

Nature and significance of organization



Organization

- Meaning of Organization: Organization is a Process
- Organization is a process which integrates different type of activities to achieve organizational goals and objectives, to achieve these goals there must be competent management providing them all those factors to perform their job efficiently and effectively. Organization is nothing but is a process of integrating and coordinating the efforts of men and material for the accomplishment of set objectives.
- Every thinker is of the opinion that an organization is a process. They further have added that this process lead identification of work to be performed which for convenience sake should be objectively grouped and defined. Then the work should be assigned to individuals according to their aptitude, technical knowledge, skill and efficiency. For satisfactory working the individuals should be given some right and authority. A mutual relationship between jobs (what to be done) duties (to be performed) and authority (to be exercised) should be established. Organization is just like a tool in the hands of management. Net results will be perfect if the tool is well designed and handed properly.

Characteristics of Organization

- Organization is an effective and necessary instrument for the attainment of predetermined goals. The following are main characteristics of organization.
- Organization is an instrument used by the management for the attainment of preplanned objectives.
- Management guides and directs the organization.
- A set of rules and instrument are communicated to all connected with the organization.
- It prefers to a group of personnel whose positions, rights, responsibilities are well defined and classified according to the nature of assignments.

Nature of Organization

- A set of five processes in commonly accepted as five functions of organization which represents nature of organization, they are
- Subdivision of main work into small groups
- Based on principles of equality division of different activities ties
- Selection of suitable personnels and allocation of jobs according to suitability
- Allotments of rights and authority to those who have been assigned the job so that may be able to accomplish their job satisfactorily
- Determination of positions at different levels

Importance of Organization

- Any effective organization
- Makes the management simple and efficient
- Encourages specialization
- Improves techniques
- Encourages constructive thinking
- Increase productivity and
- Accelerates the progress
- The management asks the organization to accomplish the tasks set-forth before it which an effective organization is capable of achieving through its fruitful organizational framework. This is why it is said that organization is a foundation upon which the whole structure of management can be successfully built.

Principles of organization

- 1. Principle of unity of objectives: Organizational goals, departmental goals, and individual goals must be clearly defined. All goals and objectives must have uniformity.
- 2. Principle of specialization: The term specialization is related to work and employees. When an employee takes special type of knowledge and skill in any area, it is known as specialization.
- 3. Principle of coordination: In an organization many equipment, tools are used. Coordination can be obtained by group effort that emphasize on unity of action. Therefore, coordination facilitates in several management concepts

- 4. Principle of authority: Authority is the kind of right and power through which it guides and directs the actions of others so that the organizational goals can be achieved. It is also related with decision-making. It is vested in particular position, not to the person because authority is given by an institution and therefore it is legal. It generally flows from higher level to the lowest level of management. There should be unbroken line of authority.

- 5. Principle of responsibility: Authentic body of an organization is top-level management, top-level management direct the subordinates. Departmental managers and other personnel take the direction from top-level management to perform the task. Authority is necessary to perform the work .
- 6. Principle of delegation: Process of transferring authority and creation of responsibility between superior and subordinates to accomplish a certain task is called delegation of authority. Authority is only delegated, not responsibilities in all levels of management. The authority delegated should be equal to responsibility

- 7. Principle of efficiency: In enterprise different resources are used. These resources must be used in effective manner. When the organization fulfills the objectives with minimum cost, it is effective. Organization must always concentrate on efficiency.
- 8. Principle of unity of command: subordinates should receive orders from single superior at a time and all subordinates should be accountable to that superior. More superior leads to confusion, delay and so on.

- 9. Principle of span of control: unlimited subordinates can't be supervised by manager, this principle thus helps to determine numerical limit if subordinates to be supervised by a manager. This improves efficiency.
- 10. Principle of balance: the functional activities their establishment and other performances should be balanced properly. Authority, centralization, decentralization must be balance equally. This is very challenging job but efficient management must keep it.

- 11. Principle of communication: Communication is the process of transformation of information from one person to another of different levels. It involves the systematic and continuous process of telling, listening and understanding opinions ideas, feelings, information, views etc, in flow of information. Effective communication is important
- 12. Principle of personal ability: for sound organization, human resources is important. Employees must be capable. Able employees can perform higher. Mainly training and development programs must be encouraged to develop the skill in the employees

- 13. Principle of flexibility: organizational structure must be flexible considering the environmental dynamism. Sometimes, dramatically change may occur in the organization and in that condition, organization should be ready to accept the change
- 14. Principle of simplicity: This principle emphasizes the simplicity of organizational structure, the structure of organization should be simple with minimum number of levels so that its member can understand duties and authorities.

Authority and responsibility

- Authority and responsibility are closely related and this principle states that these two must go hand in hand. It means that proper authority should be delegated to meet the responsibilities.
- Authority is the power to give orders and get it obeyed or in other words it is the power to take decisions.
- Responsibility means state of being accountable or answerable for any obligation, trust, debt or something or in other words it means obligation to complete a job assigned on time and in best way.

Difference between Authority and Responsibility:

- **Authority:**

- 1. It is the legal right of a superior to command his subordinates.
- 2. Authority normally arises because of position of the boss in the organisation.
- 3. Authority can be delegated by a senior to his subordinate.
- 4. Authority flows downward from superior to subordinate.

- **Responsibility:**

- 1. It is the obligation of a subordinate to perform the work assigned to him by his superior.
- 2. Responsibility arises out of superior- subordinate relationship whereby the subordinate agrees to perform such duties as are assigned to him.
- 3. It cannot be delegated by the subordinate.
- 4. Responsibility moves in the upward direction from subordinate to superior.

Relationship between Authority and Responsibility

- Authority is the right of a superior to give orders and instructions to his subordinates to get things done.
- Responsibility means the duties assigned to a person at the time of delegation of authority.
- Responsibility also denotes the obligation of the subordinate to perform the duty to the best of his ability.
- It arises from the superior-subordinate relationship.
- Authority can be delegated, but responsibility cannot be delegated.
- Authority moves downward. A superior can always share his authority with his subordinates, but he cannot delegate the responsibility or obligation to perform his duty.
- Responsibility is owed to one's superior. Therefore, no subordinate can avoid his responsibility by delegating some authority to his subordinate.
- Accountability always moves upward and so it cannot be delegated.
- Authority and responsibility are closely related. There should be a parity between the two. A subordinate will be answerable for the authority delegated to him and not beyond that.

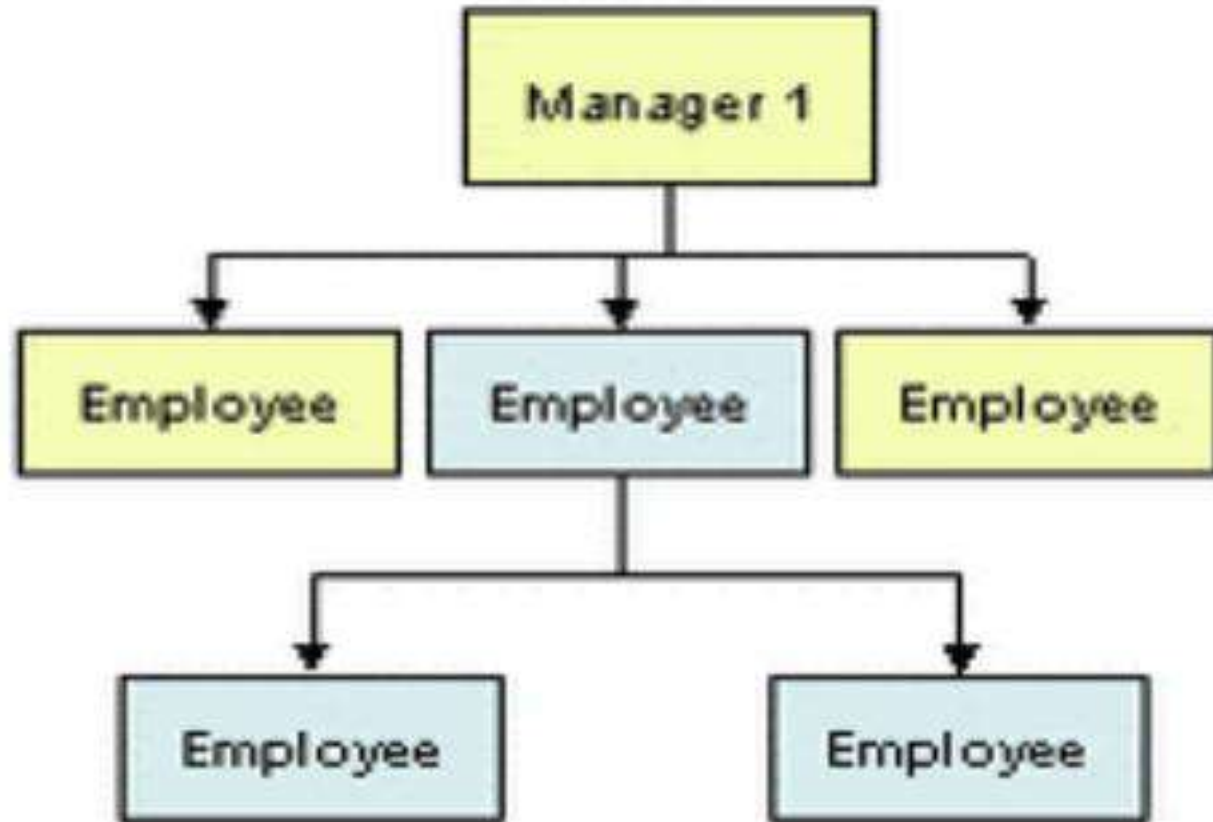
Defining span of control

- Span of control refers to the number of subordinates that can be managed effectively and efficiently by supervisors or managers in an organization. Typically, it is either narrow or wide resulting in a flatter or more hierarchical organizational structure. Each type has its inherent advantages and disadvantages.

