UNIT-II

CO-2 Students will be able to **identify** problem associated with functions of management and organizing.

SN	CONTENT	HOURS
3	Functions of Management: Planning: Essentials of Planning and Managing by Objectives; Strategies, Policies and Planning Premises; Decision making.	2
	Organizing The Nature of organizing, Entrepreneuring, and Reengineering; Organizational Structure, Departmentation; Line/staff authority, empowerment, and decentralization; Effective organizing and organization culture	3

Functions of Management

Management is a set of principles relating to the **functions** of planning, organizing, directing, and controlling, and the applications of these principles in harnessing physical, financial, human and informational resources efficiently and effectively to achieve organizational goals.

7 Functions of Management

- Planning. Planning is a management process. ...
- Organizing. Organizing is the second function of management. ...
- Staffing. After the organizing, the function of management is staffing. ...
- Directing. ...
- Motivating. ...
- Co-ordination. ...
- Controlling.

Planning:

It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals. According to KOONTZ, “Planning is deciding in advance - what to do, when to do & how to do. It bridges the gap from where we are & where we want to be”. A plan is a future course of actions. It is an exercise in problem solving & decision making. Planning is determination of courses of action to achieve desired goals. Thus, planning is a systematic thinking about ways & means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

Essentials of Planning and Management by Objectives:

Planning

Selecting missions and objectives as well as actions to achieve them which requires decision making that is choosing a course of action from among alternatives To design environment for individuals to work in groups manager must ensure that everyone understands group mission and objectives & methods to achieve them . For effective group efforts people must know what is expected of them planning is most basic of all managerial functions. It provides rational approach to achieve objectives and implies managerial innovation.

Bridges gap from where we are to where we want to go.

Planning & Controlling

Planning is looking ahead & controlling is looking back. Planning deals with future events and controlling takes care of past events / activities.

Plans guide managers to use resources to accomplish goals. Controlling determines whether use of resources was in conformity with plans

Types of plans

1. Mission & Purpose : Basic purpose or function or tasks of an enterprise or agency or any part of it. Plan identifies basic function / task of an enterprise.

2. Objectives or goals: These are the ends towards which the activity is aimed. They represent end point of planning, end towards which organizing, staffing, leading and controlling are aimed

3. Strategies: Strategy is a military term means a grad plan made in the light of belief " What an enemy will/will not do" It is determination of basic long term objectives of enterprise, adoption of courses of action & allocation of resources necessary to achieve these goals.

4. Policies: General statements or understandings that guide or channel thinking in decision making. Polices define an area within which a decision is to made and ensure that decision will be consistent with and contribute to an objective. Policies help decide issues before they become problem, they make it unnecessary to analyze the same situation every time it comes up. Policy unify other plans…..thus help managers to delegate authority

5. Procedures : Plans that establish a required or a special method of handling future activities. They are chronological sequence of action and a guide to actions not thinking. They detail exact manner to complete an activity

6. Rules: Rules spell out specific required actions or non-actions allowing no discretion. They are usually the simplest type of plans

7. Programs: Programs are a complex of : Goals, Policies, Procedures, Rules, Tasks, Assignments, Steps to be taken, Resources to be employed & Elements necessary to carry out given course of action

8. Budget: A budget is a statement of expected results expressed in numerical terms. They may be called as quantified plan. A financial operating budget may be called a profit plan. A budget may be expressed in financial terms i.e. in terms of labour hours and units of product

Steps in Planning : Planning bridges the gap from where we are to where we want to go. It makes it possible for things to occur that would otherwise not happen . Although we can't predict what turn the event can take , What the situation and circumstance will be yet , unless we plan, we are leaving the events to chance

1.**Being Aware of Opportunities** : Step precedes actual planning and therefore, may not be called as a part of planning process. Awareness of opportunities in external environment & within the organization is the real starting point. Managers must analyze their positions & state and calculate opportunities against strength and weaknesses. A realistic objective can only be determined if you are aware of the opportunities

2.**Establishing Objectives or Goals** Establishing objective for the entire enterprise and for each subordinate unit of the organization. It is done for long term as well as short term. Objectives specify expected results, indicate end points of what is to be done, where primary emphasis is to be placed, what is to be accomplished by network of Strategies, Policies, Procedures, Rules, Budgets and Programs

