**UNIT-I**

**INTRODUCTION TO MANAGEMENT**

**INTRODUCTION TO MANAGEMENT**:

When human being started group activities forthe attainment of same common objectives whenever a group is formed and a group activity is organized to achieve certain common objectives, management is needed to direct, co-ordinate and integrate the individual activities of a group and secure teams work to accomplish organizational objectives. The objectives of all business are attained by utilizing the scare resources like men, materials, machines, money etc.

In process of management, a manager uses human skills, material resources and scientific methods to perform all the activities leading to the achievement of goals.

**DEFINITION**:

“Management is the art of getting things done through and with people in formally organized groups”.

- Harold Koontz.

“To manage is to forecast and plan, to organize, to command, to co-ordinate and to control.”

- Henri Fayol.

“Management is an operational process that can be dissected into five essential managerial functions. They are: planning, organizing, staffing, directing and leading, and controlling.”

* Koontz and O’Donnel

**NATURE OF MANAGEMENT**:

The study and application of management techniquesin managing the affairs of the organization have changed its nature over the period of time.

**Management is a social process:** Social process refers to the series of activities that are performed in the society. These activities are carried out by administrators, politicians, economists, housewives, parents, doctors, lawyers and so on. Management helps everyone to carry out the activities in the society effectively.

**Management also denotes a ‘body of people’ involved in decision making:** When an institution is very well run, it is said that the management of that institution takes personal interest in the institution. Here, management denotes a body of people involved in decision making.

**Management is omnipresent and universal:** Successful organizations show that management principles apply to every kind of organization and also to every level in it. Hence it is called omnipresent and universal.

**Management is complex:** Management functions are complex. They call for fairly professional approach to manage a given situation or organization.

**Management is an inexact science:** Management principles are not like those in science or Maths where things are fairly clear and exact. Hence, they cannot be generalized precisely.

**Management is situational in nature:** The same style of management cannot work for the same situation every time. The change in the situation may call for change in the style of functioning of the manager.

**Management is a Science and also an Art:** There is a controversy whether management is science or art. However, management is both a science and art as it satisfies all the characteristics of art and science.

**Management is a profession:** Profession refers to a branch of advanced learning such as engineering or medicine. The managers are professional in their approach and governed by code of ethics.

**IMPORTANCE OF MANAGEMENT**:

Management is viewed as a very significant tool for the following reasons:

* It facilitates the achievement of goals through limited resources.
* It ensures smooth sailing in case of difficulties.
* It ensures continuity in the organization
* It ensures economy and efficiency
* It focuses on group efforts.
* It is a key to economic growth.

**FUNCTIONS OF MANAGEMENT:**

 There are various functions of management. Most of the important functions of managements are given by Henry Fayol, Luther Gullick, Koontz. According to Henry Fayol, the functions of management include planning, organizing, commanding, controlling. Luther Gullick defines functions of management as planning organizing, staffing, directing, coordinating, reporting, and budgeting. But the widely accepted theory of functions of management was given by Koontz and O’Donnell. It includes planning, organizing, staffing, directing & controlling.

**1. Planning:-** Planning is nothing but deciding in advance about what should be done in future. Planning involves essentially four stages:

1. Identifying the goal to be achieved.
2. Exploring the courses of action available for implementation
3. Evaluating each course of action on merits, and
4. Finally selecting best course for implementation.

Elements of planning are Forecasts, objectives, policies, strategies, programmes, procedures, schedules, Budgets.

**2. Organizing:-**Organizing is bringing together all resources and then developing productive relationship among those resources. The characteristics of organizing are as follows.

1. It divides the total work into different departments for better performance.
2. Delegation of authority by superior to his subordinates.
3. Identification of activities to be performed

**3. Staffing:-**Every organization must employ right kind of people to do various jobs in the organization within the right time is said to be called as staffing. It is concerned with performance of following activities.

1. Recruitment and selection of employees.
2. Training and development.
3. Wage and salary administration.
4. Performance appraisal.
5. Employee transfer, promotion and termination.