Narrow Span of control

- Advantages
 - Have more levels of reporting in the organization, resulting in a more hierarchical organization
 - Supervisors can spend time with employees and supervise them more closely
 - Creates more development, growth, and advancement opportunities
- Disadvantages
 - More expensive (high cost of management staff, office, etc.)
 - More supervisory involvement in work could lead to less empowerment and delegation and more micromanagement
 - Tends to result in communication difficulties and excessive distance between the top and bottom levels in the organization

Example of a Narrow Span of Control



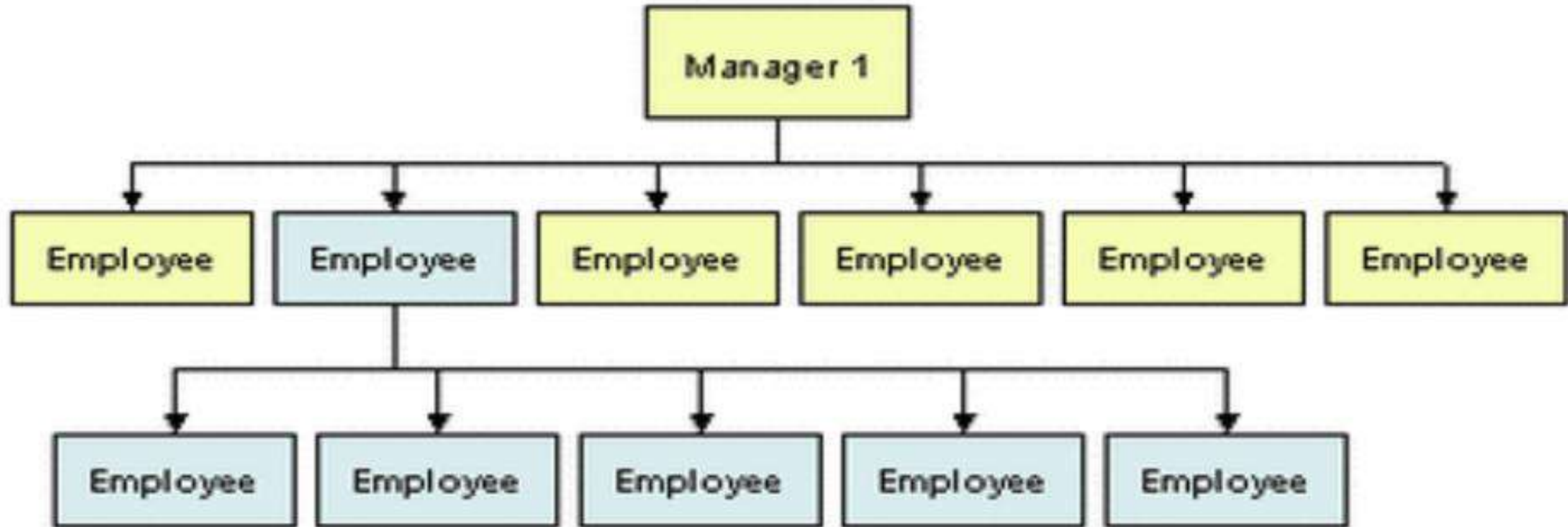
Each employee holding a position of authority is responsible for at least two others – i.e. the span of control is at least 2

Wide Span of control

- Advantages
- Have fewer levels of reporting in the organization, resulting in a more flexible, flatter organization
- Ideal for supervisors mainly responsible for answering questions and helping to solve employees problems
- Encourages empowerment of employees by giving more responsibility, delegation and decision-making power to them

- Disadvantages
- Tends to result in greater communication efficiencies and frequent exposure to the top level of the organization
- May lead to overloaded supervisors if employees require much task direction, support, and supervision
- May not provide adequate support to employees leading to decreased morale or job satisfaction

Example of a Wide Span of Control



Each employee holding a position of authority is responsible for at least five others – i.e. the span of control is at least 5

Optimal span of control

- Organization size: The size of an organization is a great influencer. Larger organizations tend to have wider spans of control than smaller organizations.
- Nature of an organization: The culture of an organization can influence; a more relaxed, flexible culture is consistent with wider; while a hierarchical culture is consistent with narrow. It is important to consider the current and desired culture of the organization when determining.
- Nature of job: Routine and low complexity jobs/tasks require less supervision than jobs that are inherently complicated, loosely defined and require frequent decision making. Consider wider for jobs requiring less supervision and narrower for more complex and vague jobs.

- Skills and competencies of manager: More experienced supervisors or managers can generally be wider than less experienced supervisors. It's best to also consider to what degree supervisors and managers are responsible for technical aspects of the job (non-managerial duties).
- Employees skills and abilities: Less experienced employees require more training, direction, and delegation (closer supervision, narrow); whereas more experienced employees requires less training, direction, and delegation (less supervision, wider).
- Type of interaction between supervisors and employees: More frequent interaction/supervision is characteristic of a narrower. Less interaction, such as supervisors primarily just answering questions and helping solve employee problems, is characteristic of a wider. The type of interaction you want your supervisors and managers to engage in with their employees should be consistent with the control they are given.

Delegation of authority

- It is an important managerial practice of getting things done through others by sharing authority with them.
- In any typical organisation, the policy and strategic decisions are taken by Board of Directors and actual implementation of these is entrusted to the Chief Executive.
- However, the chief executive alone cannot do the entire work.
- He cannot even supervise the work of all individuals working in different departments. He can pass on some portions of his authority to different departmental managers and commit them to specific tasks of supervision and operation. This process is known as delegation of authority.

Definitions of delegation of authority

- “Delegation means in brief the passing on the other of a share in the four elements of the management.” —E. F. L. Brech
- “Delegation means assigning work to others and giving them authority to do it.” —F. G. Moore
- “Delegation is an act of comparing authority by some higher source of authority.”
- “Delegation means conferring authority from one executive or organi-sational unit to another in order to accomplish particular assignment.” —George R. Terry

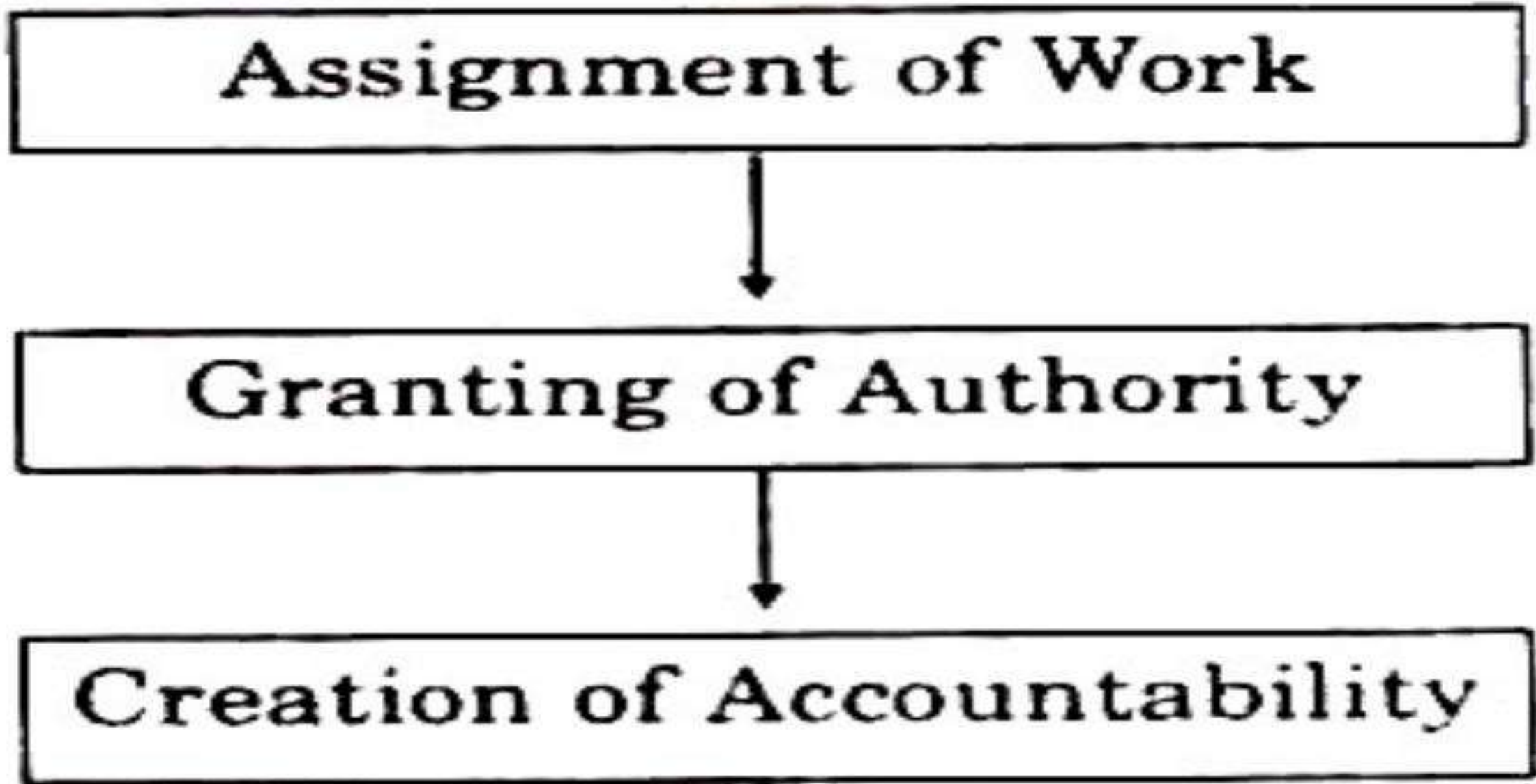


Fig. 7.1 Process of delegation. 25

- **STEP-I: Assignment of Work:**
- The first step in delegation is the assignment of work or duty to the subordinate i.e., delegation of authority. The superior asks his subordinate to perform a particular task in a given period of time. It is the description of role assigned to the subordinate. Duties in terms of functions or tasks to be performed constitute the basis of delegation process.
- **STEP-II: Granting of Authority:**
- The grant of authority is Fig. 7.1 Process of delegation the second element of the delegation authority to the subordinate so that the assigned task is accomplished. The delegation of responsibility without authority is meaningless. The subordinate can only accomplish the work when he has authority required for completing that task. Authority is derived from responsibility.
- **STEP-III: Creation of Accountability:**
- Accountability is the obligation of a subordinate to perform the duty assigned to him. The delegation creates an obligation on the subordinate to accomplish the task assigned to him by the superior. When a work is assigned and authority is delegated then the accountability is the by-product of this process.
- The authority is transferred so that a particular work is completed as desired. This means that delegator has to ensure the completion of assigned work. Authority flows down-ward whereas accountability flows upward.

