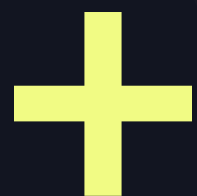




NATURE OF ORGANIZATION



ORGANIZATION FOLLOWS PLANNING. AFTER PLANNING IS IN PLACE, ORGANIZING IS THE NEXT STEP IN THE MANAGEMENT PROCESS. ORGANIZATION IS A GROUP OF PEOPLE WHO WORK TOGETHER, COORDINATE AND COLLABORATE THEIR ACTIONS TO ACHIEVE A BROAD SCOPE OF GOALS.



BASICALLY, ORGANIZATION CAN BE VIEWED IN TWO WAYS:

- + 1. ORGANIZATION AS A PROCESS AND**
- 2. ORGANIZATION AS A STRUCTURE**



ORGANIZATION AS A PROCESS

**AS A PROCESS, ORGANIZATION IS AN EXECUTIVE
FUNCTION. THEREFORE IT BECOMES A MANAGERIAL
FUNCTION WHICH INVOLVES THE FOLLOWING
ACTIVITIES:**

- ACCOMPLISHMENT OF BUSINESS OBJECTIVES**
 - DIVISION OF LABOR**
 - DEPARTMENTALIZATION**
 - DELEGATION OF DUTIES AND RESPONSIBILITIES**
 - COORDINATION OF EFFORTS**
- 



ORGANIZATION AS A PROCESS

- **ACCOMPLISHMENT OF BUSINESS OBJECTIVES**
 - Organization ensures that all tasks, people, and resources are aligned toward achieving the company's goals.
 - **DIVISION OF LABOR**
 - Work is divided into smaller tasks so no one person has to do everything.
 - **DEPARTMENTALIZATION**
 - Grouping of related tasks into departments or sections.
- 

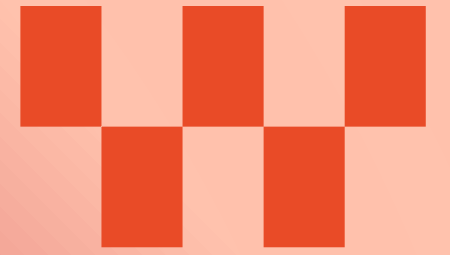


ORGANIZATION AS A PROCESS

- **DELEGATION OF DUTIES AND RESPONSIBILITIES**
 - Managers assign tasks and give employees the authority to perform them.
 - **COORDINATION OF EFFORTS**
 - Making sure that everyone's work fits together and supports each other.
- 

ORGANIZATION AS A STRUCTURE

Organization is a network of internal responsibility and authority relationships. An organization structure is a systematic combination of people functions and physical facilities. The main emphasis here is on relationships or structure rather than on persons.



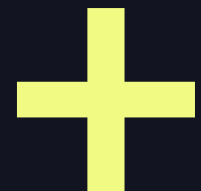


TYPES OF ORGANIZATION STRUCTURES



FORMAL ORGANIZATIONAL STRUCTURES ARE AS FOLLOWS:

1. LINE ORGANIZATIONAL STRUCTURE
2. FUNCTIONAL AUTHORITY ORGANIZATIONAL STRUCTURE
3. DIVISIONAL ORGANIZATIONAL STRUCTURE
4. MATRIX ORGANIZATIONAL STRUCTURE



FORMAL ORGANIZATIONAL STRUCTURES ARE AS FOLLOWS:



1. LINE ORGANIZATIONAL STRUCTURE

A line organization has only direct vertical relationships between different levels in the firm. Line organization tends to simplify and clarify authority, responsibility and accountability. It promotes fast decision making and very simple to understand.

