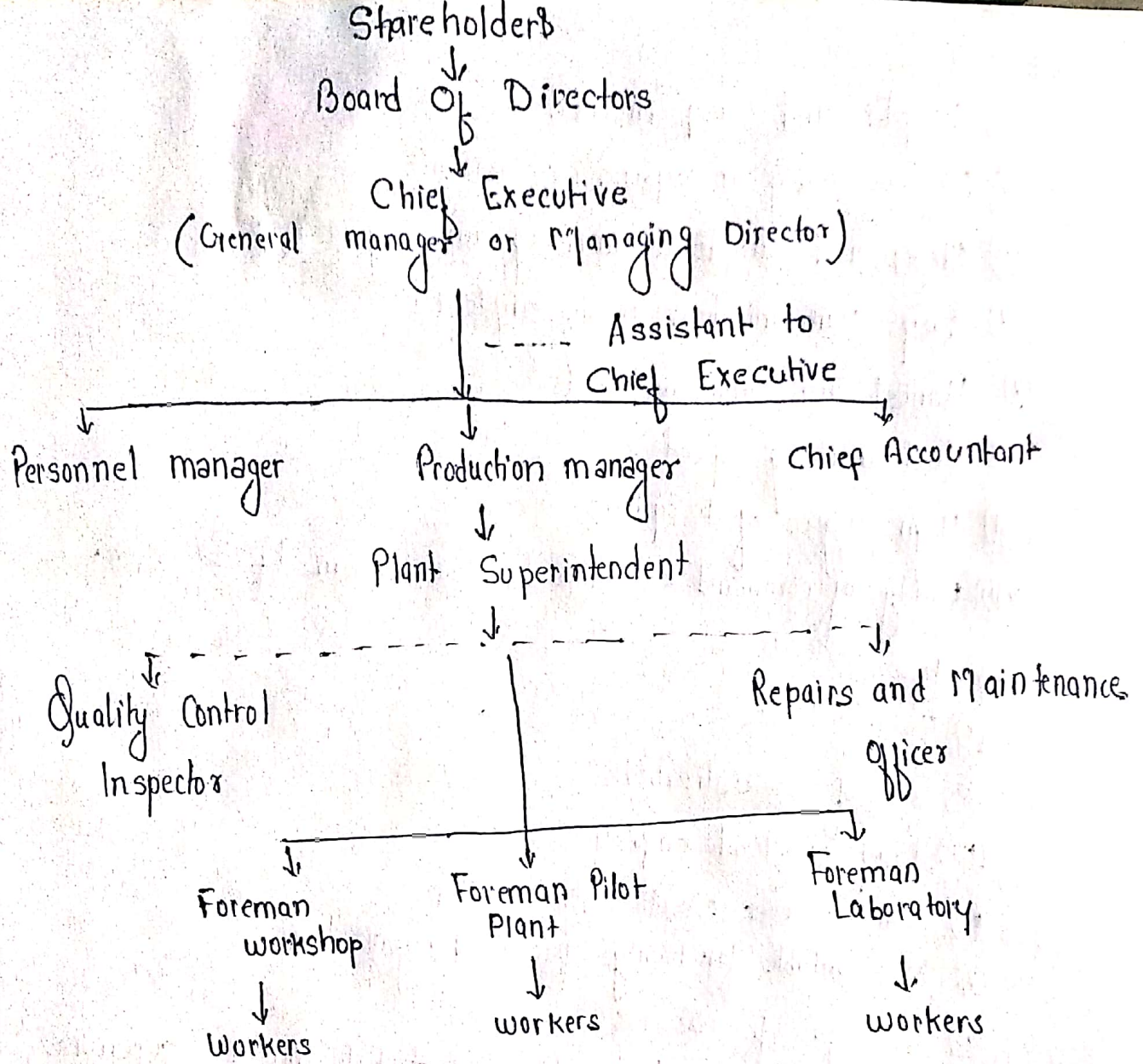


Fig: Showing Line and Staff Organization

→ Merits:-

- (i) Relief to line of executive
- (ii) Expert advice.
- (iii) Benefit of specialization
- (iv) Better co-ordination
- (v) Balanced decision
- (vi) System functions smoothly.
- (vii) Complicated systems can be implemented.