3.**Developing Premises** Premises are assumptions about the environments in which the plan is to be carried out. Third step in planning is to establish circulate and obtain agreement to utilize critical planning premises: (Forecasts, Applicable basic policies, Existing company plans)
Main principle of planning premises is “The more thoroughly individuals charged with planning understand & agree to utilize consistent planning premises, the more coordinated the enterprise planning will be.
4.**Determining Alternative Courses** Fourth step in planning is to search for & examine alternate courses of action, especially those which are not apparent immediately. There is seldom a plan for which alternates do not exist. Often, alternative that is not obvious proves to be the best.
5. Evaluating Alternatives: After seeking alternative courses their strength & weaknesses are to be evaluated against premises and goals
6. **Selecting a Course** Adoption of plan after thorough evaluation is the real point of decision-making. Analysis & evaluation of alternatives may disclose two or more courses. Managers may decide to follow several courses rather than one best course
7. Formulating Derivative Plans Derivative plan are almost invariably required to support the basic plan. When a decision is made planning is seldom complete and another step is indicated.
8. Quantifying Plans by Budgeting Budgets represent sum totals of income and expenses with resultant surplus or profit. If done well budgets became a means of adding together various plans and set important standards against which planning can be measured.

Objectives
Objectives are important ends towards which organizational & individual activities are directed. Objectives can be Long term or short term, broad or specific. Emphasis is on verifiable objectives means: At the end one can determine its achievement. Goal of every manager is to create surplus. Clear & verifiable objectives facilitates Measurement of surplus and Effectiveness and efficiency of managerial actions
Nature of Objectives
Objects state end results. Overall objectives should be supported by sub-objectives. Objectives form a hierarchy & network. Organizations and managers may have multiple & conflicting goals, Managers may have to choose between long / short term goals and Personal objectives may be subordinated to organizational goals
Hierarchy of Objectives Objectives form a hierarchy. It ranges from broad aim to specific individual objectives
Approaches
Top Down Approach Upper level managers determine objectives for subordinates. Org needs direction through corporate objectives by CEO
Bottom up approach Subordinates initiate setting of objectives for positions
Top management need to have information from lower level. In the form of objectives. Subordinates are motivated & committed to goals they set

Management By Objectives (MBO

Management by objectives is a comprehensive managerial system that systematically integrates managerial activities. It is consciously directed towards effective & efficient achievement of organizational and individual goals

Process of MBO

Setting Preliminary Objectives at the Top Top managers perceive mission / goals & set deadlines. Goals are based on analysis as to what can or should be accomplished by the organization
Clarifying Organizational Roles Relationship between expected results & responsibilities. Responsibilities & objectives should be clear, People should know their responsibilities and goals.
Setting Subordinate's Objectives Superiors should set the objectives for subordinate and the time frame to accomplish them. Like what can you do? What are the problems what changes can you make etc.
Recycling Objectives Objectives should neither be set by starting at top nor at the bottom. Managers know what are the objectives of the subordinates. These preconceived goals are changed into subordinate contribution through interaction.
Benefits of MBO
Clarity of goals and motivation , improvement of managing through result oriented planning, Clarification of Organizational roles and structures, Delegation of authority according to results expected of the people occupying the roles, Encouragement of commitment to personal and organizational goals , development of effective controls that measure results & lead to corrective action:
Weaknesses of MBO
Failure to Teach the Philosophy of MBO Managers must understand and appreciate the philosophy of MBO. They should explain to the subordinates**.**
What, why, when, how and benefits for the participants must be clarified
Failure to give guidelines to goal setter If goal setters have not been given needed guide line, they will not be able to implement MBO properly

Strategies, Policies and Planning Premises:
Strategies and policies are closely related. They provide direction for the organization and form the basis of operational plans. Strategy refers to the determination of the long-term objectives of an enterprise and the adoption of courses of action to achieve these aims, while policies are concepts that guide the thought processes and behavior of managers when they make decisions.
These include
(i) Defining the mission of the organization,
(ii) Determining organizational objectives,
(iii) Assessing organizational resources and evaluating environmental risks and opportunities,
(iv) Formulating strategy,
(v) Implementing strategy through operating plans, and
(vi) Monitoring and adapting strategic plans. Before devising an effective strategy to gain a competitive edge, managers need to analyze the organization's competitive situation carefully.

