Introduction to Management

Chapter Four

Organizing Function

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ORGANIZING FUNCTION

Definition

Organizing is defined as the process of;

- Identifying what tasks should be done
- Grouping & categorizing those tasks based on their similarities & differences
- Assigning tasks to individuals
- Delegation of authority and responsibility

Organizing involves differentiation and integration.

- **Differentiation**: is the process of departmentalization or segmentation of activities on the basis of some homogeneity.
- **Integration**: is the process of achieving unity of effort among the various departments (segments/subjects).

The result of organizing process is *organization structure*.

- **Organizational structure** refers to a formal frame work by which managers devise for controlling and coordinating the work of all organizational members.

- It's the established pattern of normal relationships among the various components of the org.

Organizational Chart

Refers to a diagram or chart of all the positions in the organization and their formal r/ships to one another

It's a formal drawing of boxes and lines where;

- ✓ boxes represent firms activities & people performing these activities
- ✓ lines indicate relationships among them.

- People near the top of the chart have more authority and responsibility than those below them.

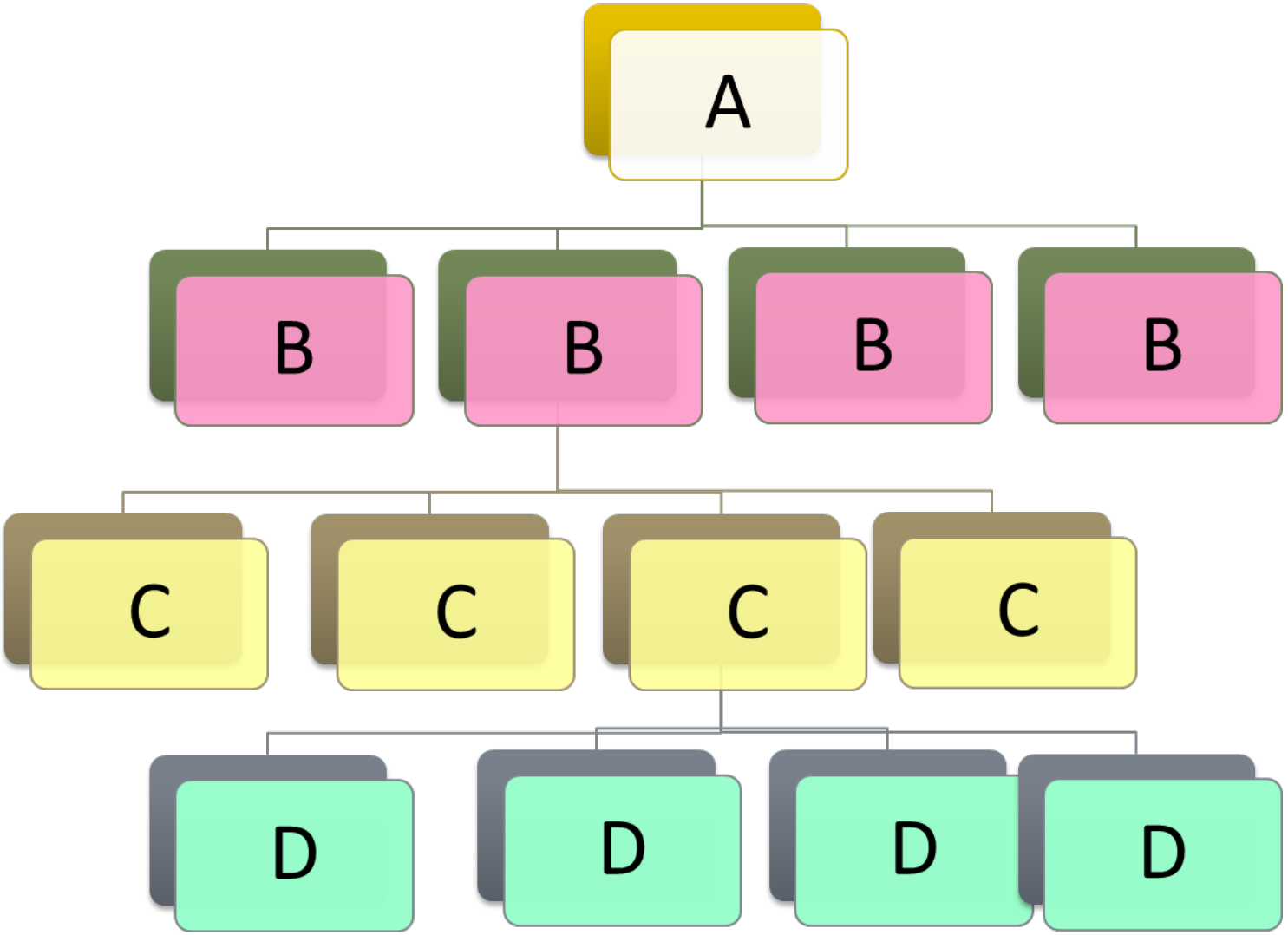


Fig: Sample Organizational Chart

An organization chart shows:

- ✓ Who reports to whom – the chain of command,
- ✓ How many subordinates work for each manager – the span of control,
- ✓ Formal channel of communication,
- ✓ Hierarchy of decision making - where decision maker for a problem is located
- ✓ Equal interaction (horizontal lines) etc.

Formal and informal organizations

A. Formal organization: - is an organization that is deliberately and rationally designed and approved by management through the organizing process in order to achieve the objectives of the firm.

- ➢ Its intentionally drafted by the top management with an explicit aim of achieving well defined goal.

B. Informal organization: - refers to natural groupings of people in the work situation based on their behavioral patterns, interests, beliefs, objectives, etc.

- ➢ No conscious attempt is made to create an informal organization.
- ➢ Are networks of personal or social gatherings developed through casualties with out having a clear objective.

The Organizing Process

- Organizing is an ongoing managerial process whether forming a new organization, or reorganizing the existing one, managers do take five fundamental steps.

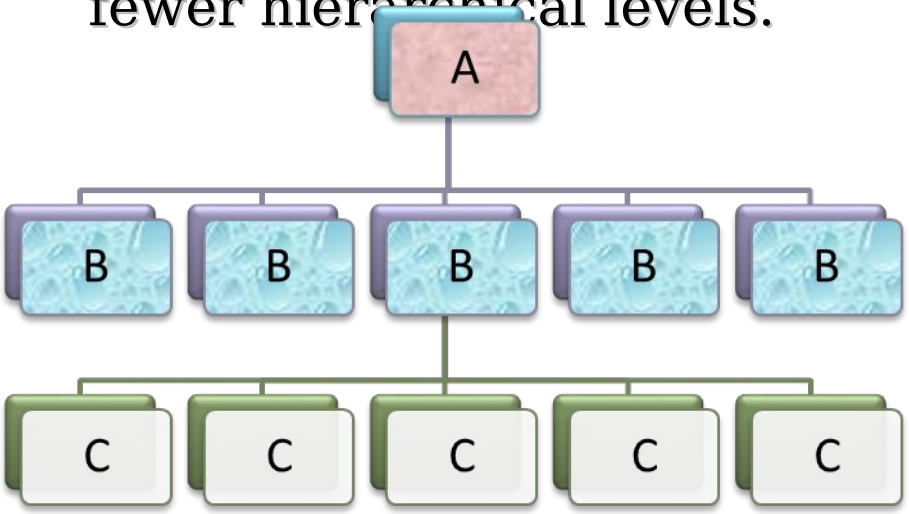
1. Consider/review Plans and Goals:
2. Determine the Work Activities Necessary to Accomplish Objectives:
3. Classify and Group Activities:
4. Assign and Delegate Appropriate Authority:
5. Design a Hierarchy of Relationships:
    - Determination of both vertical and horizontal operating relationships of the organization as a whole.