(viii) Improved product Quality

(ix) No work overloading

→ Demerits :

(i) Increase in staff leads to increase product cost.

(ii) Lack of understanding; presence of two lines of authority. Hence, more staff, more confusion.

(iii) Assumption of authority: Power of concern is with line official but staff dislikes it as they are the one with more mental work.

(iv) Staff steals the show.

(v) Line and staff conflicts

(vi) Complexity reduces the performance.

(vii) Lack of sound advice: Some times staff authority ^{can} also give wrong advice which a line authority have to consider and can create problem.

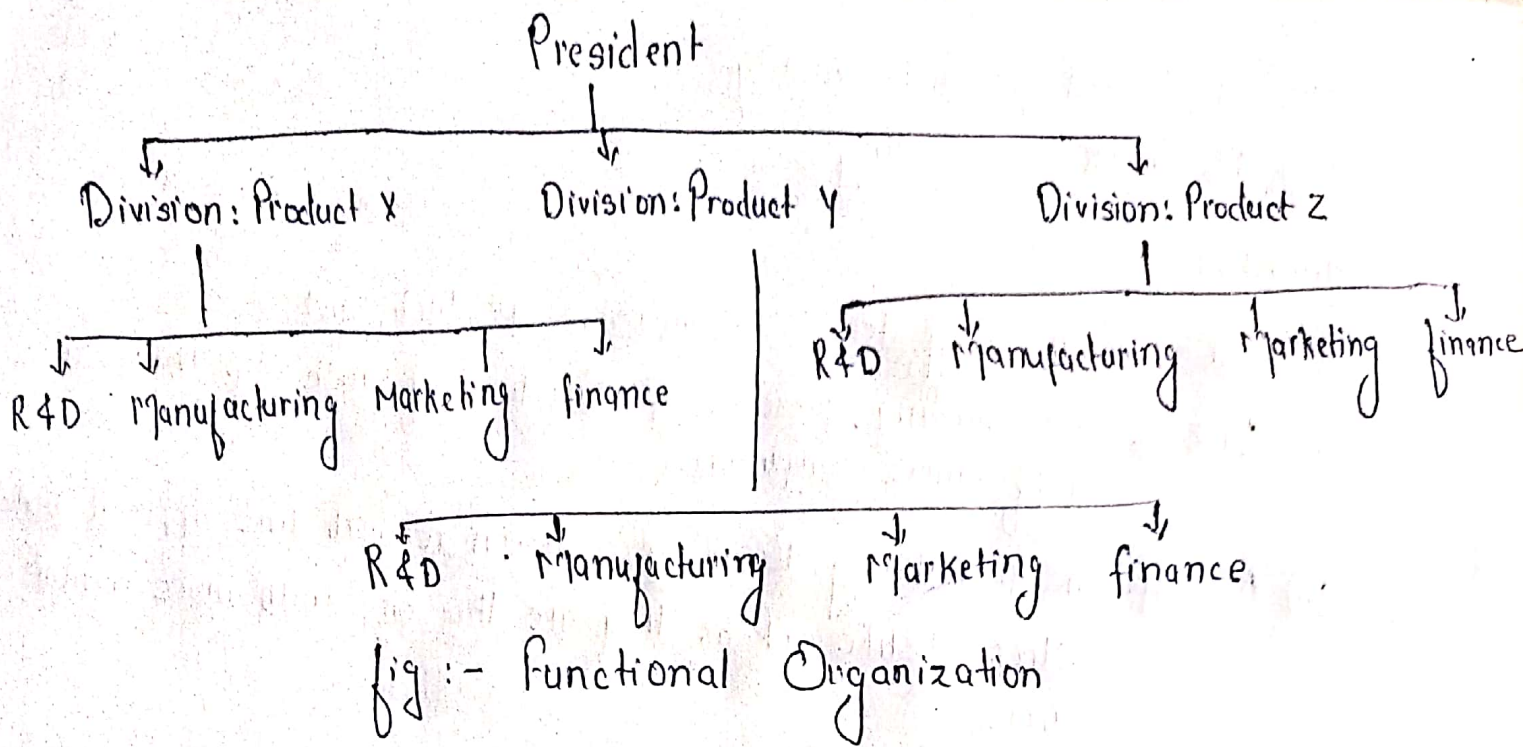
(iii) Functional Organization :

→ Provided by F. W. Taylor.