**4. Directing:-**Directing is a process of issuing orders and instructions to guide and teach the subordinates the proper methods of work and ensuring that they perform their job as planned. The manager has to perform following functions while directing:

1. Leading
2. Motivating
3. Communicating
4. Coordinating

**5. Coordinating:-**Coordination is essential to channelize the activities of various individuals in the organization for achievement of common goals. It creates team spirit. It can be achieved by the following ways.

1. Planning
2. Rules & procedure
3. Proper use of Hierarchy.
4. Effective communication
5. Creation of separate departments.

**6. Controlling:-**The Controlling is the process which enables the management to get its policies implemented and take corrective actions if performance is not according to pre-determined standards. Process of controlling involves

1. Establishment of standard.
2. Measurement of actual performance.
3. Making a comparison between actual performance & standard performance.
4. Finding out deviation & taking collective actions.

**TAYLOR’S SCIENTIFIC MANAGEMENT**: The utility of scientific methods to problemsof management was first introduced by F.W.Taylor

**Definition**: Scientific management may be defined as the “Art of knowing exactly what is to be done and the best way of doing it”.

Scientific management is the result of applying scientific knowledge and scientific methods to the various aspects of management and the problems that arise from them.

Scientific Management Process contained the following elements:

* Develop a scientific method for each operation replacing opinions or rule of thumb.
* Determine accurately in a scientific way the correct time and method for each job.
* Develop a suitable organization to make the workers responsible.
* Select and train the workers.
* Convince the management that scientific approach is better than arbitrary methods of controlling workers, and thus, they need to cooperate with workers for better results.

**Taylor’s Experiment:**

This experiment dealt with the study of efforts of two first class Shovelers. Each man had his own personal shovel (a traditional tool) with which he used to shift coal. This shovel was used to shift every type of coal or ore. Earlier, the average shovel load was about 38 pounds and at this rate, each handled about 25 tonnes of material a day. As a part of experiment, each worker was given a smaller shovel to study the impact of size of shovel on productivity. Amazing! The daily tonnage went up to 30 tonnes! In due course the workers’ output was observed with several different sizes of shovel. There was rise in the daily output averaging about 21 pounds per load. The workers who could achieve these standards were promised an increase in wages by 60 percent.

**Criticism of Scientific Management:**

* It ignores the functional areas of management such as marketing, finance, and so on.
* Individual creativity is ignored by favouring one best way.
* Worker is reduced to cog in the machine.
* Mobility among workers gets restricted because of narrow specialization.

**Benefits from Scientific Management:**

* Increase in productivity.
* Rational approach to measure the tasks
* Lay foundation for work study and other related techniques.
* Replace thumb rule method
* Change in physical working conditions.
* Piece rate wage system, incentives were evolved.

**MODERN MANAGEMENT/ ADMINISTRATIVE MANAGEMENT THEORY (HENRI FAYOL’S PRINCIPLES)**:

Henri Fayol is called as father of Modern Management.

He established the pattern of management and the pyramidal form of organization. He pointed out that technical ability is more dominating on the lower level of management, managerial ability is more important on the higher level of management.

Henri Fayol analyzed the process of management and divided the activities of an industrial undertaking into six groups: Technical activities, Commercial activities, financial activities, Security activities, Accounting activities, Managerial activities.