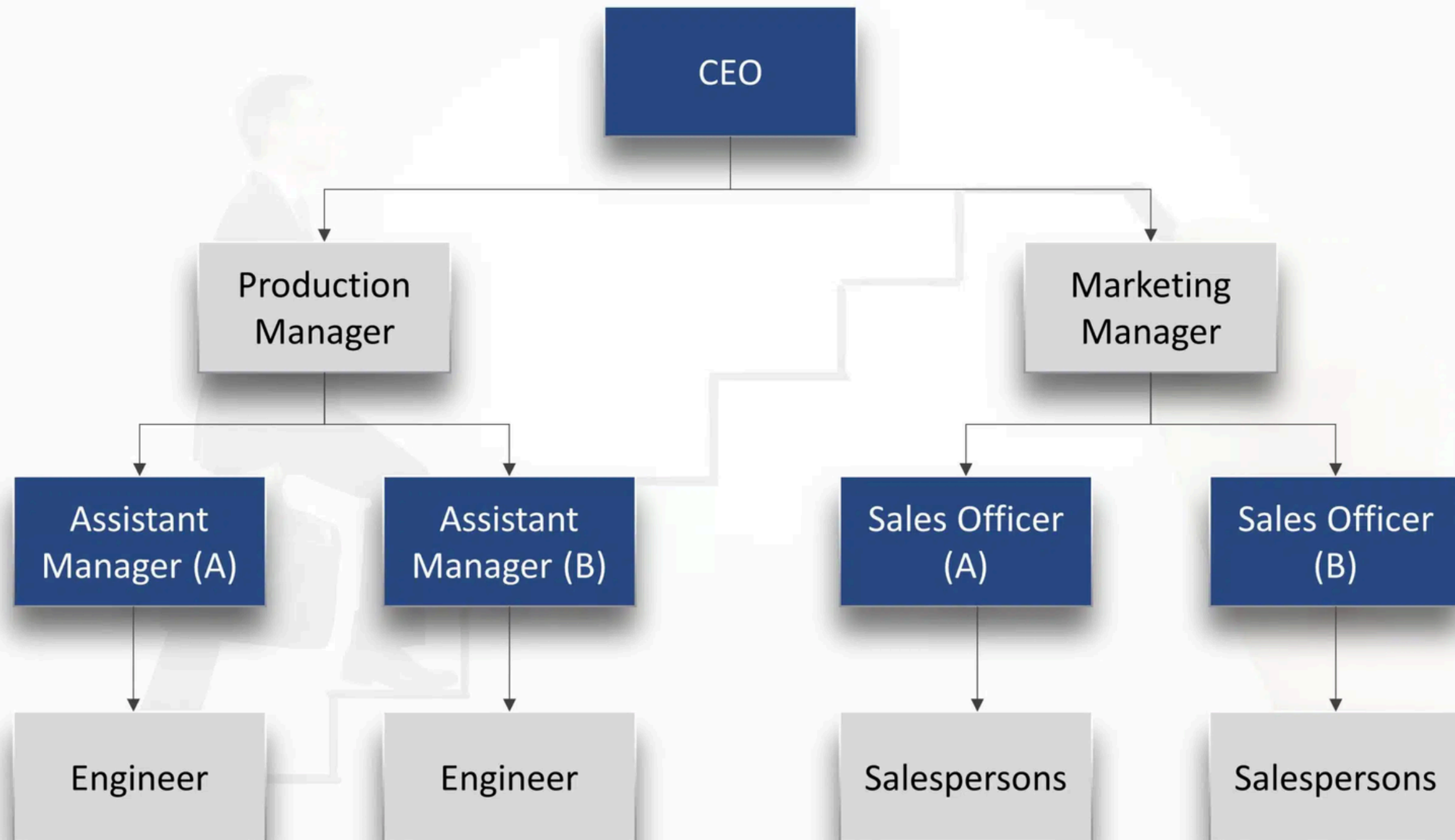
However, as the firms grow larger, line organization becomes more ineffective.



TYPES OF ORGANIZATION STRUCTURES

FORMAL ORGANIZATIONAL STRUCTURES ARE AS FOLLOWS:

1. LINE ORGANIZATIONAL STRUCTURE



FORMAL ORGANIZATIONAL STRUCTURES ARE AS FOLLOWS:



2. FUNCTIONAL AUTHORITY ORGANIZATIONAL

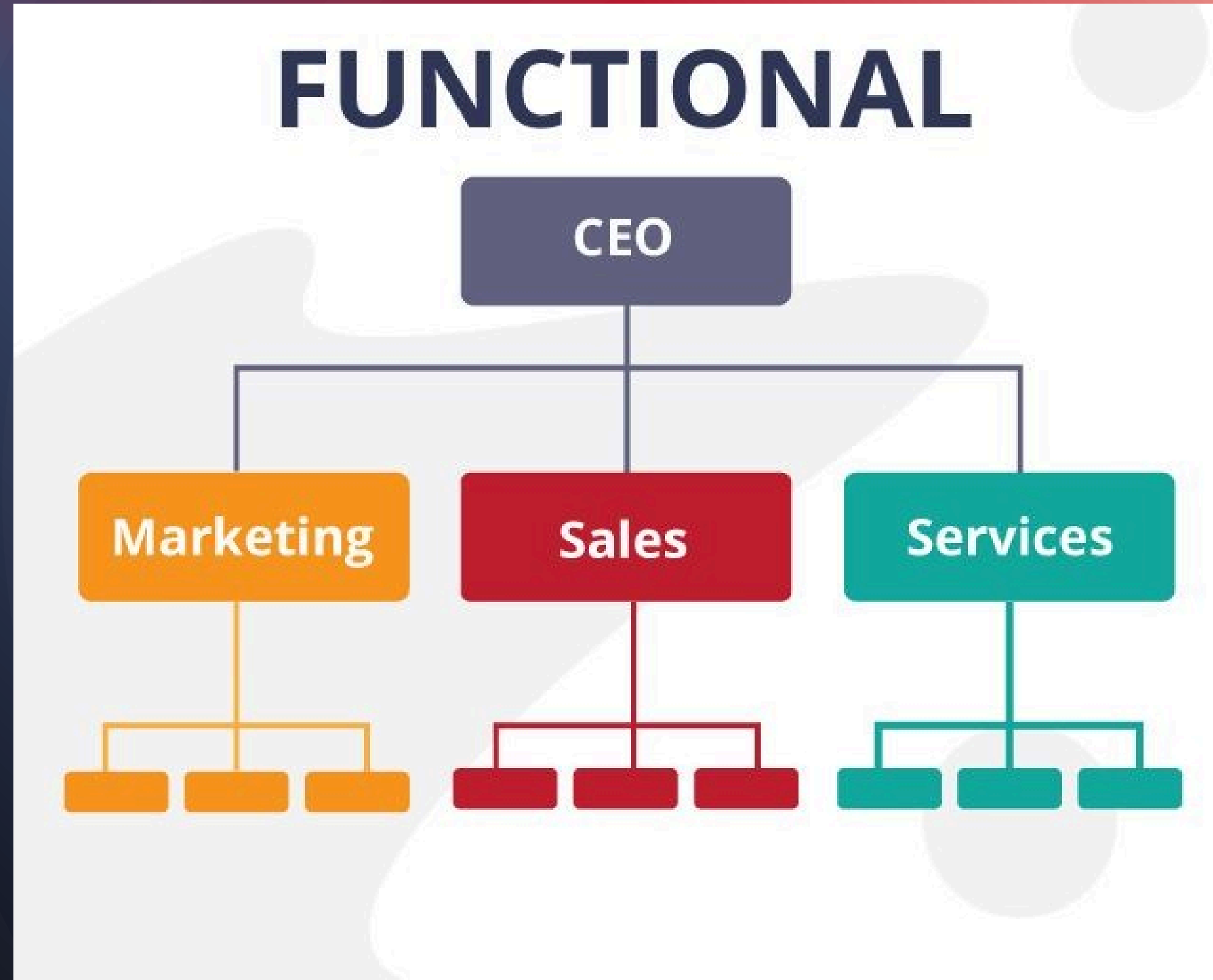
The line officers or managers have the direct power to achieve the organizational goals. The staff officers or managers have staff authority over the line. This is known as functional authority.

In line organization, the line managers cannot be experts in all functions they are required to perform. But in the functional authority organizations, staff personnel who are specialists in some fields are given functional authority.

TYPES OF ORGANIZATION STRUCTURES

FORMAL ORGANIZATIONAL STRUCTURES ARE AS FOLLOWS:

2. FUNCTIONAL AUTHORITY ORGANIZATIONAL



FORMAL ORGANIZATIONAL STRUCTURES ARE AS FOLLOWS:



3. DIVISIONAL ORGANIZATIONAL STRUCTURE

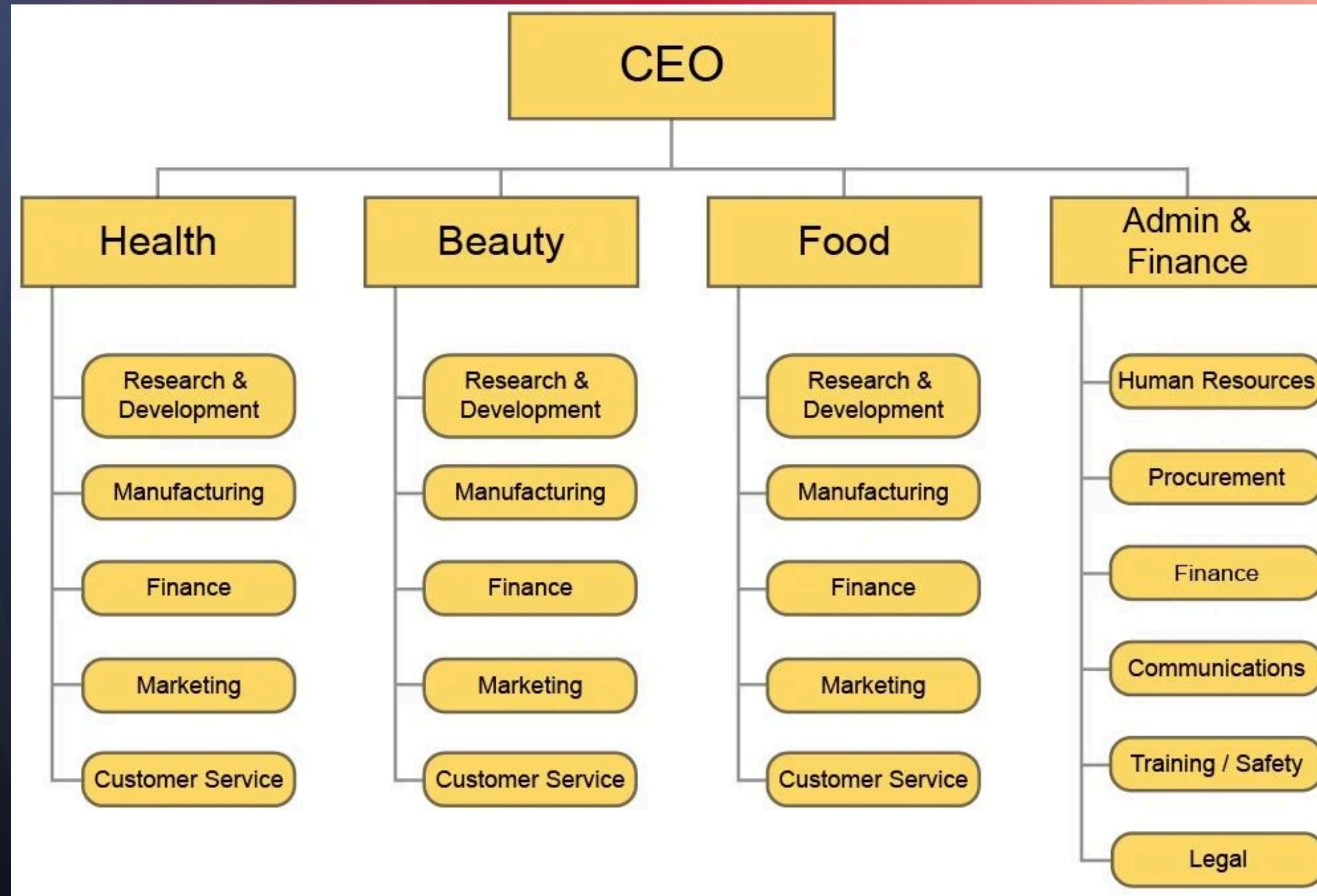
In this type of structure, the organization can have a different basis on which departments are formed. They are by function, product, geographic territory, project and combination



TYPES OF ORGANIZATION STRUCTURES

FORMAL ORGANIZATIONAL STRUCTURES ARE AS FOLLOWS:

3. DIVISIONAL ORGANIZATIONAL STRUCTURE



FORMAL ORGANIZATIONAL STRUCTURES ARE AS FOLLOWS:



4. MATRIX ORGANIZATIONAL STRUCTURE

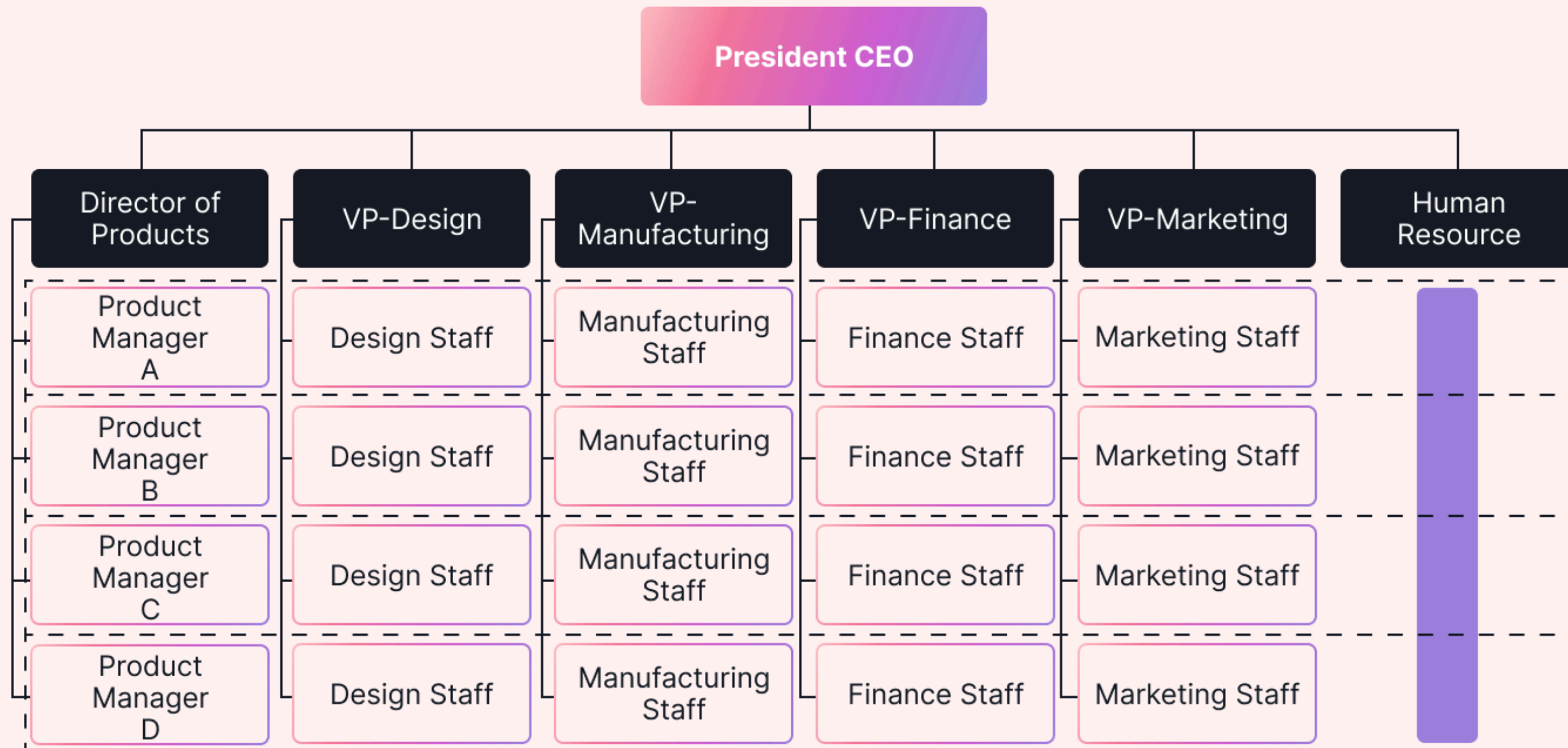
It is a permanent organization designed to achieve specific results by using teams of specialists from different functional areas in the organization. Matrix organization decentralized decision making, improved environmental monitoring, responses to change and has flexibility in the use of resources.



FORMAL ORGANIZATIONAL STRUCTURES ARE AS FOLLOWS:

4. MATRIX ORGANIZATIONAL STRUCTURE

Matrix Organizational Structure Example



FORMAL ORGANIZATIONAL STRUCTURES ARE AS FOLLOWS:



SUMMARY

- 1. LINE - STRAIGHT LINE OF AUTHORITY (BOSS → WORKER).**
- 2. FUNCTIONAL - ORGANIZED BY SKILLS (FINANCE, MARKETING, HR).**
- 3. DIVISIONAL - ORGANIZED BY PRODUCT, SERVICE, OR LOCATION.**
- 4. MATRIX - COMBINATION; WORKERS MAY HAVE TWO BOSSES.**





FORMAL AND INFORMAL ORGANIZATIONS



+ FORMAL AND INFORMAL ORGANIZATIONS

1. MEANING

- **Formal Organization** is formed when two or more persons come together. They have a common goal. The formal organization has its rules and regulation and must be followed by the members (employees and managers. It also has a system of authority. It has a clear superior-subordinate relationship. In a formal organization, the objectives are specific and well defined. Examples of the formal organization are a company, school, bank, etc.