For this purpose, a SWOT analysis (Strength, Weakness, Opportunity and Threat Analysis), which involves analyzing the organization's internal strengths and weaknesses and environmental opportunities and threats, is carried out. Different kinds of strategies and policies cover the areas of growth, finance, organization, personnel, public relations, products or services and marketing.
Michael Porter has outlined the business-level strategies of overall cost leadership, differentiation, and focus, that may be adopted by firms. Cost leadership strategies aim at reduction in cost. Firms which adopt a differentiation strategy attempt to offer products and services that are considered unique in the industry. A focus strategy facilitates specialization by establishing a position of overall cost leadership, differentiation, or both. A firm adopting a focus strategy attempts to serve a specific

segment of the market, instead of catering to the entire market. Thus, all the major aspects of strategies, policies and planning premises have been discussed in the chapter. These concepts are of great significance in contemporary management theory.

Decision Making: Meaning, Process and Factors

Meaning of Decision Making:

Decision Making is an important function in management, since decision-making is related to problem, an effective decision-making helps to achieve the desired goals or objectives by solving such problems. Thus the decision-making lies all over the enterprise and covers all the areas of the enterprise.

Scientific decision-making is well-tried process of arriving at the best possible choice for a solution with a reasonable period of time.

Decision means to cut off deliberations and to come to a conclusion. Decision-making involves two or more alternatives because if there is only one alternative there is no decision to be made. R.S. Davar defined decision-making as "the election based on some criteria of one behavior alternative hum two or more possible alternatives. To decide means 'to cut off' or in practical content to come to a conclusion."

According to McFarland **"A decision is an act of choice where in an executive forms a conclusion about what must i» done in a given situation. A decision represents behavior 'chosen from a number of possible alternatives."**

Henry Sisk and Cliffton Williams defined **"A decision is the election of a course of action from two or more alternatives; the decision making process is a sequence of steps leading lo I hat selection."**

Characteristics of Decision Making:

From the above definitions the following characteristics can be listed below:

1. It is a process of making a choice from alternative course of action.
2. Decision is the end process preceded by deliberation and reasoning.
3. Decision-making is a focal point at which plans, policies, and objectives are translated into concrete actions.
4. Rationality is another characteristic of decision-making. The human brain with its ability to learn to remember and to relate many complex factors makes this rationality possible.
5. Decision-making involves commitment. The management is committed to decision for two reasons. Firstly it leads to the stability of the concern and secondly, every decision taken becomes part of the expectations of the people involved in the organization.
6. The purpose of decision-making is to select the best alternative, which can significantly contribute towards organizational aims.

Process of Decision Making:

A manager should follow the series of systematically related steps while making decision.

The decision-making process.

a. Investigate The Situation:

A detailed investigation is made on three aspects: define problem identification of objectives and diagnosis.

The first step in the decision process is determining the precise problem to be solved. At this stage, time and effort should be expanded only in gathering data and information that is relevant to an identification of the real problem. Defining the problem in terms of the organizational objectives that are being blocked helps to avoid confusing symptoms and problems.

Once the problem has been defined, the next step is to decide what would constitute and effective solution. As part of this process, managers should begin to determine which parts of the problem they must solve and which they should solve. Most problems consist of several elements and a manager is unlikely to find one solution that will work for all of them.

When managers have found a satisfactory solution, they must determine the actions that will achieve it. But first, they must obtain a solid understanding of all the sources of the problem so they can formulate hypotheses about the causes.

b. Develop Alternatives:

The search for alternatives forces the manager to see things from many viewpoints, to study cases from their proper perspectives and to unearth the troubled spots of the problem. To be more meaningful, only viable and realistic alternatives should be included in the listing.

Brainstorming may be effective at this stage. This is a group approach to developing creating potential solutions to management problems several persons with a similar interest sit down at one place and give concentrated thought to what might be done. The objective is to generate as many ideas as possible.

Criticism must be prohibited. The leader must keep the discussion moving by asking questions and making statements, which refocus attention on the problem at hand without proper guidance, discussion can degenerate into an aimless bull session.

c. Evaluate Alternatives and Select the Best One:

The third step in decision making is that of analyzing and evaluating each alternative in terms of its possible consequences and since managers can never be sure of the actual outcome of each alternative, uncertainty always exists, consequently, this step is a real challenge requiring managers to call on present knowledge, past experience, foresight and scientific acumen.