Henry Fayol developed 14 basic principles of management. They are

1. **Division of work:-**By this we mean that the total work done is divided into small parts according to the individual talents and skills. This is referred to as work specialization.
2. **Authority and responsibility:-**Authority is nothing but official right of the manager to issue orders where as responsibilities is an obligation to perform the work effectively.
3. **Discipline:-** Having proper respect for the rules and regulations of the organization is called discipline. This principle of management signifies that every employee of an organization should stick on to the rules and regulations of the organization.
4. **Unity of command:-**According to this principle, an employee should receive orders from one superior only. If at all there are two superiors in an organization, the employee will find difficulty in reporting to the managers. Therefore, unity of command should be followed.
5. **Unity of direction:-**It means that the efforts of all the members of a department must be directed towards the achievement of organizational goals.
6. **Subordination of individual interest to common or general interest:-**This principle of management suggests that individual & their interest are not valid in an organization. Always employees should work in the contest of organizational interest.
7. **Remuneration:-**It means payment of the employees. Henry Fayol used that payment to the employees (remuneration) must be there and it should give maximum satisfaction that promotes work culture.
8. **Effective Centralization: -** Centralization means concentration of authority in the hands of few, i.e. top management. Everything which goes to increase the importance of subordinate’s role is decentralization. A balance must be maintained between centralization and decentralization of authority to attain best results.
9. **Scalar chain:-**It is the representation of line of superiors ranging from highest to lowest level in the organization. It means communication should follow the prescribed line of authority.
10. **Order:-**Fayol talks about two types of orders physical order & social order. Physical order means a proper place for everyone and everything in its right place. Hence, social order means a place for everyone and every one in his appointed place.
11. **Equity:-**The principle of equity ensures fairness, kindness and justice. In the treatment of employees, by their managers. It means managers should be impartial towards their subordinates.
12. **Stability of tenure:-**It means that an employee shall not be shifted unnecessary from one job to another. He should have got fixed schedule of this job.
13. **Initiative:-**The freedom to think and act in an organization will lead to higher level of job satisfaction.
14. **Esprit-de-corps:-** Organization should encourage spirit and cooperation amongst the members of various departments within the organization, such a movement will bring good levels of performance in a organization.

**MOTIVATION:** The process of stimulating the employees to perform more effectively using their abilities and full potential is called motivation.

**MONETARY AND NON MONETARY INCENTIVES TO MOTIVATE WORK TEAMS:**

**Incentive** is an act or promise for greater action. It is also called as a stimulus to greater action. Incentives are something which are given in addition to wagers. It means additional remuneration or benefit to an employee in recognition of achievement or better work. Incentives provide a spur or zeal in the employees for better performance.

**Monetary incentives-** Those incentives which satisfy the subordinates by providing them rewards in terms of rupees. Therefore, in many factories, various wage plans and bonus schemes are introduced to motivate and stimulate the people to work.

**Non-monetary incentives-** Besides the monetary incentives, there are certain non-financial incentives which can satisfy the ego and self- actualization needs of employees. The incentives which cannot be measured in terms of money are under the category of “Non- monetary incentives”. Non- financial incentives can be of the following types:-

* 1. **Job Security**
	2. **Praise or recognition**
	3. **Suggestion scheme**
	4. **Job enrichment**
	5. **Promotion opportunities**

The above non-financial tools can be framed effectively by giving due concentration to the role of employees. A combination of financial and non- financial incentives help together in bringing motivation and zeal to work in a concern.

**MOTIVATION THJEORIES:**

**HAWTHORNE EXPERIMENT/ ELTON MAYO’S HUMAN RELATIONS MOVEMENT:**

The human relations movement was founded by sociologist George Elton Mayo in the 1930s following a series of experiments known as the Hawthorne studies, which focused on exploring the link between employee satisfaction/wellbeing and workplace productivity. Elton Mayo generally recognized as father of human relationsapproach.

In 1927, researchers were trying to determine the optimal amount of lighting, temperature, and humidity for assembling electronic components at Western Electric's Hawthorne plant. The results showed that lighting had no consistent effect on production. Researchers were frustrated to discover that increasing light increased output, but reducing light also increased output. The common factor, it seemed, was that something in the work environment was changed, and that positive effects were then observed. An analysis of this showed that workers were highly motivated more for the importance given to them.

Essentially the Hawthorne studies concluded that:

* When employers take an interest in workers and make decisions based on their natural needs and psychological makeup, productivity increases.
* They also found that people work best when organized into groups.
* When they can have effective two-way communication with their leaders, and when leaders communicate and share information freely as part of an overall cohesive decision-making process, it leads to employee motivation.
* Changes in the work environment had little long-term effect upon worker productivity.
* Recognizing the emotions of workers could enhance the productivity and physical well being of the employees.
* The sense of belongingness and effective management were the two secrets unfolded by the Hawthorne experiments.
* Need for status and belongingness to a group were viewed as more important than monetary incentives or good physical working conditions.

The human relations movement is seen as the precursor of the modern human resources function. Before the human relations movement, workers were typically seen as replaceable cogs in organizational systems that put the ultimate value on higher output.