Principles of Organization

1. **Division of Work**: is dividing large tasks into smaller packages of work to be distributed among several people.
   - It is breaking down complex organizational tasks in to a more simple, routine and well defined tasks.
     - **Advantage**: upgrading productivity.
     - **Disadvantages**: boredom and absenteeism.
2. **Departmentalization**: is the process of combining jobs (activities) into groups & further sub-dividing them into sections or units.
3. **Hierarchy (Scalar Chain):** represents a line of authority in an organization. It specifies the order of rank from top management to the lowest level of the enterprise. It reflects both;
   - **Unity of command**: each employee in the organization should have one boss to whom he/she is directly responsible &
   - **Unity of direction:** similar activities in the organization should be directed by one manager who plans and leads the activity
4. **Span of Control/Span of Management/:** - refers to the number of people and departments that report directly to a particular manager. Are **two** types;

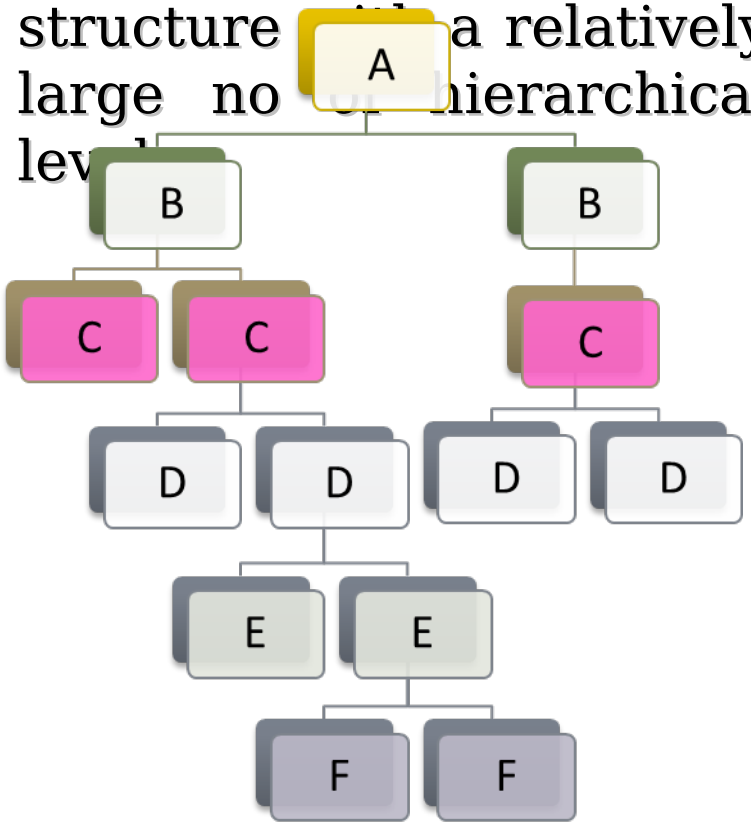
1. Wide span of management: -

- ✓ A single manager is supposed to manage huge no. of subordinates resulting in a flat organizational structure & fewer hierarchical levels.



2. Narrow span of management: -

- ✓ A situation in which a manager handles few no. of immediate subordinates resulting in a taller organizational structure with a relatively large no. of hierarchical levels.



There is no correct number for the span of control. The number of span of control (having wide or narrow span of control) is determined by the following variables:

- **Complexity and variety of the subordinates' work**
  - The more complex subordinate's job, the fewer number of subordinates
  - The more routine the subordinates work , the greater the no of subordinates.
- **Ability and training of the subordinates**
  - The more capable and experienced the subordinates are, the greater should be the number of subordinates.
  - The more trained the subordinates are, the greater the no. of subordinates.
- **Ability of the manager**
  - If the manager has high potential ability, the number of subordinates can be made too many.
- **Company's philosophy for centralization and decentralization**
  - companies that favor centralization usually has narrow span of control
  - companies that encourage decentralization usually display wide span of control

5. Chain of command

- Is the plan that specifies who reports to whom in an organization.
- The higher the employee in an organization *hierarchy,* the higher will be the employee's organizational responsibility and Vice-versa.