For the proper analysis of alternatives, Peter Drucker has suggested the following four criteria:

(i) The risk,

(ii) Economy for effort,

(iii) Timing, and

(iv) Limitations of resources.

i. Risk:

Every solution naturally carries a risk element. The risk of each course of action must be weighed against the possible gains from its selection.

ii. Economy of efforts:

That line of action will be selected which gives the greatest results with the least effort, and obtaining the needed change with the last necessary disturbance of the organization.

iii. Timing:

If the situation has great urgency, the preferable course of action is one that dramatizes the decision and serves notice on the organization that something important is happening. If, one the other hand, long, consistent effort is needed, a slow start that gathers momentum may be preferable.

iv. Limitations of resources:

This is also known as the **"principle of limiting factor"** which is the essence of decision making. The key to decision making is to solve the problem posed by alternatives, if possible by seeking out and solving for the limiting, or strategic, or critical, factor. The most important resources, whose limitations have to be considered, are the human beings who will carry out the decision.

d. Implement and Monitor the Decision:

Once the best available alternative has been selected, managers are ready to make plans to cope with the requirements and problems that may be encountered in putting it into effect.

Implementing a decision involves more than giving appropriate orders. Resources must be acquired and allocated as necessary. Mangers set up budgets and schedules for the actions they have decided upon. This allows them to measure progress in specific terms, next, they assign responsibility for the specific tasks involved.

They also setup a procedure for progress reports and prepare to make connections if new problem should arise. Budget, schedules and progress report are all essential to performing the management functions of control.

Potential risks and uncertainties that have been identified during the earlier evaluation of alternatives stage must also be kept in mind. There is a natural human tendency to forget possible risks and uncertainties once a decision is made. Managers can counteract this failing by consciously taking extra time to re-examine their decision at this point and to develop detailed plans for dealing with these risks and uncertainties.

After managers have taken whatever steps are possible to deal with potential adverse consequences, actual implementation can begin. Ultimately, a decision (or a solution) is no better than the actions taken to make it a reality.

A frequent error of managers is to assume that once they make a decision, action on it will automatically follow. If the decision is a good one but subordinates are unwilling or unable to carry it out, then that decision will not be effective.

Action taken to implement a decision must be monitored. Are things working according to plan? What is happening in the internal and external environments as a result of the decision? Are subordinates performing according to expectations? What is the competition doing in response? Decision-making is a continual process for managers—a continual challenge.

Factors Influencing Decision Making:

1. Time Pressures:

An important influence on the quality of decisions is how much time the decision maker has in which to make the decisions. Unfortunately, managers must make most of their decisions in time frames established by others. Lack of time can force a manager to decide without gathering important facts or exploring possible solutions thoroughly.

2. Manager's Values:

Manager's values have a significant influence on the quality of decisions. Values are the likes, dislikes, should, ought, judgments and prejudices that determine how we shall act. The value orientations of management underlie much of their behaviour. The decisions managers make in identifying their mission, objectives and strategies, and how managers interpret society's expectations also reflect their values.

Some specific influences which have value on the decision-making process are:

(a) Value judgments are necessary in the development of objectives and the assignment of priorities.

(b) In developing alternatives, it is necessary to make value judgments about the various possibilities and

(c) In selecting an alternative, value judgments will be reflected in the alternative chosen.

3. Organizational Policy:

Decisions are limited by the policies that higher managers develop to guide the actions of the organization. Decisions that clearly violated policies will be rejected automatically. Some managers argue, of course to change the policy to fit the decision if the decision seems sound.

This is good thinking, except that policies cannot be changed overnight. It is usually an easier and more practical course to alter the proposed decision.

4. Other Factors:

The decision-making process is not only influenced by the above-stated factors but a host of others too.

The list of such factors depends upon one's flight of imaginations; however, we are listing the following ones for our consideration:

(i) The effect of other departments.
(ii) Higher-management attitude.
(iii) Personnel required.
(iv) Budget money.
(v) Subordinate reactions.

Rationality in Decision Making:

The concept of rationality is very important in decision-making. Rationality implies the capacity for objective and intelligent action. A decision is said to be rational if appropriate means are chosen to achieve desired ends. According to Steiner, **"a rational business decision is one which effectively and efficiently assures the achievement of aims for which the means are selected."**

Rationality in decision-making implies that the decision maker tries to maximise the values in a situation by choosing the most suitable course of action for achieving the goal. Rationality refers to the selection of preferred behavior alternatives in terms of values whereby the consequences of behavior can be evaluated.