**MASLOW’S THEORY OF MOTIVATION**:

Maslow’s level of hierarchy about human relations and behavioral science approach, his assumptions are based mainly on theory of ‘Human Needs’, he has defined five level of hierarchy of needs starting from the biological need and then coming to more intangible ones .

1. Physiological/ Physical needs like food, clothes and shelter
2. Safety needs freedom from fear of insecurity
3. Social needs include a sense of being accepted in the society or environment one finds him in.
4. Esteem needs include feeling of important and recognition
5. Self actualization needs include need or desire for personal fulfillment of individual potential and activity.

Self

Actualization

Needs

Ego needs

Social needs

Safety needs

Physiological/Physical needs

**Douglas McGregor Theory**: He divides leadership is two styles labeled theory“X” and theory “Y”. The traditional styles of leadership and controls stated in theory ‘X’ by McGregor, is exercised to managers on the basis of his assumptions about human beings. These assumptions as laid down or observed by McGregor for theory ‘X’ are

Theory “X”:

1. An average human being does not like to work and he tries to avoid it as far as possible.
2. He avoids accepting responsible and challenging tasks, has no ambition but wants security above all.
3. Because of this, the employees are to be forced, concerned and threatened with punishments to make them put their best efforts.

These people would not work sincerely and honestly under democratic conditions.

However the above assumptions re not based on research finding. The autocratic style basically presumes that workers are generally lazy, avoid work and shrink responsibilities. It is believed that workers are more interested in money and security based on these assumptions the leadership styles developed, insists on tighter control and supervision.

Theory “Y”:

It focuses a totally different set of assumptions about the employees

1. Some employees consider work as natural as play or rest.
2. These employees are capable of directing and controlling performance on their own
3. They are much committed to the objectives of the organization
4. Higher rewards make these employees more committed to organization.
5. Given an opportunity they not only accept responsibility but also look for opportunities to outperform others.
6. Most of them highly imaginative, creative and display ingenuity in handling ORGANIZATIONAL ISSUES.

**HERZBERG’S TWO-FACTORS THEORY**: Maslow’s theory has been modified byHerzberg and he called in two-factors theory of motivation. According to him the first group of needs are such things are such things as company policy and administration, supervision, working conditions, interpersonal relations, salary, status, job security and personal life.

“Herzberg called these factors as ‘dissatisfiers’ and not motivators, by this he means their presence or existence does not motivate in the sense of yielding satisfaction, but their absence would result in dissatisfaction. These are also referred to as ‘hygiene’ factors.

In the second group are the ‘satisfiers’ in the sense that they are motivators, which are related to ‘Job content’. He included the factors of achievement, recognition, challenge work, advancement and growth in the job. He says that their presence will yield feelings of satisfactory or no satisfaction, but not dissatisfaction.

**Maintenance factors or dissatisfier** **Motivational factor or satisfier**

Job context Job content

Company policy and Administration Achievement

Quality of supervision Recognition

Relations with supervision Advancement

Relations with subordinates Possibility of growth

Pay Responsibility

**VROOM’S EXPECTANCY THEORY:**

Vroom developed the expectancy theory of motivation. It suggests that individuals are motivated to act in a certain way because they strongly expect that a particular action will lead to a desirable result. According to this theory,

**Force= valence x expectancy**

Where force is due strength of a person’s motivation, valence is the strength of individual’s desire for a particular outcome and expectancy is the probability that a particular action will lead to a desired result.

**LEADERSHIP AND LEADERSHIP STYLES:**

**Leader:**

One who leads a given group or team of people is called leader. If you can influence people to perform better in a given organizational setting, that means you are a leader.

Leadership is ability to influence people to achieve the given goals in an organization.

A true leader is one who shares success with followers and absorbs all failures.