Barriers to effective delegation of authority

- Obstacles due to superiors
- Managers are often reluctant to delegate authority due to the following reasons
- 1. Some managers are autocratic, and they think that delegation will lead to reduction of their influence in the organization.
- 2. Some managers think that no one can do the job as well as they can do. They think themselves as the most experienced ones.
- 3. An incompetent manager doesn't want to delegate his authority for fear of being exposed.
- 4. Few managers are inclined to accept the risk of wrong decisions which the subordinates might take. Therefore, they do not delegate authority and take all the decisions themselves. They are unwilling to calculate the risk.
- 5. Managers may not delegate authority because he feels that his subordinates are not capable and reliable. He lacks confidence in his subordinates.
- 6. A manager will hesitate to delegate authority if he has no proper means of control to ensure that the authority is being properly used by his subordinates

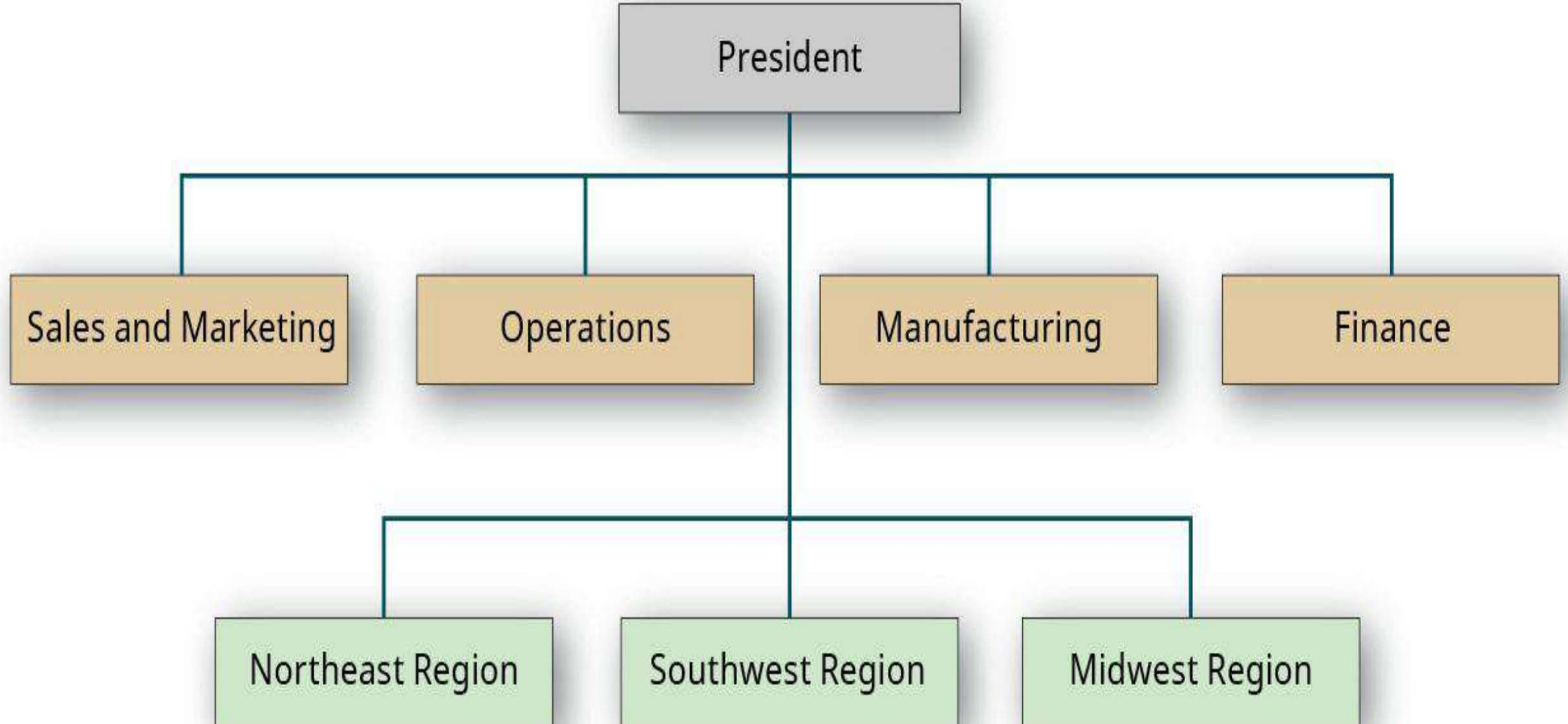
- Obstacles due to subordinates
- The subordinates may not like to accept the delegated authority due to the following reasons
- 1. Subordinate may be reluctant to accept delegation when they lack self-confidence
- 2. Some subordinates may have the attitude of spoon-feeding and depend excessively on the boss for all decisions
- 3. when the subordinates are already overburdened with duties , they do not like additional responsibility through delegation
- 4. They avoid delegation when adequate information, working facilities and resources are not available.
- 5. They reject delegation of authority if no incentives are available to them.

- Obstacles due to organizing weakness:
- Sometimes delegation may be hampered due to weakness in the organization structure. Some weaknesses are as follows
- 1. inadequate planning
- 2. splintered authority
- 3. lack of unity of command
- 4. absence of effective control techniques
- 5. non-availability of competent managers
- 6. unclear authority relationship
- 7. Environment of internal distrust.

Structure Types

- Organizational structures typically use one of two approaches:
- A centralized structure gives most of the authority and decision-making power to the team at the top.
- A decentralized structure distributes authority and decision-making power at lower levels, which might include departments, groups, or business units. A company can be organized in a number of ways. It might be built around divisions, functions, geography, or with a matrix approach:
- A divisional structure is organized around divisions or business units that are self-contained entities with their own functional departments such as human resources, marketing, and so on.
- A functional structure is based on job functions often labeled as departments – finance, purchasing, etc.
- A geographical structure is often used when a company has multiple locations. Each location operates independently.
- With a matrix structure, the company is organized around teams assembled for specific tasks. Team members usually report to more than one person – the team leader, and the supervisor for the team member's functional area.

CENTRALIZED ORGANIZATIONAL CHART



Meaning of Centralization

- Centralization is a form of organizational structure where the decision making capability rests with the top management. A couple of hand-picked members are entitled to create strategies, determine the goals and objectives based on which an organisation will function.
- In a centralized organisation, the top management sets rules and procedures which are then communicated to the lower-level employees, who are expected to carry out the same without questioning the authority.
- The advantage of such a structure is, it allows employees to have a well-defined framework within which all work needs to be carried out.
- The disadvantage of such a structure is that it increases the time taken to arrive at a decision. As decision-making authority lies with selected people from top management, it may result in biased decision making.

centralization of authority

- Centralization is said to be a process where the concentration of decision making is in a few hands. All the important decision and actions at the lower level, all subjects and actions at the lower level are subject to the approval of top management. According to Allen, “Centralization” is the systematic and consistent reservation of authority at central points in the organization. The implication of centralization can be :-
- Reservation of decision making power at top level.
- Reservation of operating authority with the middle level managers.
- Reservation of operation at lower level at the directions of the top level.

Diagram A: Centralized

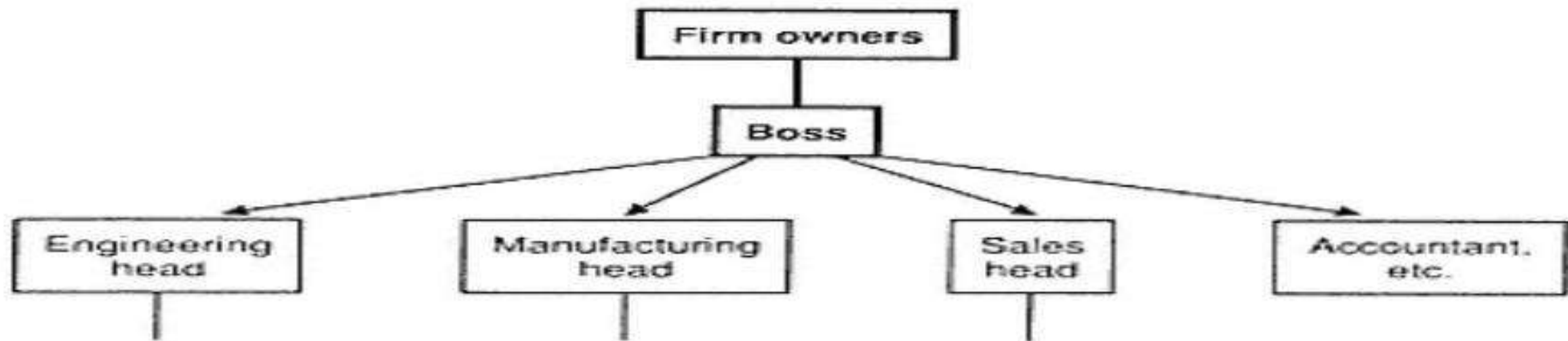
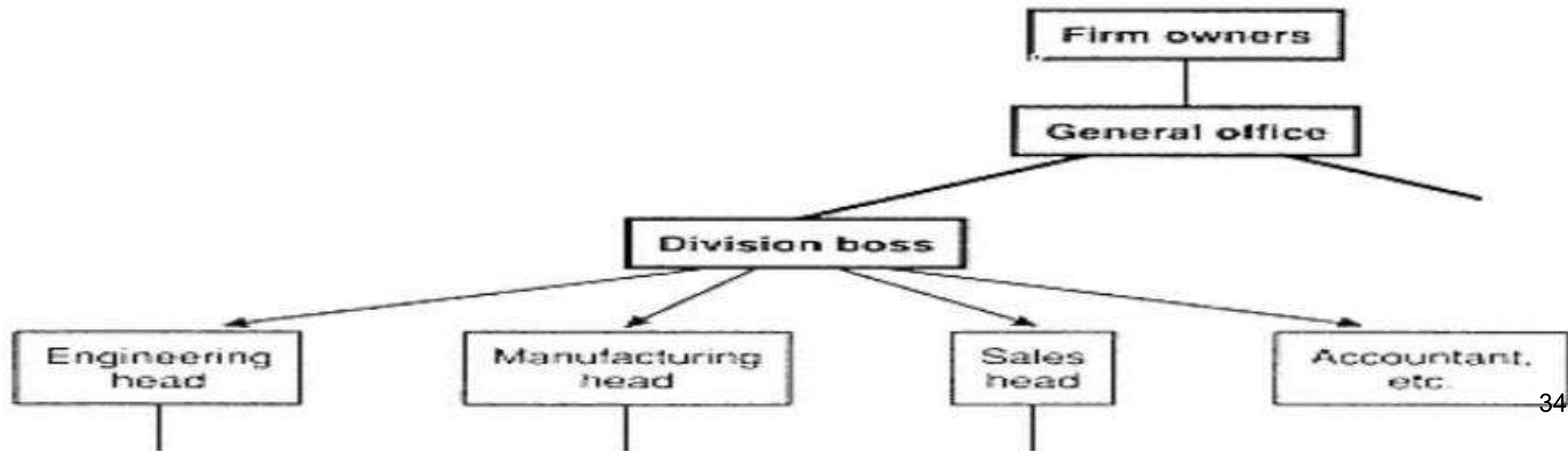