The end- means or value system approach to rationality is faced with certain problem. Firstly, the end to be attained is often incompletely or incorrectly stated. Secondly, in actual practice means cannot be separated completely from ends. Thirdly, the means ends terminology obscures the role of the time-element in decision-making.

Simon has identified six-description models of rationality of choice behavior. A decision is personally rational if it is oriented to the individual's goals. It is organizationally rational if it is oriented to the organization's goals. It is consciously rational to the degree that the adjustment of means to ends is a conscious process.

It is deliberately brought about. It is objectively rational if in-fact it is the correct behavior for maximizing given values in a given situation. It is subjectively rational if it maximizes attainment relative to the actual knowledge of the subject.

The classical economic approach to decision making stresses that management decisions should be rational. This approach is based upon two fundamental assumptions. Firstly, the managers seek to maximize expected utility or profits above all else.

Secondly, human beings are completely rational i.e., they are aware of all possible decision alternatives, have complete knowledge of all consequences associated with each alternative, and process all the information required to be evaluated various alternatives.

Simon has criticized the economic model of decision-making behavior as developed by classical economists. It is not always possible to choose a best course of action for achieving the optimum solution to a problem. Environmental constraints and human limitations do not permit fully rational or optimum decisions. In practice, people are not completely rational and do not always seek optimal solutions.

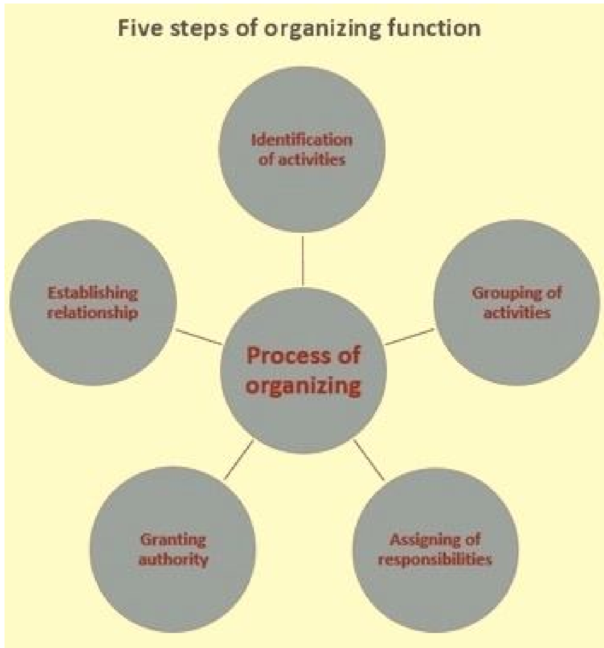
Therefore, economic man model is hypothetical. Managers want 'satisfying" or **"good enough"** or **"reasonably good"** solutions rather than optimum solutions. Simon has given an administrative man model of decision-making behavior, which is more realistic. This model does not assume perfect knowledge on the part of decision makers.

As they seek satisfying rather than maximizing, choice is possible without determining all possible alternatives. Complete rationality is not always possible and therefore, what is called for is "bounded rationality". Instead of ideal or perfect or optimum decisions, satisfactory decisions are taken in practice.

Human beings are not always rational in the decision making process. They take into consideration on only a limited number of factors and a limited range of consequences.

Organizing

Organizing is the function of **management** which follows planning. It is the process of establishing orderly uses for all resources within the **management** system of the **organization**. ... Hence, **organizing** refers to the following process. Identifying and grouping of the work to be performed.



The Nature of organizing

Once a plan has been created, a manager can begin to organize. Organizing involves assigning tasks, grouping tasks into departments, delegating authority, and allocating resources across the organization. During the organizing process, managers coordinate employees, resources, policies, and procedures to facilitate the goals identified in the plan. Organizing is highly complex and often involves a systematic review of human resources, finances, and priorities.

Before a plan can be implemented, managers must organize the assets of the business to execute the plan efficiently and effectively. Understanding specialization and the division of work is key to this effort, since many of the "assets" are employees.

Benefits of Organizing

While the planning function of managers is essential to reaching business goals, lots of careful planning can go to waste if managers fail to organize the company's assets and resources adequately. Some of the benefits of organizing include the following:

- Organization harmonizes employees' individual goals with the overall objectives of the firm. If employees are working without regard for the big picture, then the organization loses the cohesion necessary to work as a unit.
- A good organizational structure is essential for the expansion of business activities. Because organizational structure improves tracking and accountability, that structure helps businesses determine the resources it needs to grow. Similarly, organization is essential for product diversification, such as the development of a new product line.
- Organization aids business efficiency and helps reduce waste. In order to maximize efficiency, some businesses centralize operations while others arrange operations with customer or regional demands in mind.