**QUALITIES OF A SUCCESSFUL LEADER:**

The leader is characterized by his vision, ability to inspire followers, communication skills, and personality characteristics such as charisma, appearance maneuvering skills, high energy levels, adaptability, aggressiveness, enthusiasm, self-confidence, initiative and a strong capacity to convert the unfavourable situation to a favourable one for the benefit of the organization. Further a manager is expected to have the following qualities:

* **Self-assessment:** Effective leaders periodically take stock of their personal strengths and shortcomings. They ask: “What do I like to do? What am I really good at?” “What are my areas of weakness, and what do I dislike doing?”
Knowing your areas of weakness does not make you weak; on the contrary, it allows you to delegate to others who have those abilities, in order to achieve the common goal. Rather than clinging to the false belief that they can do it all, great leaders hire people who complement, rather than supplement, their skills. Working on your areas of weaknesses will improve your leadership ability – and recognizing them makes you more human.
* **Sharp perception:**  If you really want to know what people think, just ask them. You may receive feedback that you’re not listening or showing appreciation as well as you could be. If you’ve established an environment of honest and open communication, you should be able to ask about your good qualities and the areas you need to improve on. Your staff will appreciate your effort.
* **Responsive to the group’s needs:** Being perceptive can also help a leader be more effective in knowing the needs of the team. Some teams value trust over creativity; others prefer a clear communicator to a great organizer. Building a strong team is easier when you know the values and goals of each individual, as well as what they need from you as their leader.
* **Knowing the organization:** Effective leaders know the organization’s overall purpose and goals, and the agreed-upon strategies to achieve these goals; they also know how their team fits into the big picture, and the part they play in helping the organization grow and thrive. Full knowledge of your organization – inside and out – is vital to becoming an effective leader.
* **Communication** – Good communication skills are required at every level of business, but leaders must possess outstanding communication skills. Luckily, this is a skill that can be learned.
* **Motivating teams** – Inspiring others is the mark of an effective leader.  Motivation is best done by example and guidance, not by issuing commands.
* **Team building** – Putting together strong teams that work well is another trait of great leaders. The opposite is also true: if a team is weak and dysfunctional, it is generally a failure in leadership.
* **Risk taking** – You can learn how to assess risk and run scenarios that will help you make better decisions. Great leaders take the right risks at the right time.
* **Vision and goal setting** – A team depends on its leader to tell them where they are going, why they are going, and how they’re going to get there. People are more motivated when a leader articulates his or her vision for a project or for the organization, along with the steps – or goals – needed to achieve it.

**Types of Leadership Styles**:

Leader has to ensure that people under his guidance are comfortable and their good work is recognized.

A good leader has to adopt such a style of working that takes care of people around him. There are also some leader who do not care for people and who care more for the task completion.

**Autocratic leadership:** Here, leader command the followers and expects compliance from them for all the instructions given, leaders are more dogmatic and positive. They lead by his ability to withhold or give rewards or punishments. Here, no suggestions from the followers are entertained and almost to-down approach is seen. They direct others. They do not allow any participation.

**Democratic leadership:** Here leaders consult subordinates and involve them in decision making. They encourage discussion with the group leaders believes in two-way communication. They listen to followers; try to facilitate the decision making.

**Free – Rein leadership:** Free – Rein leaders exercises little authority and give maximum freedom to subordinates while making decisions. It is bottom-up approach.Suggestions from the followers are encouraged and rewarded. They give high degree of independence subordinates in their operations.

**DECISION MAKING:**

Decision making is an important job of a manager. Every day he has to decide about doing or not doing a particular thing. A decision is a selection from among alternatives.

**Definition:** “Decision making is a selection based on some criteria from two or more possible alternatives”. -George Terry

 “A decision is an act of choice wherein an executive forms a conclusion about what must be done in a given situation. A decision represents a course of behavior chosen from a number of possible alternatives.” -MacFarland

 **Steps involved in decision making: -** It involves the following steps.

 PROCESS OF DECISION MAKING

 Defining the problem

 Analysis of Problem

 Alternative Courses of Action

 Evaluation of Alternatives

 Taking Decision and Following up

1. **Defining the problem:-** The first step in decision making is to find the problem correctly. It is not easy to define the problem. It should be seen what is causing the trouble and what will be the possible solution. No problem presents itself in a manner that an immediate decision is taken.
2. **Analysis of problem:-** After defining the problem the manager should analyze it. He should collect all possible information about the problem and then decide whether it will be sufficient to take a decision or not.
3. **Alternative courses of Action:-** Every problem has the number of solutions. If there is only one solution, there is no need for decision making. A manager must find out various alternatives in order to get satisfactory results of a decision. The manager should prevent from making wrong decision.
4. **Evaluation of alternatives:-** After developing various alternatives, the next step is to evaluate them and select the right one. It pros and cons of different proposals should be considered. The alternatives should be evaluated in relation to time and money involved in them. The alternative which gives maximum economy should be selected.
5. **Taking decision and following up:-** When various alternatives are properly evaluated then the final decision is taken. The decision is communicated to the concerned person for action, which requires co-operation of sub-ordinates.

