A new fog is rolling in.

This can only mean one thing.

Carol, schedule a staff meeting. It's time to reorganize the department.
ORGANIZING
### MANAGEMENT FUNCTIONS

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(1) Cleland & Kocaoglu  (4) Fayol  (7), (8), (9), (10) Configurations from Karger & Murdick
(2) Carlisle  (5) Koontz  
(3) Babcock  (6) Dale (Gulick)
CLARIFICATION OF TERMS

ORGANIZATION
Designated Authority Relationships and Duties

ORGANIZATION(AL) STRUCTURE
System of Relationships Governing Activities

ORGANIZING
A Process Resulting in Organization and Organization(al) Structure
BENEFITS OF ORGANIZATION

Reduces jurisdictional conflicts

Decreases duplication/omission of work

Decreases likelihood of "run-arounds"

Identifies communication channels

Identifies promotional possibilities

Provides basis for performance appraisal and rating

Aids in wage and salary administration

Facilitates expansion of the organization

Increases cooperation
ORGANIZATION FORMS AND DESCRIPTORS

External vs Internal

Formal vs Informal
EXTERNAL FORMS

Sole Proprietorship

Partnership (General or Limited)

Corporations

Cooperatives
INTERNAL FORMS

Functional Departmentation

Product Departmentation

Process Departmentation

Geographical Departmentation

Program Departmentation

Workload Departmentation

Matrix Departmentation

Mixed Departmentation
FUNCTIONAL DEPARTMENTATION

Chairman
board of
directors

Executive committee

President and
general manager

New-product
development
committee

Assistant to
president

Vice-president
of employee
relations

Vice-president
of marketing

Vice-president
of manufacturing

Vice-president
of research and
development

Treasurer
and controller
PROCESS DEPARTMENTATION

1. By the limits of a process in a series

   WORKS SUPERINTENDENT

   Foundry  Forge  Machine shop  Finishing shop  Assembly  Paint shop

   E.g., the old-established method of organizing the production end of an engineering business.

2. By groups of machines doing the same or similar processes in various series

   OFFICE MANAGER

   Typing department  Duplicating department  Punched card department  Accounting machine department  Addressograph department  Conveyor department

   E.g., a large office departmentalized into batteries of machines for various purposes.
GEOGRAPHICAL DEPARTMENTATION

President

V.P. finance  V.P. prodn.  V.P. marketing  V.P. R&D

Western div.


Eastern div.

PROGRAM DEPARTMENTATION
E.g., a department dealing with a large volume of similar "cases" numbers them serially and distributes to sections by final digit.
MATRIX DEPARTMENTATION
MIXED DEPARTMENTATION

- President
  - V.P. finance
    - CD cabinets
      - Parts
    - Assembly
  - V.P. prodn.
    - Disk boxes
      - Finishing
  - V.P. marketing
    - Western sales
      - Industry sales
    - Eastern sales
      - Consumer sales
  - V.P. R&D
FORMAL ORGANIZATION

The Organization Chart Showing:

Division of work into components
Superior-subordinate relationships
Nature of work performed by component
Grouping of components on some basis
Levels of management
Formal communication lines
INFORMAL ORGANIZATION

Everything the Formal Organization Chart does Not Show:

- Degrees of responsibility and authority within the same management level
- Distinctions between line and staff
- Importance and status
- Most channels of contact and communication
- Most of the key links and relationships
CLASSICAL ORGANIZATION THEORISTS

FAYOL, TAYLOR, WEBER

High Degree of Structure
LIMITATIONS
OF
CLASSICAL ORGANIZATION THEORY

Classical principles are too general

Formal principles are only one of the factors that determine the structure and functioning of an organization

Bureaucracy results in structures that are too rigid and static

Classical principles relate to internal structure only

Bureaucracy tends to be impersonal and not conducive to motivation or organizational commitment
MORE RECENT VIEWS

Technological Complexity

Group Relationships
TECHNOLOGY
AS
ORGANIZATIONAL BASIS

WOODWARD
organizational structure causally related to technological complexity

BURNS AND STALKER
mechanistic organizations in stable times; organic ones during periods of change

LAWRENCE AND LORSCH
bureaucratic structures in predictable environments; flexible structures in uncertain environments

PERROW
mechanistic organizations for routine technologies; organic organizations for nonroutine technologies

ASTON
size more important than technology in determining organizational structure

KOONTZ AND O'DONNELL; GALBRAITH; SHANNON
matrix organization combines the best of both worlds
GROUP RELATIONSHIPS AS ORGANIZATIONAL BASIS

DRUCKER
key activities

TOFFLER
disposable organization

CLELAND AND KERZNER
teams as organizational units

WHEATLEY
internal "creative connections"

Note Convergence with Matrix Form
TRADITIONAL ORGANIZING PROCESS

Horizontal Differentiation

Vertical Differentiation

Horizontal Integration

Job Definition
TRADITIONAL ORGANIZING PROCESS

HORIZONTAL DIFFERENTIATION
  subdividing the total organization into subgroups; might be functional, product, process, geographical, customer, or other form of departmentation

VERTICAL DIFFERENTIATION
  establishing authority relationships; must address scalar chain, span of control, unity of command, type and scope of authority, line and staff relationships, centralization and decentralization
TRADITIONAL ORGANIZING PROCESS

HORIZONTAL INTEGRATION
interrelating the hierarchy; approaches include development of organizational manuals and procedures, establishment of committees and task forces

JOB DEFINITION
fitting in the individual; must address division of work, position description (duties), position specification (how to perform duties), compensation and appraisal plans, rules and regulations regarding individual behavior
FURTHER CONSIDERATIONS

Authority, Power and Influence

Authority, Responsibility and Delegation

Committees, Groups and Teams
AUTHORITY, POWER, INFLUENCE

AUTHORITY
Right to command and direct
Position-based influence

POWER
Control over a person or entity
Various sources of power

INFLUENCE
Ability to modify behavior of person or entity

Politics is the art of obtaining power
(W. S. Humphrey)
AUTHORITY, RESPONSIBILITY, DELEGATION

AUTHORITY
Legal right to command

RESPONSIBILITY
Obligation to act in response to authority

DELEGATION
Assignment of authority or responsibility to another

Authority may be delegated; responsibility must be shared

Delegation of responsibility without authority is problem
COMMITTEES, GROUPS, TEAMS

Can be very important; rarely appear on organization chart

Can be useful for policy making and administration, representation, sharing knowledge and expertise, securing cooperation, pooling of authority, training of participants

Can be problematic due to tendency to produce compromise solutions, lack of accountability, delay in resolution of a problem
TEAMS

TWO PRIMARY TYPES:
   problem-solving teams
   work teams

COMMON PROBLEMS:
   insufficient authority not delegated
   initiated with little or no guidance
   used for inappropriate purposes
   compensation

POTENTIAL VALUE:
   service company productivity increases of
   40%
   high-tech manufacturing productivity
   increases of 50%