6. Coordination:

- Co-ordination is the process of integrating the activities of separate departments in order to pursue organizational goals effectively.

Symptoms of lack of co-ordination in organization

- Loss of control.
- Excessive conflict.
- Separation of authority and competence.
- Neglected responsibilities in organization

ASSIGNMENT

- Departmentalization
- Basis/types of departmentalization …

Authority and its Distribution

- Authority is the right to give orders and make decisions
- It is the set of rights that enables members to discharge their responsibility
- It's a formal and legitimate power of a manager to guide and direct the actions of subordinates, make decisions and allocate resources for the attainment of org. goals

Authority can be viewed from two perspectives.

1. Classical View of Authority (top-down theory of authority)

- According to the classical view, authority originates from a very high level then lawfully passes down from level to level.

2. Acceptance View of Authority (bottom-up theory of authority)

- Authority stems from the influenced rather than the influencer.
- Authority exists only in the acceptance of the influenced.
- This view says authority of management is only to the extent of which subordinates are willing to accept.

Types of Authority

A. **Line Authority:** defines the relationship between superior and subordinate.

- It is direct supervisory relationship used by superiors in giving authority to their subordinates and helps to establish the chain of command in an organization.

B. **Staff Authority:-** is authority to assist and advise the line manager in accomplishing organizational objectives.

- It is advisory in nature and is granted an advisory authority.

C. **Functional Authority:- is t**he right to control activities of other departments as they relate to specific staff responsibilities.

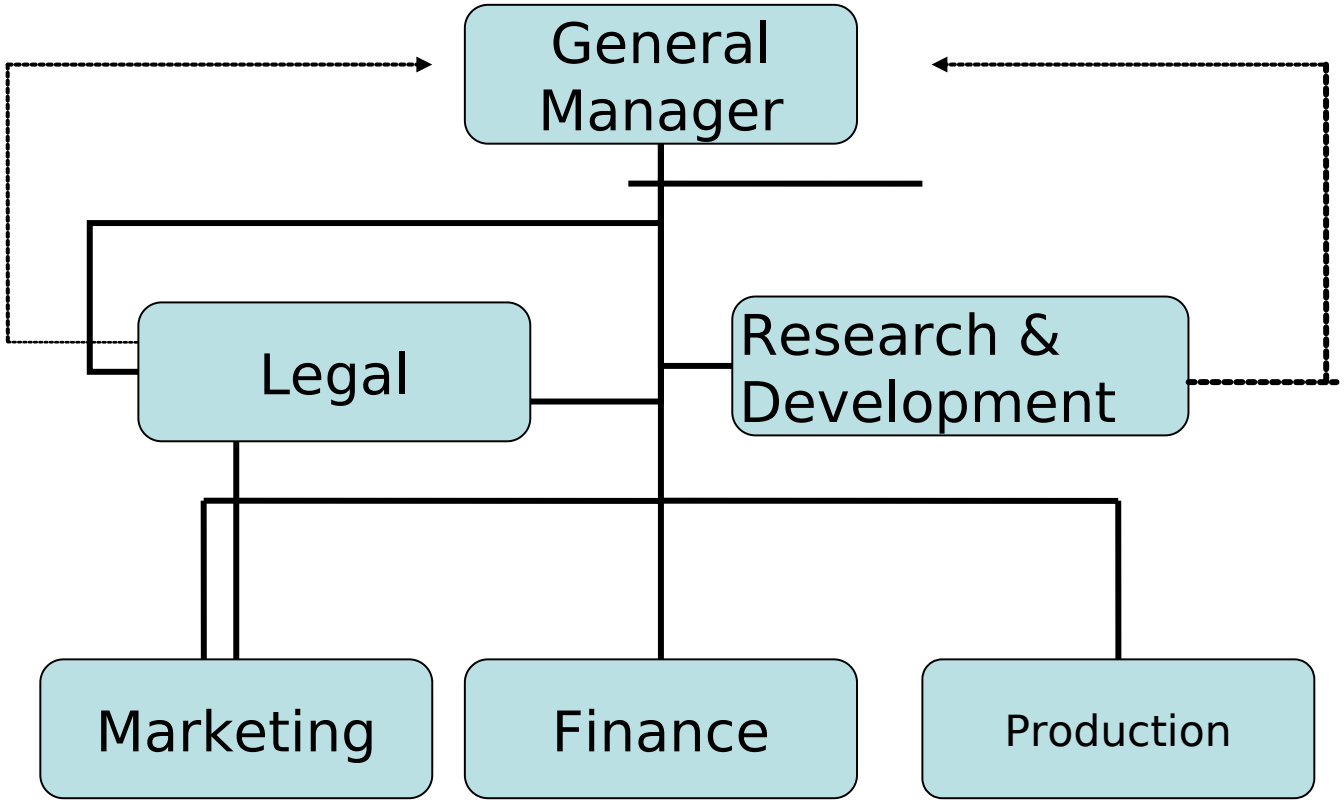
- Its an authority that permit Staff managers to control their systems/procedures in other departments. eg, Audit department, Personnel dep‘t