**ORGANISATION:**

Organization refers to a social group designed to achieve certain goals. Organization involves creating a structure of relationships among people working for the desired results. It refers to the institutions wherein the management functions are performed.

***“Organisations are intricate human strategies designed to achieve certain objectives.”***

**ORGANISING:**

Organising aims at creating a structure of relationships. Organising is one of the functions of management. It is the means to achieve the plans. The ultimate result of organising is organisation.

***“Organising is the process of identifying and grouping the work to be performed, delegating authority and responsibility and establishing relationships for the purpose of enabling people to work effectively together in accomplishing objectives”.***

**STEPS IN ORGANISING PROCESS:**

1. **Determination of objectives, strategies, plans and policies**: Objectives should be clear and precise, because the entire organization is to be built around the objectives of the enterprises.
2. **Determination of activities:** Determine activities needed to execute these plans and policies and accomplish the objectives. The work load is broken into component activities that are to be performed by all the employees. The activities are so split to determine the job which can be performed by an individual.
3. **Separation and grouping of activities**: To attain the benefits of specialization and division of labour, every company, will separate its activities on the basis of primary functions like finance, engineering, purchasing, production, sales and industrial relations. All the similar or directly related activities are grouped together in the form of departments.
4. **Delegation of authority:** Authority is necessary for the performance of the job and therefore authority is delegated to the subordinates for enabling them to carry out their work smoothly and efficiently.
5. **Delegation of responsibility:** Responsibility may be described as the obligation and accountability for the performance of delegated duties. A superior is always accountable for the acts of his subordinate. Therefore, responsibility always flows from subordinates to superiors.
6. **Establish inter-relationships:** The grouped activities are placed in the overall organization structure at appropriate level. It is necessary to integrate or group these of activities through.
7. Authority relationship horizontally, vertically and diagonally.
8. Organized information or communication system i.e., with the help of effective coordination and communication.
9. **Physical facilities and proper environment**: Physical facilities means provide machinery, tools equipments, infrastructure etc, environment means provide proper lighting, ventilation, heating, cooling arrangement at the work place, reasonable hours of work, safety devices, job security etc

**PRINCIPLES FOR CREATING/ DESIGNING ORGANISATIONS:**

1. **Principle of unity of objectives:** An organization structure is effective if it enables individuals to contribute to entire objectives.
2. **Principles of organizational efficiency/ Cost effective Operations:** An organization is efficient it is structured to aid the accomplishment of enterprise objective with a minimum of unsought consequences or costs.
3. **Span of control principle/ Optimum number of subordinates:** Span of control means how many subordinates can be supervised by the superiors. The number of subordinates should be such that the superior should be able to control the work effectively.
4. **Principle of specialization:-**The organization should be set up in such a way that every individual should be assigned a duty according to his skills and qualification. The persons should continue the same work so that he specializes in his work and helps to increase the production.
5. **Principle of parity of authority and responsibility:** The responsibility for actions should not be greater than that of authority delegated, nor should it be less. There should be balance between authority and responsibility delegated.
6. **Principle of unity of command:** A person should be answerable to one boss only. If a person is under the control of more than one person then there will be confusion and conflict.
7. **Principle of exception:** This principle states that the top management should interfere only when something goes wrong i.e in exceptional cases. If the things are done as per plans then there is no need for the interference of top management.
8. **Principle of Flexibility:** The organization should be amendable according to the changing situations. Every day there are changes in methods of production and marketing systems etc.
9. **Principle of continuity:** The organization structure should provide for the continuation of activities. There cannot be any breakdown in the activities of the organization for the reasons such as change in the policies or retirement or death of any key employee in the organization.

