

Functions of Management Process: Organizing

AAT Level II Business Management (BMA)

Susantha Weerakoon
B.Sc. (MIS), MBA (IMS), PHD (Business Psychology)

Business Management

Functions of Management

Organizing

Lecturer

Dr. Susantha Bandara Weerakoon

{BSc(MIS), MBA (IMS), PHD (Business. Psychology)}

Organizing

Organizing is the function of management which follows planning. It is a function in which the synchronization and combination of human, physical and financial resources takes place. All the three resources are important to get results.



Steps of Organizing

Division of work

Departmentalization

Assigning of Duties

Establish Reporting Structure

Benefits of Organizing

- Specialization
- Clarity of Working Relationship
- Optimum Utilization of Resources
- Adaptation to Change
- Effective Administration
- Expansion and growth

Authority and Responsibility

Authority means a formal, institutional or legal power in a particular job, function or position that empowers the holder of that job, function or position to successfully perform his task.

Responsibility is the obligation of a subordinate to perform a duty, which has been assigned to him by his superior.

Authority and Responsibility

The power or right, inherent to a particular job or position, to give orders, enforce rules, make decisions and obtain conformity, is called authority. Duty or obligation to undertake and complete a task satisfactorily, assigned by the senior or established by one's own commitment or circumstances is called responsibility.

Authority refers to the legal right of the manager to give orders and expect obedience from subordinates. On the other hand, responsibility is the corollary, i.e. result of the authority.

Authority and Responsibility

The position of an individual in an organization determines his/her authority, i.e. the higher the position of a person in the corporate ladder, the more is the authority and vice versa. As against this, the superior-subordinate relationship forms the basis for responsibility.

While authority is delegated, by the superior to subordinates, responsibility is assumed, i.e. it is inherent in the task assigned.

Authority needs the ability to give orders and instructions, whereas responsibility demands the ability of compliance or obedience, to follow orders.

Authority and Responsibility

Authority flows downward, i.e. the extent of authority is greatest at the top level and lowest at the low level. On the contrary, the responsibility exacts upward, i.e. from bottom to top, the subordinate will be responsible to superior.

The purpose of the authority is to take decisions and execute them. Conversely, responsibility aims at executing duties assigned by the superior.

Authority is inherent with the position, and so it continues for a long period. Unlike responsibility, which is attached to the task assigned and hence it is short-lived, it ends as soon as the task accomplishes successfully.

Accountability

Responsibility means an obligation to do anything.
Accountability means responsibility to answer for the work

Power

Power is ability to Influence others

Sources of Power

1. Formal Power.
2. Legitimate Power.
3. Expert Power.
4. Referent Power.
5. Coercive Power.
6. Reward Power.
7. Informational Power.
8. Charismatic Power.

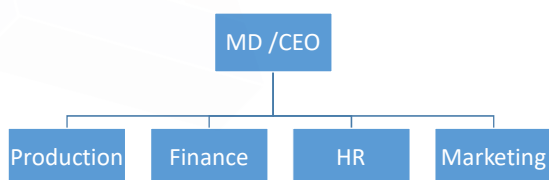
Organizational Structures

An organizational structure is a system that outlines how certain activities are directed in order to achieve the goals of an organization. These activities can include rules, roles, and responsibilities.



Organizational Structures

Functional Structure

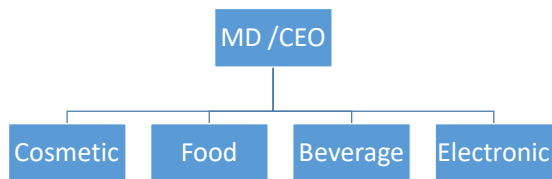


Common departments such as human resources, accounting, and purchasing are organized by separating each of these areas and managing them independently of the others.

For example, managers of different functional areas all report up to one director or vice president who has responsibility for all of the operational areas.

Organizational Structures

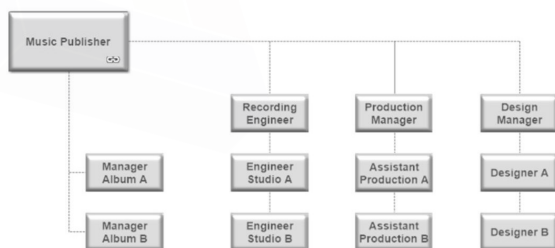
Divisional (Product) Structure



Each product group falls within the reporting structure of an executive and that person oversees everything related to that particular product line. For example, an executive over Kraft products would be responsible for every product under that label – dressings, meats, sauces, etc.