Staff - Line relationships

Line authority

Staff

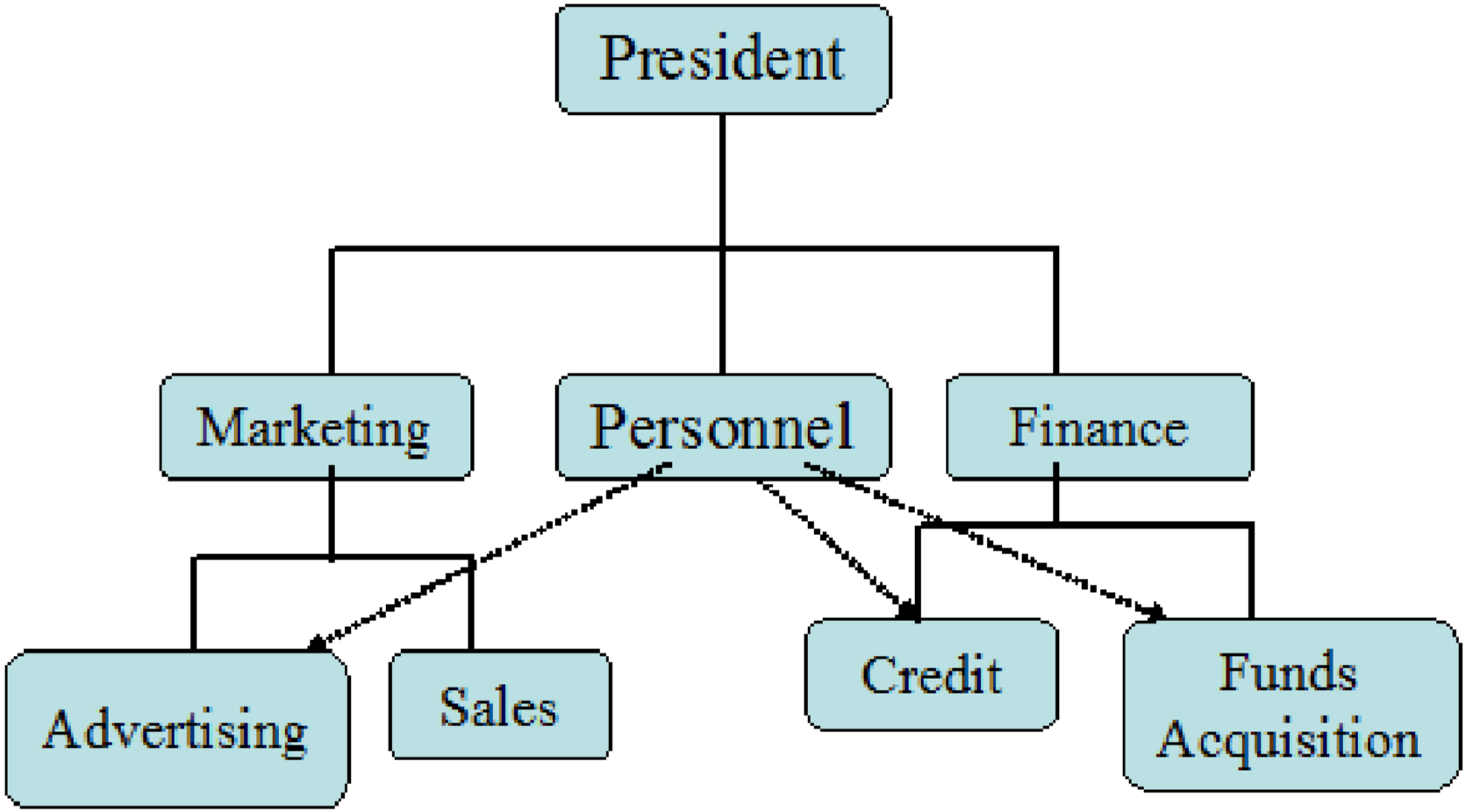
Authority



Staff – Functional relationships

Line authority

Functional Authority



Power Vs Authority

People often use power and authority interchangeably, but;

- Power is the **ability** to act or exert influence; where as authority is the **right** to do so.

Authority	**Power**
❖ Positional: it will be there even if the incumbent leaves	❖ Personal: it exists b/c of the person
❖ It is delegated	❖ Not all power can be delegated
❖ Narrow	❖ Broader
❖ It is subset of power	❖ It encompasses authority

Sources of Power

1. **Legitimate power:** - legitimate power is the power which is derived from a person's official position in an organization. It's the power that a leader possesses as a result of occupying a particular position or role in the org.
2. **Reward Power: -** is leaders ability to reward another person for carrying out orders or meeting performance requirements.
3. **Coercive power:** - refers to the ability to punish another individual for not meeting requirements. It is virtually the opposite of reward power.
4. **Expert Power:** - refers to the power that one can posses as a result of his/her knowledge and expertise regarding the task to be performed by subordinates.
   - When we do what our doctors tell us we are acknowledging their expert power.
5. **Referent Power:** - is a power that results from being admired, personally identified with or linked by others/subordinates.

Delegation of Authority

Delegation: is a formal assignment of authority to subordinates.

- It is a downward assignment of formal authority from one person to another.

Importance

- Enhances effective communication with subordinates