**TYPE S OF ORGANIZATION:**

The traditional organizations also known as **mechanistic organizations** are classified on the basis of authority relationships as follows:

1. Line organization or Military organization or Scalar organization
2. Line and Staff organization
3. Functional organization
4. Committee organization
5. Matrix organization
6. **Line organization or Military organization or Scalar organization:** It is said to be the oldest and most traditional type of organization, which is widely used even today. This is called line organization because managers in this organization have direct responsibility for the results. It can be drawn as follows:

Engineer

Draughtsman II (Design &Drawings)

Draughtsman III (Specifications)

Draughtsman I (Design &Drawings)

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| --- | --- |
| **Merits** | **Demerits** |
| 1. It is simple to understand.
2. It is flexible.
3. It facilitates quick decisions and prompt actions.
 | 1. There is no scope for specialization.
2. There is more scope for favouritism.
3. It is likely that the line manager is over burdened with all tasks.
 |

1. **Line and Staff organization:** In this organization, we have both line managers and staff managers. Staff managers support the functions of the line managers. The staff managers are specially appointed to give advice, suggest, or assist the line managers in their day to day matters.

**Eg.**  A software engineer appointed in a private company is responsible to design software, Here, is a line manager. If he joins the bank as a technical advisor then he acts as staff manager.

Engineer

Draughtsman I (Design &Drawings)

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Draughtsman II (Design &Drawings)

Draughtsman III (Specifications)

Accountant

Admin Officer

|  |  |
| --- | --- |
| **Merits** | **Demerits** |
| 1. It enhances quality of decisions.
2. There is greater scope for advancement.
3. It relieves the line managers.
 | 1. It may create conflicts between line and staff managers.
2. Staff suggestions are seldom implemented.
3. It is expensive to have both staff and line managers.
 |

1. **Functional organization:** F.W. Taylor suggested functional organization. Taylor observed that one single foremen was overburdened with all the operations such as task setting, time recording, quality inspection, disciplinary jobs and so on. Hence the planning and control functions are divided to ensure division of work.

Quality Inspector

RB

SB

GB

RC

IC

SD

WORKERS

TCC

Control Function

Planning function

Works Manager

RC=Route clerk, IC=Instruction clerk, TCC=Time and cost clerk, SD= Shop Disciplinarian, GB= Gang Boss, SB= Speed Boss, RB=Repair Boss.

|  |  |
| --- | --- |
| **Merits** | **Demerits** |
| 1. Planned specialisation.
2. Separates activities related to planning and control function.
3. Offers clear career paths for functional specialists.
 | 1. Very costly.
2. Calls for more coordination
3. Less appropriate when an organization diversifies.
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1. **Committee organization:** A committee is formed when two or more personsare appointed to work as a team to arrive at a decision on the matters referred to it. It is intended to utilize the knowledge, skills, and experiences of all the concerned parties. Particularly, in large organizations, problems are too big to be handled by one single expert.

Executive Council

Vice Chancellor

Academic Senate

Registrar

Purchase Committee

e

Convocation Committee

Selection Committee

Board of Studies

Finance Committee

Rector

|  |  |
| --- | --- |
| **Merits** | **Demerits** |
| 1. It pools up the organizational resources in terms of knowledge skills and experiences.
2. It yields good results if the committee is headed by taskmaster like chairman and time bound in terms of decision-making.
3. It minimizes the fear of too much authority vested in one person.
 | 1. Responsibility of decisions cannot be fixed on a particular person.
2. It calls for high degree of coordination.
3. It involved high cost in terms of time and money.
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1. **Matrix organization:** This is also called as project organization. It is a combination of all relationships in the organization in vertical, horizontal and diagonal. It is mostly used in complex projects. It provides a high degree of operational freedom, flexibility and adoptability for both the line and staff managers in performing their respective roles. The main objective of matrix organization is to secure a higher degree of coordination than what is possible from the conventional organizational structure as the line and staff.