• A strong organizational structure makes "chain of command" clear so employees know whose directions they should follow. This in turn improves accountability, which is important when outcomes are measured and analyzed.

This is a short list of the benefits managers (and businesses) realize when they take the time to organize. When it comes to the particular organizational structure a business follows, a variety of factors, such as size, industry, and manager preference come into play.

Entrepreneuring

The capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. The most obvious example of **entrepreneurship** is the starting of new businesses.

In economics, entrepreneurship combined with land, labor, natural resources and capital can produce profit. Entrepreneurial spirit is characterized by innovation and risk-taking, and is an essential part of a nation's ability to succeed in an ever changing and increasingly competitive global marketplace.

Reengineering

Systematic starting over and reinventing the way a firm, or a business process, gets its work done. Defined by Michael Hammer and James Champy (in their 1993 book 'Reengineering The Corporation') as "Fundamental rethinking and radical redesign of business process to achieve dramatic improvements in critical measures of performance such as cost, service, and speed."

Reengineering builds the need for change on the three C's:

- Customers
- Competition
- Change

The organization under this approach must focus on key processes with high added value and "slash" irrelevant side processes with minimal added value. Key processes are reorganized so that they could go smoothly and eliminate their bottleneck.

Radical change of processes was built heavily on new information and communication technologies, which at that time into use on a massive scale came in organizations. The disadvantage of the first generation of reengineering was less emphasis onhuman resources, which was, inter alia, more accentuated in the so-called second generation of reengineering, which is represented, for example by the PPP methodology.

Organizational Structure

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.

The organizational structure also determines how information flows between levels within the company. For example, in a centralized structure, decisions flow from the top down, while in a decentralized structure, decision-making power is distributed among various levels of the organization.

Having an organizational structure in place allows companies to remain efficient and focused.

Departmentation

Departmentation means division of work into smaller units and their re-grouping into bigger units (departments) on the basis of similarity of features. Each department is headed by a person known as departmental manager.

Functions of Departmentation

Departmentation creates departments, assigns tasks to people, fixes their responsibility and accountability to their departmental heads, creates a span of management so that work can be easily supervised.

The basic purpose of **departmentation** is to make the size of each departmental unit manageable and to secure advantages of specialization. It is **necessary** on the account of following reasons:
Specialisation:
Departmentation enables an organization to avail the benefits of specialisation. When every department looks after one major function, expertise is developed and efficiency of operation increases.

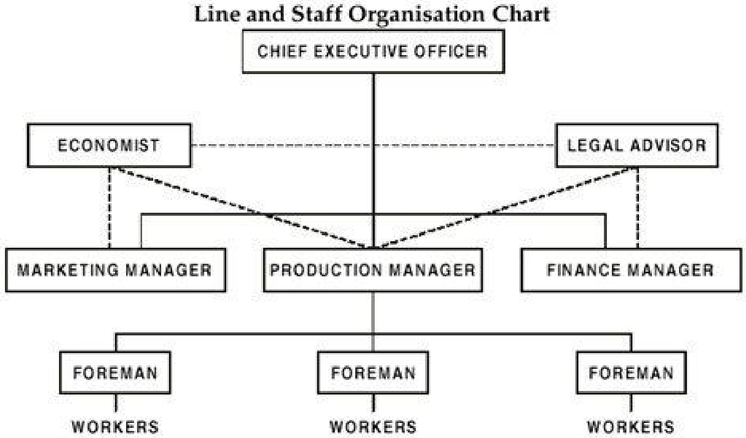
Expansion:
One manager can supervise and direct only a few subordinates. Grouping of activities and personnel into departments makes it possible or the enterprise to expand and grow. If there is no departmentation, the size of the organization will be restricted to the manager's span of control

Autonomy:
Departmentation results in the division of enterprise into semi-autonomous units. In these units, every manager is given adequate freedom. The feeling of autonomy provides job satisfaction and motivation which in turn lead to higher efficiency of operations.
Fixation of responsibilities:
Departmentation enables each person to know the specific part he is to play in the total organization. It provides a basis for building up loyalty and commitment. The responsibility for results can be defined more precisely and an individual can be held accountable for performance.
Appraisal:
Appraisal of managerial performance becomes easier when specific tasks are assigned to specific personnel. The sources of information, the skills and competence required for total managerial decisions can be located.
Managerial development:
Departmentation facilitates communication, coordination and control. It simplifies the training and development of executives y providing them opportunities to take independent decisions and o exercise initiative.