- It frees managers from performing difficult and time consuming tasks & allows them to look on to strategic planning and decision making
- It results in prompt decision
- It gives exposure to subordinates & serves them as a motivational factor

Process

1. Allocation of duties /Assignment of tasks to the Subordinates
2. Delegation of authority
3. Acceptance of responsibility
4. Creation of Obligation or Accountability

Barriers to Delegation

A. Reluctance of Executive/Managers

- "I can do it better my self", many managers believe that no body else can do the job better than themselves.
- Lack of confidence and trust in subordinates.
- Sense of Insecurity/Loss of power or fear of competition from subordinate
- Lack of managers ability to direct subordinates actions

B. Reluctance of Subordinates

- Fear of criticism and dismissal for dead actions.
- Lack of sufficient incentives/rewards for assuming extra responsibility
- Lack of self - confidence in doing the job
- Subordinates usually feel that making decision is the bosses job
- Lack of necessary information & resources for subordinates to accept new and added assignments

Guidelines for Effective Delegation

- The management must be willing to give employees freedom to accomplish delegated tasks
- Open Communication between managers and employees
- Proper Selection and training
- Motivate Subordinates
- Establish adequate controls (feedback system)

Centralization Vs. Decentralization

- **Centralization** is the situation in which authority for most decisions is concentrated at the top of the managerial hierarchy (selective concentration).
- **Decentralization**: - requires the authority to be dispersed by extension and delegation throughout all levels of management. (Dispersion of authority)

- ***Read:-Advantages & disadvantages of Centralization & Decentralization***


THANK YOU!!!