→ In this specialists are put in top position throughout the enterprise.

→ Each functional area is put under the charge of functional specialists and he/she has given authority to give all decisions regarding the function.

→ It is difficult for this structure to exist.



→ Merits :-

- (i) Specialization: because of specialization, responsibilities are fixed.
- (ii) Expert advice can be received which provide better control and supervision.
- (iii) Efficiency: Greater efficiency is achieved because every function performing a limited number of functions.
- (iv) Economy: facilitates maximum production and economical costs.
- (v) Effective Control and reduction in number of accidents and wastage.
- (vi) Division of work is easy.

→ Demerits :-

- (i) Confusion
- (ii) Lack of co-ordination: since workers are commanded by large number of people.
- (iii) Specialization demands more cost
- (iv) Assigning new job is difficult because of specialization.
- (v) Conflicts
- (vi) Difficulty in fixing responsibility because of multiple authority.

(v) Project Organization:

→ It is formed temporarily based on project. Once project is over it may demolished.

→ In this less number of people are involved.

→ Types:-

- i) Function based
- ii) Project based
- iii) Matrix based

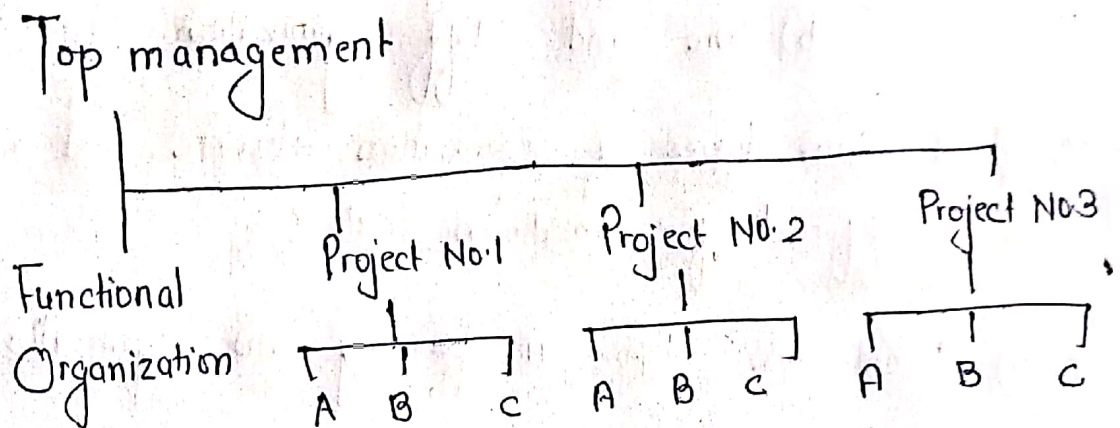


fig: Project Organization.

→ Merits:-

- (i) Limited scope of work
- (ii) More efficient
- (iii) Teamwork is not emphasized.
- (iv) Full control over resources.
- (v) Organisation is highly responsive to customer

→ Demerits:-

- (i) Temporary
- (ii) Lack of innovation
- (iii) Difficult to meet team time limits.
- (iv) Loose bonding.

Assignment

Q.1) Differentiate between :-

- (a) Line organization and Line and staff organization.
- (b) Line organization and Functional Organization.

Q.2) Draw organizational structure of :-

- (a) Functional Organization
- (b) Line and Staff organization.

Q.3) Explain types of organization structure and which structure is preferred for medium scale?

Q.4) What are steps in forming an organization?

Q.5) (a) _____ is the oldest organization structure.

(b) There are _____ types of organizational structure.

(c) Functional organization is given by _____.

(d) _____ organization have two line of authority.

(e) Line organization flows from _____ to _____.

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