Diagram B: Decentralized



Meaning of Decentralization

- Decentralization is another form of organizational structure that functions by delegating decision-making capabilities to multiple teams across geographies.
- In such an organization, most of the planning, strategy and decision to implement them are taken by the people in the middle and lower level of management.
- The advantage of decentralization is that the employees are empowered to make their own decisions that will benefit the organization, which results in a high level of employee satisfaction and boosts the productivity of an organization.
- Decentralization enables low-level employees to gain leadership skills, which can contribute to the growth of the organization in the long run.

Decentralization

- On the other hand, Decentralization is a systematic delegation of authority at all levels of management and in all of the organization. In a decentralization concern, authority is retained by the top management for taking major decisions and framing policies concerning the whole concern. Rest of the authority may be delegated to the middle level and lower level of management.
- Implications of Decentralization
 1. There is less burden on the Chief Executive as in the case of centralization.
 2. In decentralization, the subordinates get a chance to decide and act independently which develops skills and capabilities. This way the organization is able to process reserve of talents in it.
 3. In decentralization, diversification and horizontal can be easily implanted.

4 .In decentralization, concern diversification of activities can place effectively since there is more scope for creating new departments. Therefore, diversification growth is of a degree.

5.In decentralization structure, operations can be coordinated at divisional level which is not possible in the centralization set up.

6.In the case of decentralization structure, there is greater motivation and morale of the employees since they get more independence to act and decide.

7.In a decentralization structure, co-ordination to some extent is difficult to maintain as there are lot many department divisions and authority is delegated to maximum possible extent, i.e., to the bottom most level delegation reaches. Centralization and decentralization are the categories by which the pattern of authority relationships became clear. The degree of centralization and decentralization can be affected by many factors like nature of operation, volume of profits, number of departments, size of a concern, etc. The larger the size of a concern, a decentralization set up is suitable in it.

Basis of Comparison	Decentralization	Centralization
Definition	Decision-making capabilities delegated across multiple levels	Decision-making capability rests with the top management
Flow of information	Open and free	vertical
Ideal for	Decentralization is ideal for large-sized organizations	Centralization is ideal for small-sized organizations
Decision-making speed	Significantly faster	Comparatively low
People involved	In decentralization, a higher number of people from each level are involved in the decision-making process	In centralization, only a few handpicked people are involved in the decision-making process
Employee motivation	Highly motivated employee	Demotivated employee
Conflict in decision	Most likely to occur	Least likely to occur
Burden	The burden gets shared among many levels	Only one group is carrying the burden
stability	Prone to instability due to multiple conflicting decisions	Relatively stable as decisions are made by a central authority sharing a common ideology

LINE & STAFF CONCEPT

- LINE AUTHORITY
- Line authority gives a superior a line of authority over subordinates. It exists in all organizations. Line authority can also be defined as the superior – subordinate authority relationship where by a superior makes decision and tells them to a subordinate who is turn makes decision and tells to his subordinates and on from a line from top to low level of organization structure. This line of authority is known as line of authority. It is directly from superior to his subordinate. LINE AUTHORITY chain of command
- President
- Voice President
- Supervisor
- Employee



Line and Staff Managers

- **Line managers**

- Their work directly contributes to production
- Examples: supervisors, CEO, plant managers

- **Staff managers**

- Work in specialized support areas such as marketing, accounting, human resources, and the legal department

4.3.2 Line & Staff Authority

The line authority and staff authority must work together to maintain the efficiency and effectiveness

Line Authority

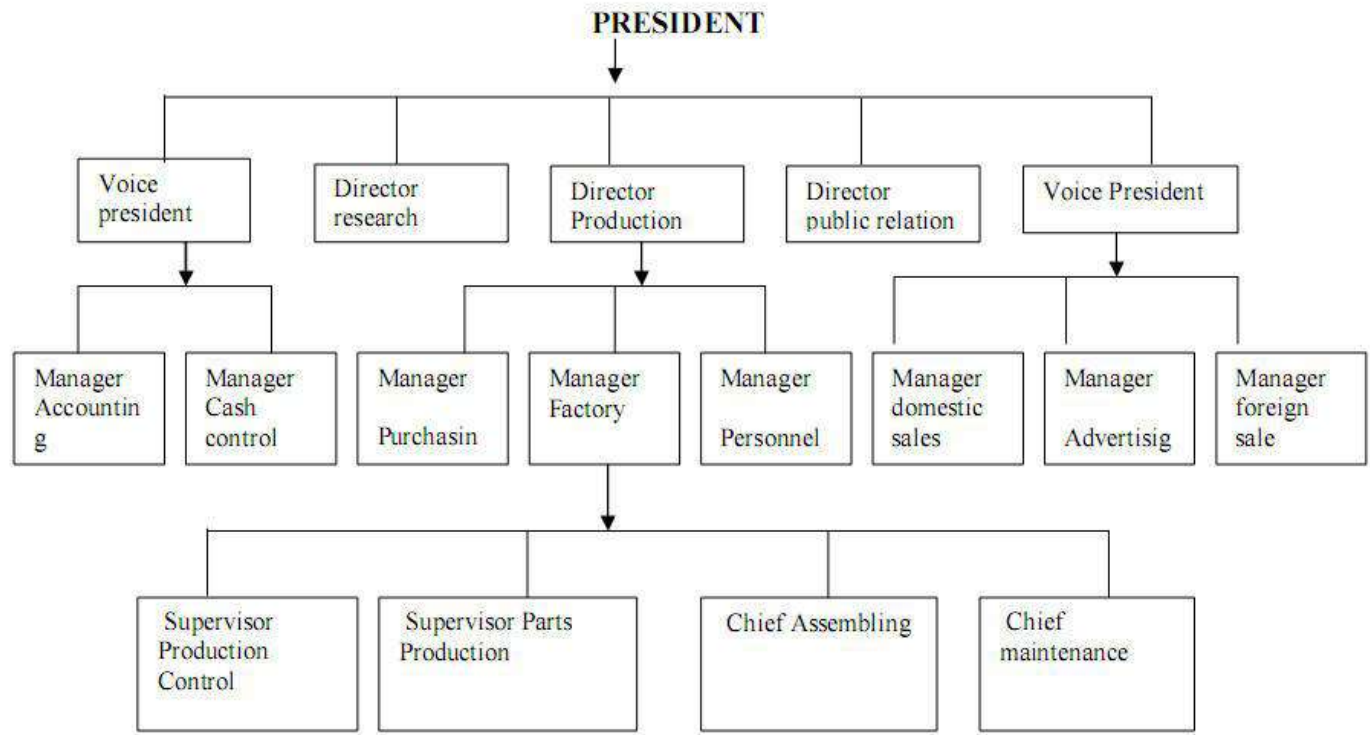
Line authority has the right to make decisions and give directives to employees that are placed under its chain of command. The Director, who has line authority, has the right to give directives to the managers under him. Generally, line authority is related to matters involving the organisation's management system especially in all aspects related to work and conduct that is linked to efforts to achieve the objectives which had been determined. Line authority helps those who accept it to work and ensure the efficiency of the activities under their responsibility.