President

W

W

W

W

W

W

Project-B Manager

Project-A Manager

Vice-President (Finance)

Vice-President (Marketing)

Vice-President (Production)

|  |  |
| --- | --- |
| **Merits** | **Demerits** |
| 1. It offers operational freedom and flexibility.
2. It seeks to optimize the utilization of resources.
3. It focuses on results.
 | 1. It calls for greater degree of coordination.
2. It violates unity of command principle.
3. Employees may find it frustrating to work with two bosses.
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**ORGANIC STRUCTURES /MODERN TRENDSIN ORGANISATIONAL STRUCTURE DESIGNS**:

Organizations in the recent times have been gearing themselves to suit to the growing demands from their stakeholders in terms of responsiveness, flexibility, agility, adaptability etc. In this process, they are following organic structure, which are more agile, flexible and adaptable to the changing circumstances. Virtual organizations, cellular organizations, team structure, boundaryless organization and inverted pyramid and different forms of organic structure that are widely seen among most of the sun-rise sectors such as financial services, Information Technology (IT) and IT enabled services. These structures have been contributing to the organic growth of the organization.

The focus of organic structures is to do away with those activities which do not directly contribute to the growth of the organization and focus only on those activities which directly lead the organization for the achievement of the given goals.

These are discussed below:

**Virtual Organisation**:

The virtual organization is a temporary network of companies that come together quickly to exploit fast changing opportunities. Virtual organizations appear to be bigger than traditional organizations. As virtual organizing required a strong information technology (IT) platform, The boundaries that traditionally separate a firm form its suppliers, customers and even competitors are largely eliminated, temporarily and in respect to a given transaction or business purpose. Virtual organizations come into being ‘as needed’ when alliances are called into action to meet specific operating needs and objectives. When the task is complete, the alliances rest until next called into action. Each partner in the alliance contributes to the virtual organization what it is best as-its core competence.

**Cellular Organization:**

Organizations structured around the units/cells that complete the entire assembly process are called cellular organizations. In the modern organizations, cellular organizations have been replacing the continuous line or linear production process system. In cellular organizations, workers manufacture total product or sub-assemblies in teams (cells). Every team (cell) of workers has the responsibility to improve or maintain the quality and quantity of its products. Each team is free to recognize itself to improve performance and product quality. These cells comprise self-managed teams. They monitor themselves and also correct where necessary on their own. Cellular organizations are characterized by much smaller staff all over the organization with middle management positions reduced and lean management members at the top. It is both a lean and flat structure.

**Team Structure**:

A structure in which the entire organization is made up of work groups or teams is known as team structure. Team structures are both permanent and temporary in nature as situation demands. Traditional organizations are characterized by vertical structures and modern organizations are identified by the horizontal i.e., team structures. ‘We report to each other’ is the main feature of team structure. It leads to boundary less organsiation in a borderless world. In team structures, we find cross-functional teams meant for improving lateral relations, solving problem, completing special projects and accomplishing routine tasks. A cross-functional team comprises members from different functional departments such as marketing, finance, HR, production etc. Project teams are convened for a particular task or project and these get dissolved once task is completed. The intention here is to quickly bring together the people with the needed talents and focus their efforts intensely to solve a problem or take advantage of a special opportunity.

**Boundaryless Organization**:

At the name indicates, a boundary less organization eliminates internal boundaries among subsystems and external boundaries with external environment. It is a combination of team and network structures with the addition of temporariness. Such type of organization structure is characterized by spontaneous teamwork and communication. This replaces formal chain of command. It is a dynamic organization structure wherein organizational needs are met through a judicious mix of outsourcing contracts and alliances as and when needed. The key features of boundary less organization include knowledge-sharing, absence of hierarchy and bureaucracy, empowerment voluntary participation of expert members, technology utilization and temporariness. The focus is on mustering necessary talent and competencies required for the achievement of a task without any bureaucratic restrictions. Creativity, quality, timeliness, increase in speed and flexibility are the benefits the boundary less organization yields. It also reduces inefficiencies. The boundary less organization is highly flexible and responsive. These draw on talent wherever it is found. Sometimes, they are ineffective due to problems in communication.

**Inverted Pyramid**:

This is an alternative to the traditional chain of command. This is a structure, which is narrow at the top and wide at the base. It includes a few levels of management. For instance, sales people and sales support staff sit on the top as the key decision makers for all the issues related to sales and dealing with the customers. Since the sales staffs are in touch with the customer and aware of the requirements of the customers, they are given all the freedom to follow their own best judgment at all levels.