+ FORMAL AND INFORMAL ORGANIZATIONS

1. MEANING

Informal Organization exists within the formal organization. An informal organization is a network of personal and social relationships. People working in a formal organization meet and interact regularly. They work, travel, and eat together.

Therefore, they become good friends and companions. These groups are called the informal organization. An informal organization does not have its rules and regulation. It has not a system of co-ordination and authority. It doesn't have any superior-sub-ordinate relationship nor a well-defined objective

+ FORMAL AND INFORMAL ORGANIZATIONS

2. Formed by Whom?

- A formal organization is formed by the top level management.**
- An informal organization is formed by social forces within the formal organization.**



+ FORMAL AND INFORMAL ORGANIZATIONS

3. Rules and Regulations

➤ Members of a formal organization have to follow certain rules and regulations. These rules are documented. They are made by a formal authority or the superiors. If the member follows these rules properly, they will be rewarded. However, if they do not follow these rules, they will be penalized.

➤ Member of an informal organization does have to follow any rules and regulations.



+ FORMAL AND INFORMAL ORGANIZATIONS

4. Duties and Responsibilities

➤ In a formal organization, duties, and responsibilities, authority and accountability of each member are well-defined.

➤ In an informal organization, there are no fixed duties, responsibilities, authority accountability for the members.



+ FORMAL AND INFORMAL ORGANIZATIONS

5. Objectives or Goals

➤ In a formal organization, the objective or goal are specific and well-defined. The main objectives of a formal organization are productivity, growth, and expansion.

➤ In an informal organization, the objectives are not specific and well defined. The main objectives of an informal organization are friendship, security, common in-terest, individual and group satisfaction.

+ FORMAL AND INFORMAL ORGANIZATIONS

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+ FORMAL AND INFORMAL ORGANIZATIONS

6. Stability

- **A formal organization is stable**
- **An informal organization is not stable**

7. Organization Charts

- **A formal organization is shown on the organization chart**
- **An informal organization is not shown on the organization chart**

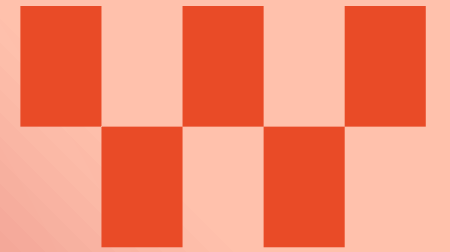


+ FORMAL AND INFORMAL ORGANIZATIONS

8. Benefits of Members

- Members of the formal organization get financial benefits like wages or salaries, bonuses, allowances, health insurance, etc.**
- Members of the informal organization get personal social benefits like friends, community group, etc.**

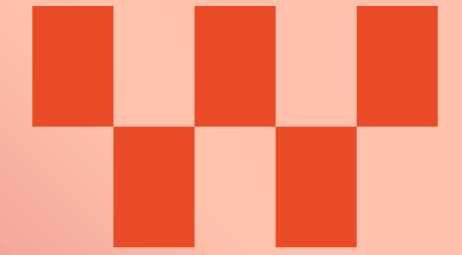




ORGANIZATION THEORIES AND APPLICATION



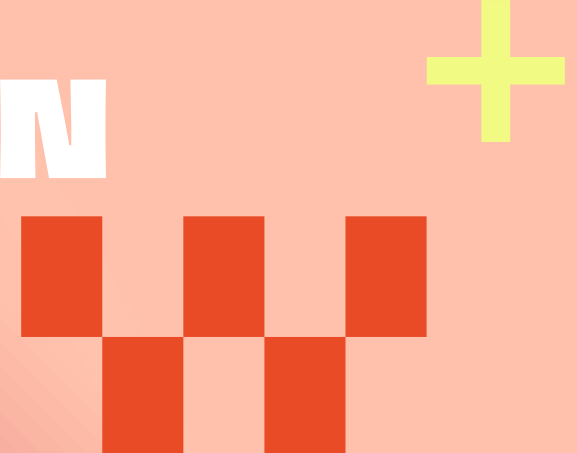
ORGANIZATION THEORIES AND APPLICATION



Organizational theories all address several main questions about how a company works. They assume an organization has structure, goals, and members but focus on the efficiency of the organization, how it achieves its goals, how its environment affects its operations and how it survives in the face of outside challenges.