Staff Authority

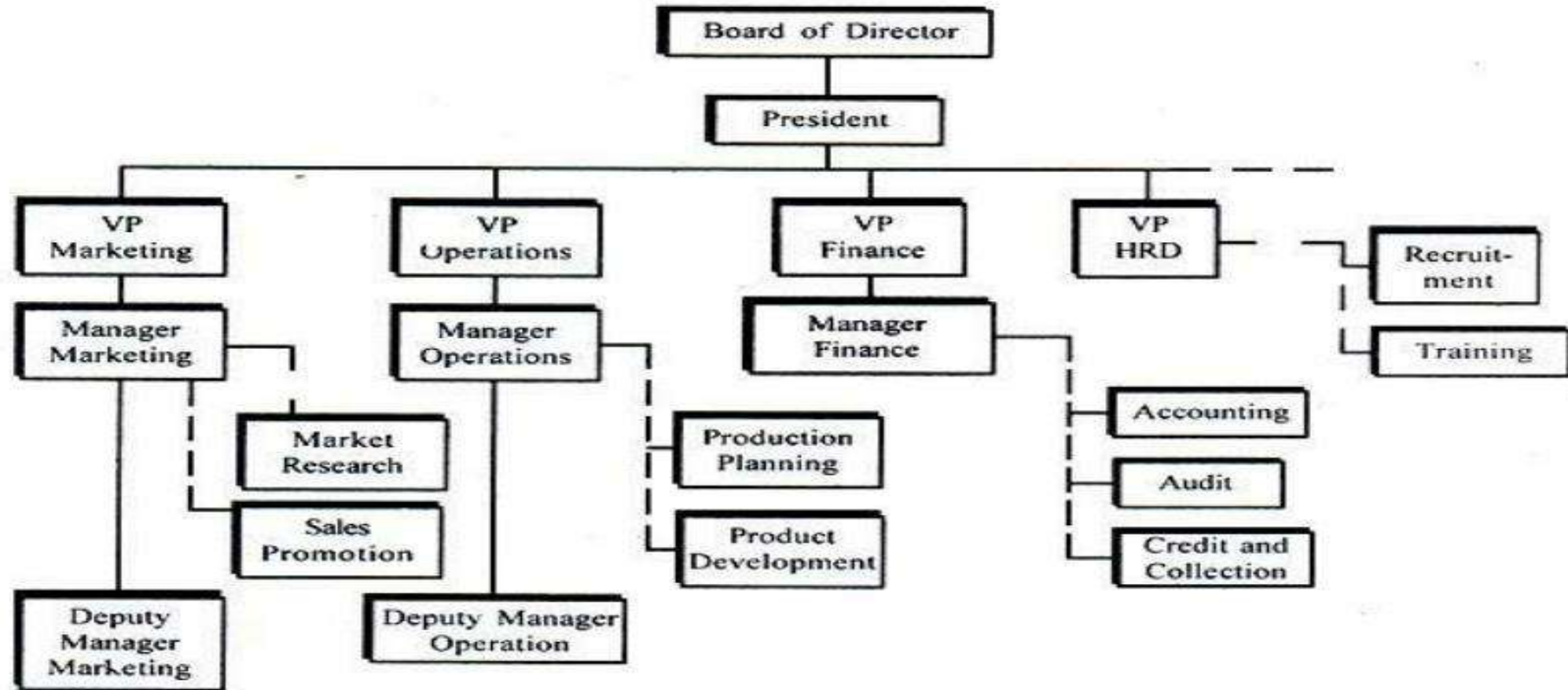
Staff authority involves the right to provide advice and assistance to parties that have line authority and other employees even though they are not under the chain of command. Always remember that staff authority is only to provide advice and assistance and not directives like line authority. Staff authority enables certain parties to assist in increasing the effectiveness of the line authority to implement the duties that are under their responsibility.

STAFF CONCEPT

The nature of the staff relationship is advisory. The function of people in pure staff capacity is to investigate research and give advice to line managers. In other words, staff functions are those that help the line persons work more effectively in accomplishing the objectives.



CHAIN OF COMMAND: LINE AND STAFF MANAGEMENT



Legend : — Line Authority
 -- Staff Relationship

Conflicts Due to the Very Nature of Line and Staff Relationships:

- 1. Different backgrounds:
- Line and staff managers are usually from different backgrounds. Normally line managers are seniors to staff in terms of organizational hierarchy and levels. On the contrary, staff managers are relatively younger and better educated. Staff often looks down upon the line. Such complexes create an atmosphere of mistrust and hatred between the line and staff.
- 2. Lack of demarcation between line and staff authority:
- In practice it is difficult to make a distinction between line and staff authority. Overlapping and duplication of work creates a gap between the authority and responsibility of line and staff. Each tries to shift the blame to the other.
- 3. Lack of proper understanding of authority:
- Failure to understand authority causes misunderstandings between the line and staff. This leads to encroachment and creates conflict.

Reasons/Causes for Conflict

A

B

I

I

Arguments of Line Executives against Staff

- (1) Dilution of Authority.
- (2) Stealing show.
- (3) Lacks practical knowledge.
- (4) Lacks human skills.
- (5) Domination of staff managers.
- (6) Easy access to top management.
- (7) Stress on paperwork.

Arguments of Staff Executives against Line

- (1) Resistance to new plans and ideas.
- (2) Inadequate support from line executives.
- (3) Inadequate scope for the use of authority.
- (4) Lack of support from top management.
- (5) Limited cooperation from line executives.
- (6) Supply of inadequate information.
- (7) Absence of authority.

How To overcome the line and staff conflict

- 1. Clarity in relationships:
 - Duties and responsibilities of both line and staff should be clearly laid down. Relationships of staff with the line and their scope of authority need to be clearly defined. Similarly, line managers should also be made responsible for decision making and they should have corresponding authority for the same. Line should enjoy the freedom to modify, accept, or reject the recommendations or advice of the staff.
- 2. Proper use of staff:
 - Line managers must know how to maximize organizational efficacy by optimizing the expertise of staff managers. They need to be trained on the same. Similarly, staff managers should also help the line to understand how they can improve their activities.
- 3. Completed staff work:
 - Completed staff work denotes careful study of the problem, identifying possible alternatives for the problem, and providing recommendations based on the compiled facts. This will result in more staff work and pragmatic suggestions.
- 4. Holding staff accountable for results:
 - Once staff becomes accountable, they would be cautious about their recommendations. Line also would have confidence on staff recommendations, as staff is accountable for the results.

Committee

- Meaning of a Committee: A committee is a group of people who work collectively, discuss, decide and recommend solutions to the problems (of a concern) which possibly cannot be solved by an individual. A committee consists of a group of men conversant with a subject; naturally their advice will be much superior to that of one man.
- Committees work very well in large complex corporate organisations having multifaceted problems too big and too complex to be dealt effectively by one person. In a committee, ideas put forth by several persons are pooled and offered for criticism; the ideas are developed and thus recommendations are made as regards procedure and policies.

Principles of a Committee:

- 1. The number of persons in a committee should depend upon the need and be optimum minimum (about 5 to 10 persons).
- 2. Responsibility, authority, objectives and duties of the committee should be clearly defined.
- 3. Agenda of the committee should be prepared and communicated to the committee members at least a week before they meet for discussions.
- 4. Problems which can be taken care of by an individual should not be included in the agenda of the committee
- 5. Committee meetings should begin and end on prefixed timings.
- 6. Problems not related to the subject-matter at hand should not be discussed because it will simply waste time.
- 7. The operation of the committee should be a cooperative development.
- 8. The recommendations made by the committee should be published and circulated to interested and concerned persons.
- The committee should be apprised of the action taken based upon its recommendations.
- 9. A committee must be dissolved after its purpose is over.

Types of Committee:

- (a) A standing or permanent committee is needed in a complex organisation experiencing multifaceted problems almost all the times.
- (b) A temporary committee is formed to face and solve problems arising occasionally.
- (c) The committee in control has full powers to act and may assume a position that could be manned by one individual.
- (d) The coordination and discussion committee discusses problems and gives its advice. It has no power to act.
- (e) The advisory committee explores various aspects of a problem and suggests courses of action to the concerned executive, thereby helping him to reach the decisions for which he is held responsible. The committee does not have power to act. Advisory Committee is used extensively in business.
- (f) The educational committee aids in getting information about company problems, policies and projects to major individuals concerned. It also gives an insight into the ultimate company organisation, etc.

Advantages of a Committee:

- 1. A committee often performs worth-while tasks since two experts are better than one.
- 2. A committee coordinates the efforts of the departments which are represented (e.g., sales, production and engineering) in development of a new product.
- 3. A committee is of special value in broad policy determination and rounding out plans.
- 4. A committee reduces the work load of management.
- 5. Committees are especially good at innovation or brain storming.
- 6. A committee helps securing co-operation of various personnel.
- 7. A committee is effectively used to appoint persons to fill vacant positions in the enterprise.
- 8. Committee meetings may be called to train younger executives and to give them a keener insight into the operation of the business.

Limitations of a Committee:

- 1. Sometimes it turns out to be true that what a committee finishes in a week, a good individual may complete in a day.
- 2. It may be said that committee operations are slow and committees tend to hang on for a considerable time.
- 3. An executive afraid to stand behind his own decisions may use a rubber-stamp committee and thereby share his responsibility with others.
- 4. In a committee, no individual can be held responsible for anything.
- 5. Committee decisions represent generally a compromised position and do not truly reflect the real feelings of the individual committee (or group) members.

Coordination in management

- It is “the process of integrating the objectives and activities of the separate units (departments or functional areas) of an organisation in order to achieve organisational goals efficiently.”
- Coordination is “integration of the activities of individuals and units into a concerted effort that works towards a common aim.” — Pearce and Robinson
- Co-ordination maintains unity of action amongst individuals and departments. Absence of co-ordination will result in sub-optimal attainment of goals. In extreme situations, it may result in losses and liquidation of companies.

Features/Nature of Coordination:

- 1. Group effort:
- Coordination integrates the efforts of individuals and departments to make them work as a group. The group works to maximise group goals as well as organisational goals. It ensures that individuals work as a group to promote their individual and organisational goal
- 2. Unity of action:
- Every individual and department has his own perspective or way of achieving the organisational goals. Coordination ensures unity of action amongst individual and departmental activities. It ensures that activities of each individual, group and department are headed towards the common goal. All activities should be performed within the framework of policies, procedures etc.

- 3. Common goal:
- Each individual and department strives to maximise its goal. Maximisation of departmental goals at the cost of organisational goals can be harmful for the organisation. Coordination maintains balance amongst individual, departmental and organisational goals. It ensures that resources and tasks are assigned to individuals and departments in a manner that working of one department promotes the working of other departments
- 4. Continuous process:
- Coordination is not a one-time attempt to integrate the individual goals. It is a continuous process that keeps going as long as the organisation survives.
- 5. Managerial responsibility:
- Co-ordination is the responsibility of every manager at every level for every operative function (production, finance, personnel and sales). All managers continuously coordinate the efforts of people of their respective departments.
- 6. Essence of management:
- Coordination is not a separate function of management. It is required for every managerial function. Managers coordinate human and non-human resources, internal and external organisational environment, while carrying out the managerial functions of planning, organising, staffing, directing and controlling. Coordination is, thus, the 'essence of management.'