Administrative control:
Departmentation is a means of dividing the large and complex oranisation into small and flexible administrative units. Grouping of activities and personnel into manageable units facilitates administrative control. Standards of performance for each and very department can be precisely determined. Excessive departmentation may result in several organisational problems such as erosion of the line of command, multiple accountability, dysfunctional conflicts and difficulty of coordination and control.
.
Line/staff authority
Line/staff authority,
Line authority gives a superior a line of authority over a subordinate. The **Scalar Principle** in organization is: The cleaner the line of authority from the ultimate management position in an enterprise to every subordinate position, the clearer will be the responsibility for decision making and the more effective will be he organization communication. It therefore becomes apparent from the scalar principle that **Line Authority** is that relationship in which superior exercises direct supervision

over a subordinate – an authority relationship in direct line or steps. The nature of the **Staff Relationship** is advisory. The function of people in a pure staff capacity is to investigate, research, and give advice to line manager. **Functional Authority** is the right that is delegated to an individual or department to control specified process, practices, policies or other matters relating to activities undertaken by person in other departments.

Line and Staff Organisation Chart



Note: *Straight lines represent* ***line*** *and broken lines represent* ***staff.***

Empowerment,

Empowerment means that employees, managers, or teams at all levels in the organization have the power to make decision without asking their superiors for permission. The notion underlying empowerment is that those closest to the task are best able to make the decision – provided they have the required competencies. Conceptually,

1.Power should be equal to responsibility (P=R)

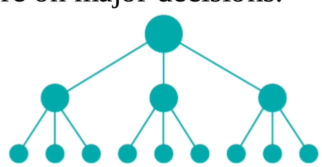
2.If power is greater than responsibility (P>R), then this could result in an autocratic behavior of the superior who is not held accountable for his or her actions.

3.If responsibility is greater than the power (R>P), then this could result in frustration of subordinates because they do not have the necessary power to carry out the task for which they are responsible.

Some of the reasons for the interest in empowerment are global competitiveness, the need to respond fast to the demands and expectations of customer. Empowerment of subordinates means that superiors have to share their authority and power with their subordinate. Thus, an autocratic leadership style, when used as the only why to manage, is often inappropriate for twenty-first-century organization. Most employees want to be involved and want to participate in decisions, which, in turn, create a sense of belonging, achievement, and self-esteem. Effective management requires that empowerment is sincere, is based on mutual trust, provides employees with relevant information to carry out their task, and is given to competent people.

Decentralization

Decentralization is a type of **organizational structure** in which daily operations and decision-making responsibilities are delegated by top **management** to middle and lower-level mangers. This frees up top **management** to focus more on major decisions.



Effective organizing

Effective organizations create results, and to be fully **effective**, nonprofits must exhibit strengths in five core **organizational** areas—leadership, decision making and structure, people, work processes and systems, and culture. ... "Staff are duplicating work and reinventing existing processes."

Organization culture

The values and behaviors that contribute to the unique social and psychological environment of an organization.

Organizational culture includes an organization's expectations, experiences, philosophy, and values that hold it together, and is expressed in its self-image, inner workings, interactions with the outside world, and future expectations. It is based on shared attitudes, beliefs, customs, and written and unwritten rules that have been developed over time and are considered valid. Also called corporate culture, it's shown in

(1) the ways the organization conducts its business, treats its employees, customers, and the wider community,

(2) the extent to which freedom is allowed in decision making, developing new ideas, and personal expression,

(3) how power and information flow through its hierarchy, and

(4) how committed employees are towards collective objectives.

It affects the organization's productivity and performance, and provides guidelines on customer care and service, product quality and safety, attendance and punctuality, and concern for the environment.

It also extends to production-methods, marketing and advertising practices, and to new product creation. Organizational culture is unique for every organization and one of the hardest things to change.

Examples

• When working in the mental health field our company's organizational culture was one of caring and compassion at all times.

• Each organization has its own unique organizational culture which stems from the vision of their own leaders but all from the different experiences that their members bring into the mix.

• When I am looking for a job it is important to me to judge the organizational culture and decide if it is a place I will feel happy or not.