Chapter 11
Fundamentals of Organizing

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Objectives

1. An understanding of the organizing function

2. An appreciation for the complexities of determining appropriate organizational structure

3. Insights into the advantages and disadvantages of division of labor

4. A working knowledge of the relationship between division of labor and coordination
What is Organizing?

Fundamentals of Management

Employees

Lower Level Management

Raw Materials

Middle Level Management

High Level Management

Assets
What is Organizing?

High Level Management

Middle Level Management

Lower Level Management

Employees

Raw Materials & Assets

Fundamentals of Management

Fundamentals of Organizing
Definitions

• **Organizing:**
  Is the process of establishing orderly uses for resources within the management system.

• **Organizing Skills:**
  Is the ability to establish orderly uses for resources within the management system.
Guidelines

In essence, each organizational resource represents an investment from which the management system must get a return. Appropriate organization of these resources increases the efficiency and effectiveness of their use. Henri Fayol developed 16 general guidelines for organizing resources:

1. Judiciously prepare and execute the operating plan.
2. Organize the human and material facets so that they are consistent with objectives, resources, and requirements of the concern.
3. Establish a single competent, energetic guiding authority (formal management structure).
4. Coordinate all activities and efforts.
5. Formulate clear, distinct, and precise decisions.
6. Arrange for efficient selection so that each department is headed by a competent, energetic manager, and all employees are placed where they can render the greatest service.
7. Define duties.
8. Encourage initiative and responsibility.
9. Offer fair and suitable rewards for services rendered.
10. Make use of sanctions against faults and errors.
11. Maintain discipline.
12. Ensure that individual interests are consistent with the general interests of the organization.
13. Recognize the unity of command.
14. Promote both material and human coordination.
15. Institute and effect controls.
16. Avoid regulations, red tape, and paperwork.
Importance of Organizing

1. Reorganization plans to make management system more effective and efficient.
2. Plans to improve managerial skills to fit current management system needs.
3. An advantageous organizational climate within the management system.
Mental Break
MOVE 3 CIRCLES ONLY TO MAKE THIS TRIANGLE POINT DOWN
Organizing Process

STEP 1
Reflect on plans and objectives

STEP 2
Establish major tasks

STEP 3
Divide major tasks into subtasks

STEP 4
Allocate resources and directives for subtasks

STEP 5
Evaluate results of organizing strategy

Feedback
Classical Organizing Theory

- Weber’s Bureaucratic Model.
- Division Of Labor.
- Structure.
General Framework for Organizing

- High Level Management
- Middle Level Management
- Lower Level Management
- Employees
- Raw Materials & Assets
Weber’s Bureaucratic Model

High Level Management

Middle Level Management

Lower Level Management

Employees

Raw Materials & Assets

Fundamentals of Management

Fundamentals of Organizing
Weber’s bureaucratic model

• Concept of bureaucracy:
  • Detailed Procedures And Rules.
  • Clearly Outlined Organizational Hierarchy.
  • Impersonal Relationships Among Organization Members.

• He was concerned that managers were inclined to overemphasize the merits of a bureaucracy.

• He cautioned that a bureaucracy is not an end in itself, but rather a means to the end of management system goal attainment.
Weber’s bureaucratic model

**Disadvantages**

- It gives short shrift to the human variable within organizations.
- It is recognized today that the bureaucratic approach without an appropriate emphasis on the human variable is almost certainly a formula for organizational failure.
Mental Break
How many squares are in this figure?
Division of Labor

• Is the assignment of various portions of a particular task among a number of organization members.
Fundamentals of Management

**Division of Labor**

- **High Level Management**
- **Middle Level Management**
- **Lower Level Management**
- **Employees**
- **Raw Materials & Assets**

Fundamentals of Organizing
Division of Labor

**Advantages:**

- When workers specialize in a particular task, their skill at performing that task tends to increase.
- Workers who have one job and one place in which to do it do not lose valuable time changing tools or locations.
- When workers concentrate on performing only one job, they naturally try to make the job easier and more efficient.
- It creates a situation in which workers need only to know how to perform their part of the work task rather than the entire process for producing the end product.
Division of Labor

_Disadvantages:_

• It focuses solely on efficiency and economic benefit and overlooks the human variable in organizations.

• Work that is extremely specialized tends to be boring and therefore will eventually cause production rates to go down as workers become resentful of being treated like machines.
Division of Labor - Coordination

Fundamentals of Management

High Level Management

Middle Level Management

Lower Level Management

Employees

Raw Materials & Assets

Fundamentals of Organizing

Division

Division
Division of Labor - Coordination

• **Coordination**: is the orderly arrangement of group effort to provide unity of action in the pursuit of a common purpose.
Division of Labor - Coordination

• **Guidelines:**
  
  • It can be attained with the least difficulty through direct horizontal relationships and personal communications.
  
  • It can be a discussion topic throughout the planning process.
  
  • Is a continuing process and should be treated as such.
  
  • It can be achieved only through purposeful management action, it cannot be left to chance.
  
  • Communication process is an essential consideration in any attempt to encourage coordination.