- 7. Synthesis of efforts:
- Coordination integrates and synthesizes the efforts of people of all departments at all levels towards common organisational goals. It also synthesizes the organisational resources (physical, human and financial) to collectively contribute to organisational goals
- 8. Necessary obligation:
- Coordination is not something that managers may or may not strive for. All managers (also non-managers) must direct their efforts towards a common goal, considering this as their necessary obligation. It is an inevitable area of management.
- 9. Deliberate effort:
- Coordination is not a spontaneous effort of managers. Managers make deliberate efforts to coordinate the departmental activities.

Organizational structure

- Organizational structure is a system used to define a hierarchy within an organization. It identifies each job, its function and where it reports to within the organization. This structure is developed to establish how an organization operates and assists an organization in obtaining its goals to allow for future growth. The structure is illustrated using an organizational chart.

Key Elements for Proper Organizational Structure

- Work Specialization: To what degree are articles subdivided into separate jobs?
- Departmentalization: On what basis jobs will be grouped?
- Chain of Command: To whom will individuals and groups report?
- Span of Control: Up to how many individuals can a manager efficiently direct?
- Centralization vs Decentralization: Who will be the sole maker of decisions?
- Formalization: To what degree will there be rules and regulations to direct employees and managers?

Organizational Structure of Management

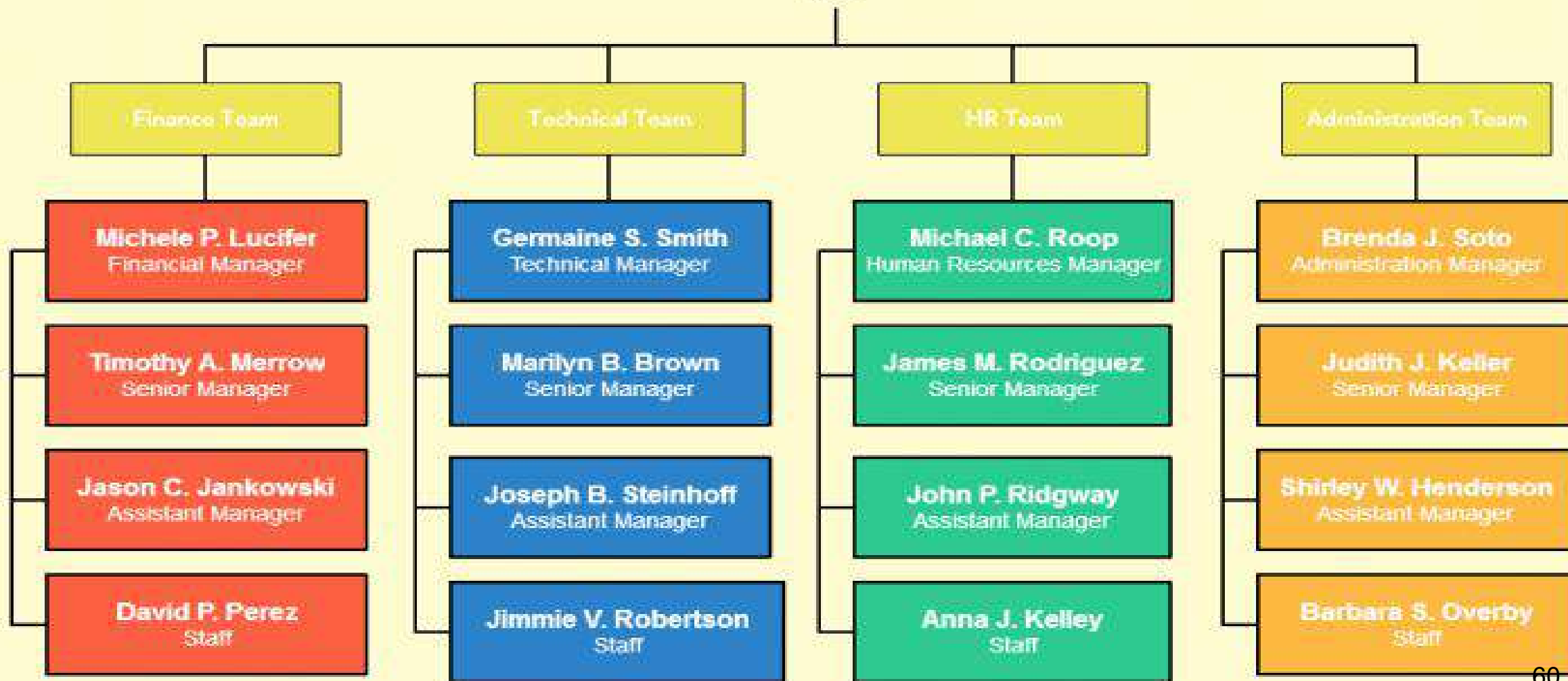
- An organizational structure lays the foundation for how a company operates. It is a set of policies and rules that determines:
- How an organization controls and delegates tasks and responsibilities
- How decisions are made and implemented throughout every part of an organization
- How information flows within an organization
- Depending upon a company's needs, there are several organizational structures that can be used. Some common examples include the flat organizational structure, the functional organizational structure, the product organizational structure, and the geographical organizational structure. Let's take a look at these four structures in more detail.

Organizational Structure Types

- 1) Hierarchical Structure
- The hierarchical model is the most popular organizational chart type. There are a few models that are derived from this model.
- In a hierarchical organization structure, employees are grouped with every employee having one clear supervisor. The grouping is done based on a few factors, hence many models derived from this. Below are few of those factors
- Function – employees are grouped according to the function they provide. The below image shows a functional org chart with finance, technical, HR and admin groups.
- Geography – employees are grouped based on their region. For example in USA employees might be grouped according to the state. If it's a global company the grouping could be done according to countries.
- Product – If a company is producing multiple products or offering different services it can be grouped according to the product or service.