Organizational Structures

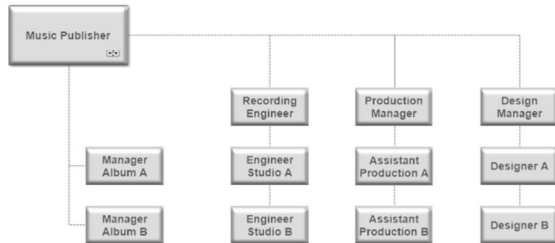
Matrix Structure



Each product group falls within the reporting structure of an executive and that person oversees everything related to that particular product line. For example, an executive over Kraft products would be responsible for every product under that label – dressings, meats, sauces, etc.

Organizational Structures

Matrix Structure



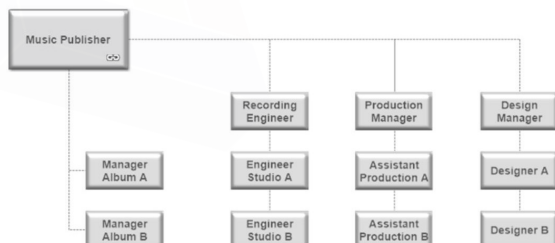
A matrix structure provides for reporting levels both horizontally as well as vertically.

Employees may be part of a functional group (i.e. engineer) but may serve on a team that supports new product development (i.e. new album).

This kind of structure may have members of different groups working together to develop a new product line.

Organizational Structures

Matrix Structure



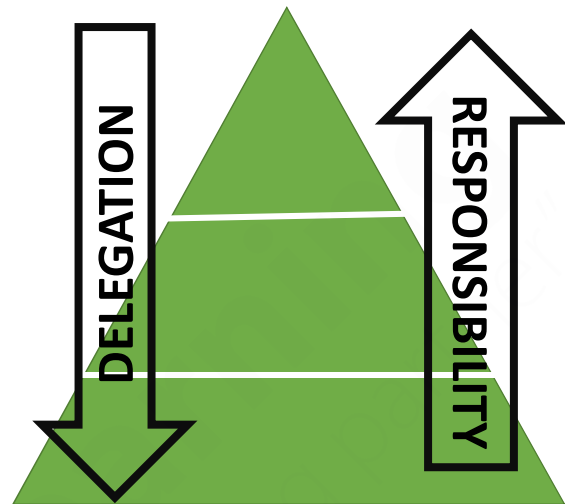
A matrix structure provides for reporting levels both horizontally as well as vertically.

Employees may be part of a functional group (i.e. engineer) but may serve on a team that supports new product development (i.e. new album).

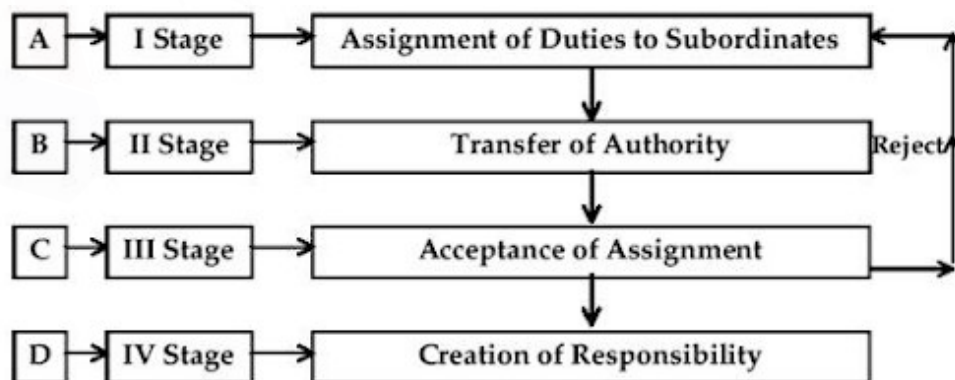
This kind of structure may have members of different groups working together to develop a new product line.

Delegation of Authority

The **Delegation of Authority** is an organizational process wherein, the manager divides his work among the subordinates and give them the responsibility to accomplish the respective tasks. Along with the responsibility, he also shares the authority, i.e. the power to take decisions with the subordinates, such that responsibilities can be completed efficiently.



Delegation Process



Barriers to Delegation

From Manager's Side

- Unwillingness of Manager to delegate Power
- Fear to Completion
- Lack of confidence in subordinate
- Lack of ability to direct

From Subordinate's Side

- Too much depend on managers
- Fear to criticize
- Accountability and Responsibility