ORGANIZATION THEORIES AND APPLICATION

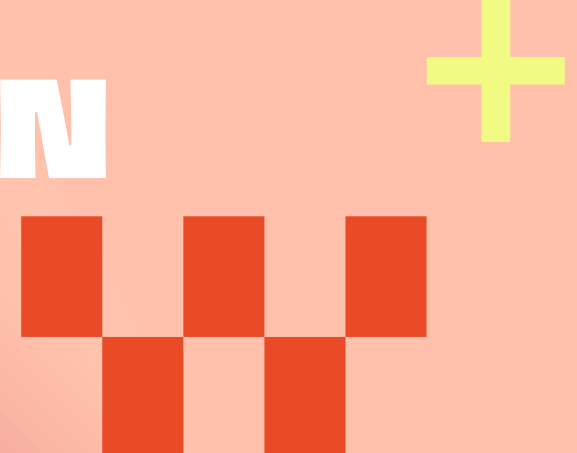


1. Classical Structure Theory

Traditional organizations have either a pure hierarchal structure or a modified one, such as a matrix structure that add additional reporting paths to positions at the working level. Managers in classical structures rely on the organizational structures to channel work to the appropriate department.



ORGANIZATION THEORIES AND APPLICATION



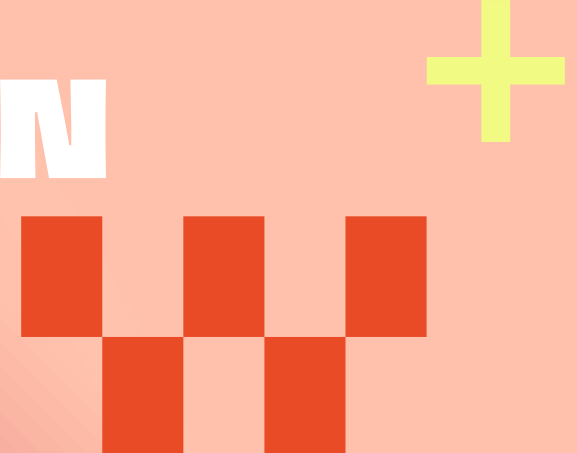
2. Contingency Organizations

Contingency theory assumes that organizations adapt to their environments in the absence of formal structures.

How well the adoption addresses the issues confronting the business depends on the experience and knowledge of the managers and employees of the company. The advantages of a well-adapted business include flexibility in addressing changes in the marketplace and responsiveness to customer needs.



ORGANIZATION THEORIES AND APPLICATION



3. Behavioral Organizations Theory

Organizations that focus on the behavior of individual employees can be successful in a wide variety of business environments and an alternative to a classical structure. These organization types assume employees complete the required work if their company provides a suitable business environment. The organizational theories often place the employees in teams that have substantial authority to make work-related decisions.



DELEGATION



A DELEGATION OF AUTHORITY IS A PROCESS THROUGH WHICH MANAGER ASSIGNS RESPONSIBILITY TO THE SUBORDINATE WITH A DEGREE OF AUTHORITY.



THERE ARE THREE MAJOR ELEMENTS OF DELEGATION



1. Responsibility - the responsibility means, assigning the work to an individual. The managers assign particular responsibility to the subordinates for the completion of certain tasks on his behalf. An individual has to apply his physical and mental ability to get the job completed efficiently. The manager can only assign the responsibility and in case the subordinate fouls, the manager will be answerable to his seniors. Thus, responsibility flows upwards.



THERE ARE THREE MAJOR ELEMENTS OF DELEGATION



2. Authority - to fulfill the duty, certain authority is delegated to the subordinate.

Authority means the power to take decisions independently and accomplish the task efficiently. The authority must be equal to the responsibility, this means, a certain level of authority is delegated which is sufficient to complete the responsibility. The authority also flows upward as we go up in the scalar chain, the authority increases.



THERE ARE THREE MAJOR ELEMENTS OF DELEGATION



3. Accountability - means to check whether the subordinates are performing their responsibilities in an expected manner or not. The accountability cannot be delegated which means, in the case of non-completion of the task, the manager will only be held responsible for it, not the subordinates. The accountability also flows upward; that is the subordinates will be accountable to the manager and the manager to his superior.





**THANK YOU FOR
LISTENING!**



PREPARED BY:
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