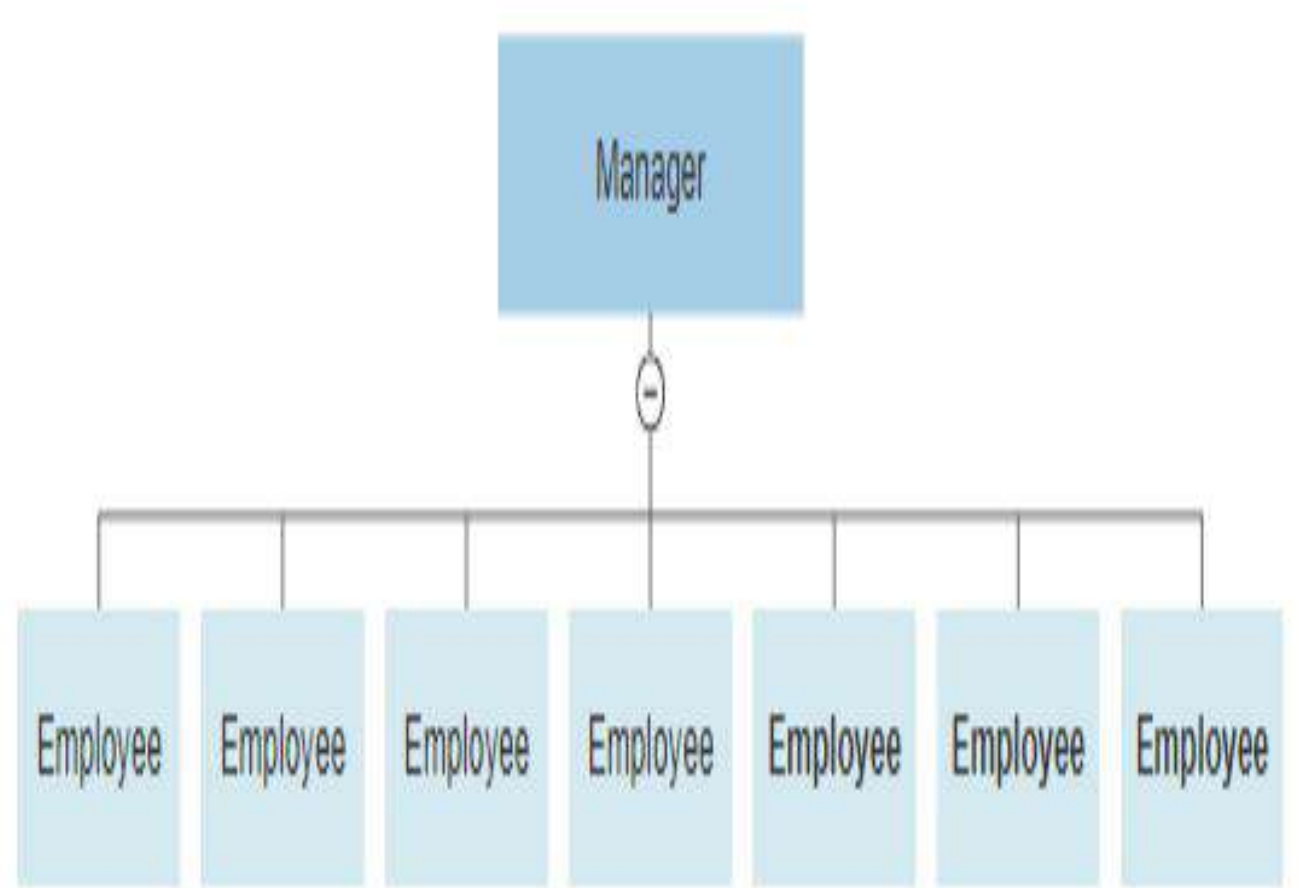


Miky Davis
CEO



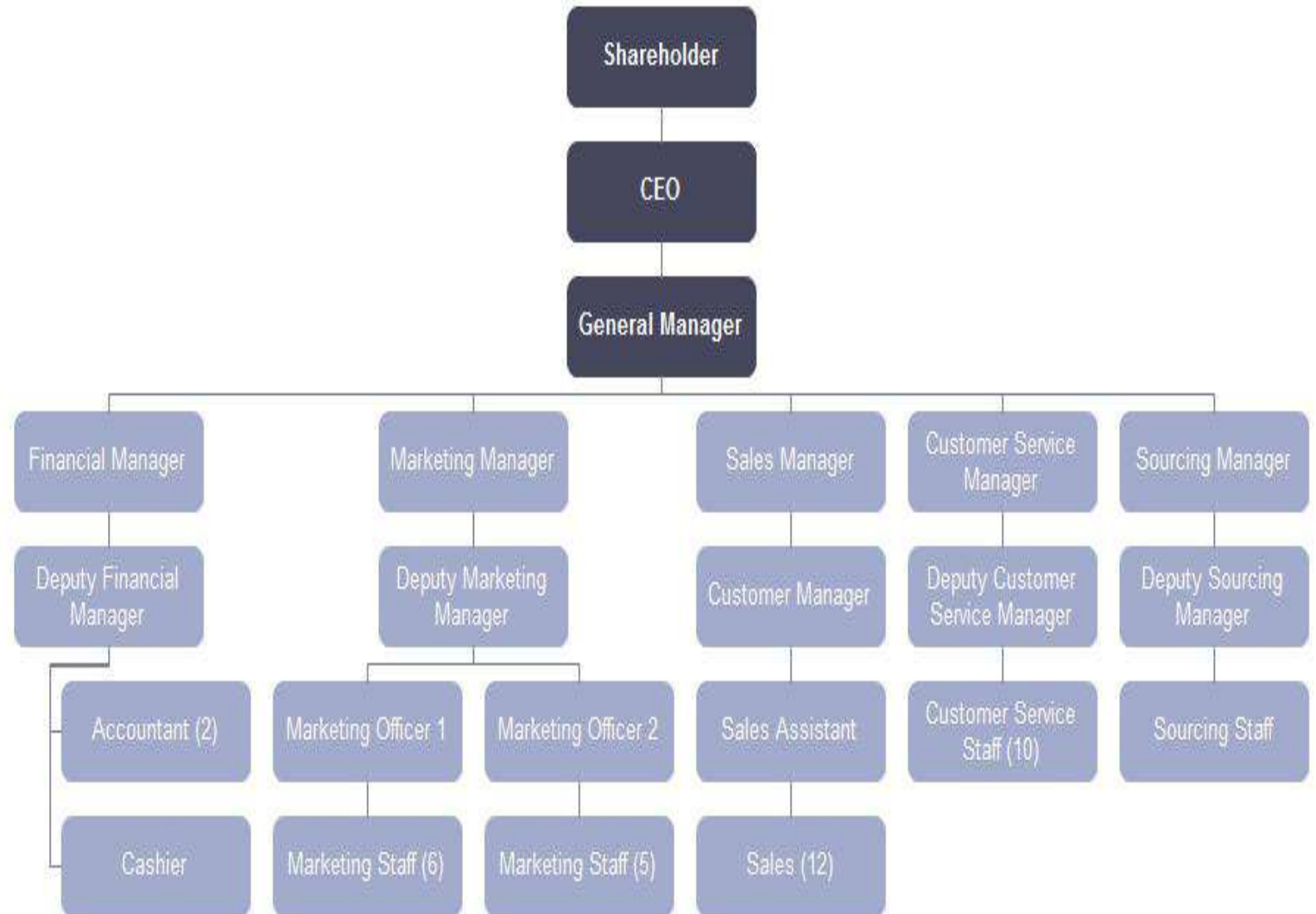
Flat / Horizontal Organizational Structure

- Typically, small companies with 20 or fewer employees will use a flat organizational structure that has very few levels of management between the chief executive officer (CEO), or president of a company, and the lower-level employees. As you might guess, this type of organizational structure allows for rapid decision making because there are only a few levels of management.



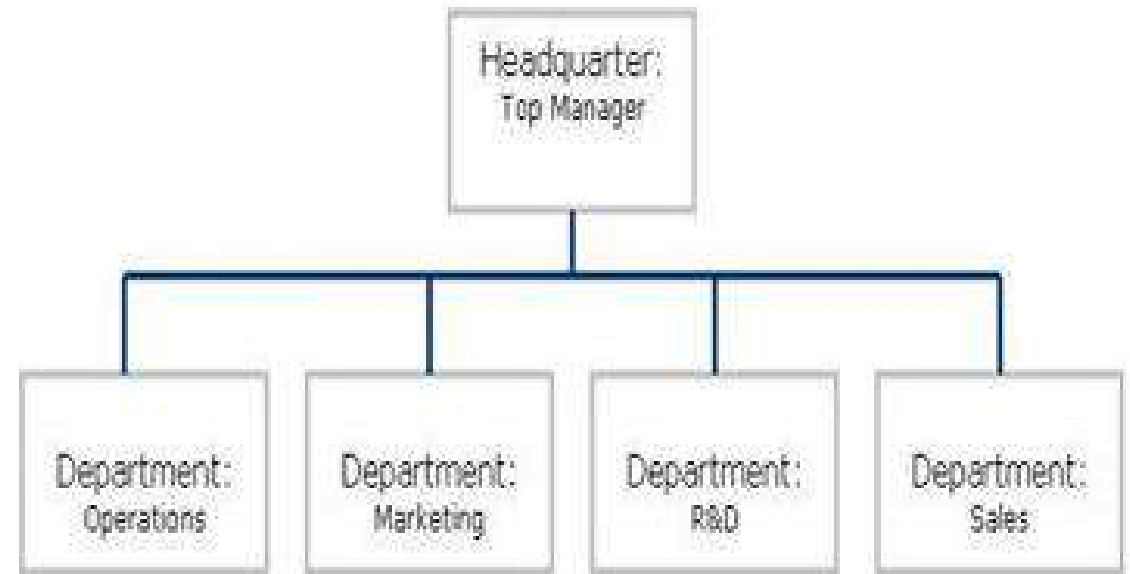
What is a Vertical Organizational Structure

- The vertical organizational structure is a strict hierarchical structure with power emanating from the top to the bottom. With a chain of command well defined, decisions usually move from the top down through layer by layer, and people at the bottom have the least autonomy. In the structure, each person is supervised by the one directly above him. Employees can clearly monitor their roles and duties.



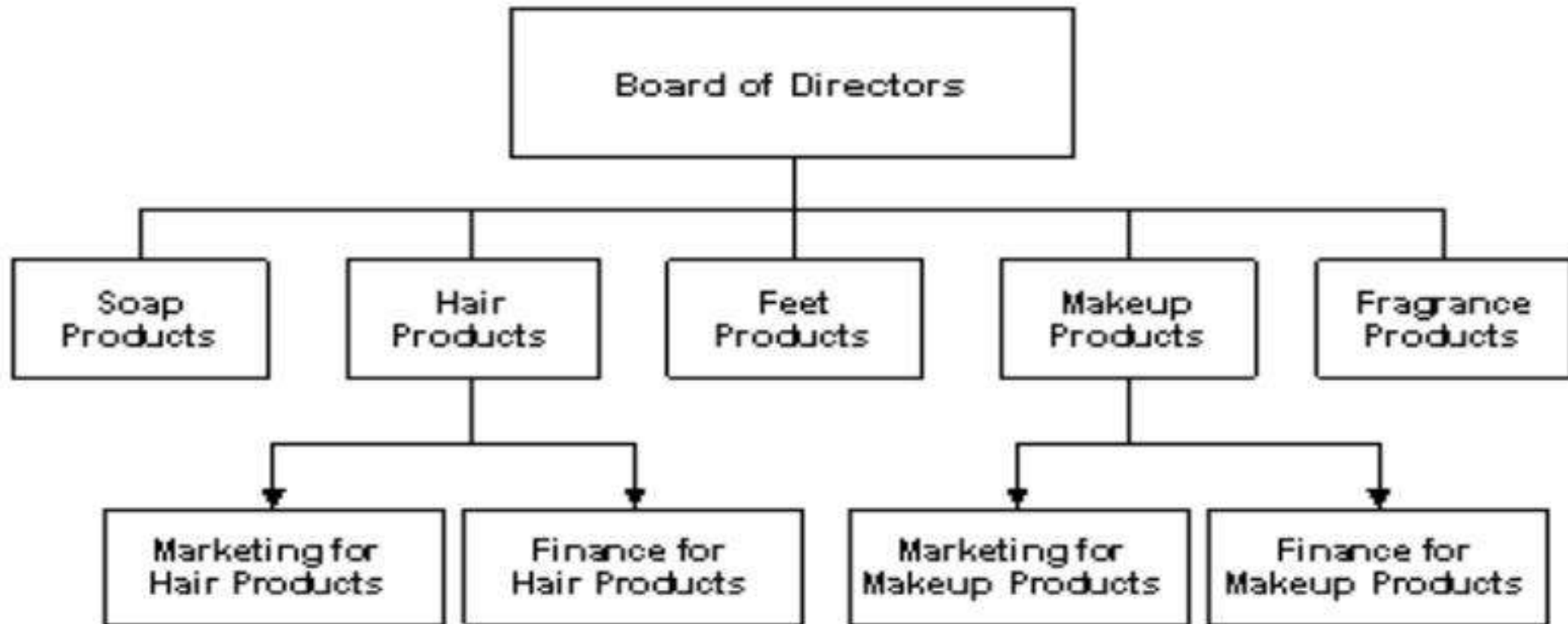
Functional Organizational Structure

- A second type of organization structure is the functional organizational structure, which focuses on job functions or functional areas.
- As you can see, companies use this type of structure when they want to organize their operations into departments, grouping employees with shared skills and knowledge, such as marketing or sales, together.



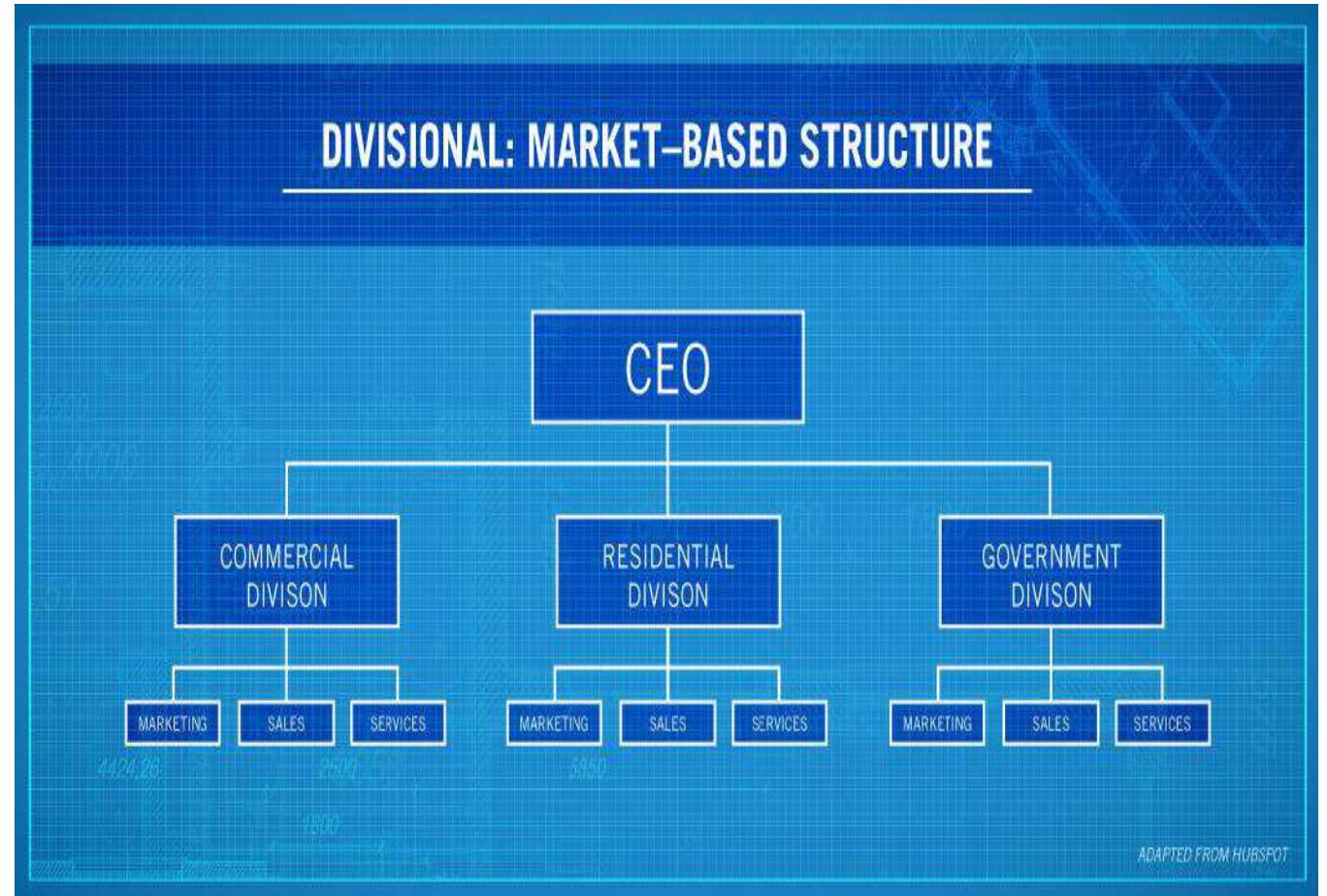
Example: Functional Organizational Structure.

A third common type of organizational structure, the product organizational structure, is



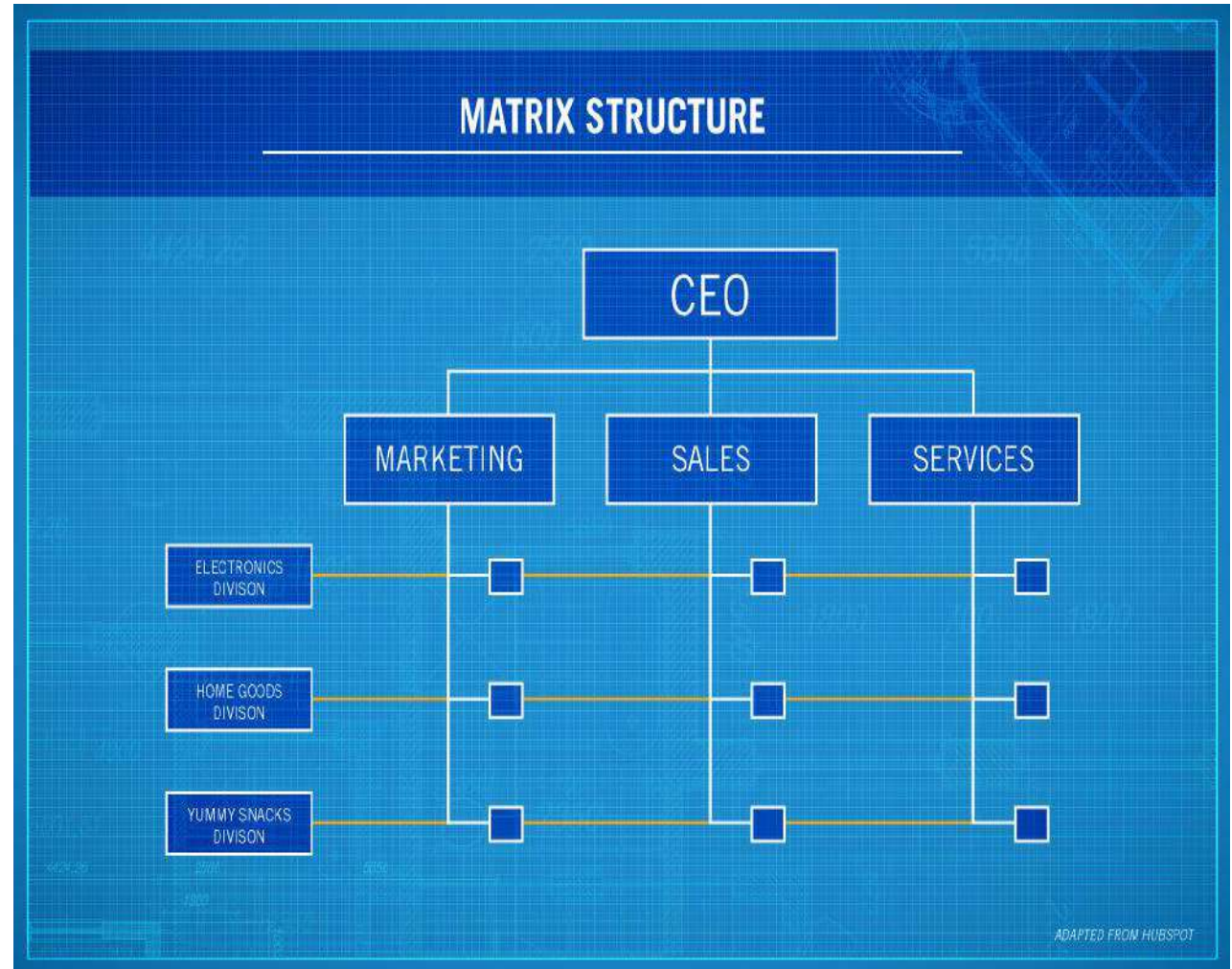
Divisional

- Larger companies that operate across several horizontal objectives sometimes use a divisional organizational structure.
- This structure allows for much more autonomy among groups within the organization. One example of this is a company like General Electric. GE has many different divisions including aviation, transportation, currents, digital and renewable energy, among others.
- Under this structure, each division essentially operates as its own company, controlling its own resources and how much money it spends on certain projects or aspects of the division.



Matrix structure

- A hybrid organizational structure, the matrix structure is a blend of the functional organizational structure and the projectized organizational structure.
- In the matrix structure, employees may report to two or more bosses depending on the situation or project. For example, under normal functional circumstances, an engineer at a large engineering firm could work for one boss, but a new project may arise where that engineer's expertise is needed. For the duration of that project, the employee would also report to that project's manager, as well as his or her boss for all other daily tasks.
- The matrix structure is challenging because it can be tough reporting to multiple bosses and knowing what to communicate to them. That's why it's very important for the employees to know their roles, responsibilities and work priorities.



Advantages of Organisation Structure:

- Merits of having a well-designed organisation structure are as follows:
 - 1. The activities of the individuals and the groups will become more rational, stable and predictable.
 - 2. An orderly hierarchy in which people are related in a meaningful sequence will result. Individual responsibility will be known clearly and the authority to act would be defined.
 - 3. Individuals will be selected on the basis of ability to perform expected tasks. Simplification and specialisation of job assignment is possible in more effective way.
 - 4. Directional and operational goals and procedures will be determined clearly and energies devoted to their achievement.
 - 5. Available resources will be utilised in the most effective way.
 - 6. Such an organisation may make the treatment of the individual workers more democratic because patronage and favouritism are reduced.
 - 7. Workers will benefit from planned superior subordinate- relationships in which each work receives essential support and direction.
- Demerits of Organisation Structure:
 - Disadvantages of having an organisation structure are as follows:
 - 1. Individual creativity and originality may be stifled by the rather rigid determination of duties and responsibilities.

Demerits of Organisation Structure:

- 1. Individual creativity and originality may be stifled by the rather rigid determination of duties and responsibilities.
- 2. Workers may become less willing to assume duties that are not formally a part of their original assignment.
- 3. Very often the fixed relationships and lines of authority seem inflexible and difficult to adjust to meet changing needs.
- 4. They produce anxiety in individual workers by pressing too heavily for routine and conformity.
- 5. They become too costly in terms of time and human dignity in order to implement organisational rules and regulations.
- 6. Inter-personal communication may be slowed or stopped as a result of strict adherence to formal lines of communication.
- 7 Organisations tend to fail to account for important differences in workers as human beings.s