

MST 514– Introduction to Organisation Behaviour

Lecture 15

August, 2015



Topics to be covered today

1. Organizational structure key elements

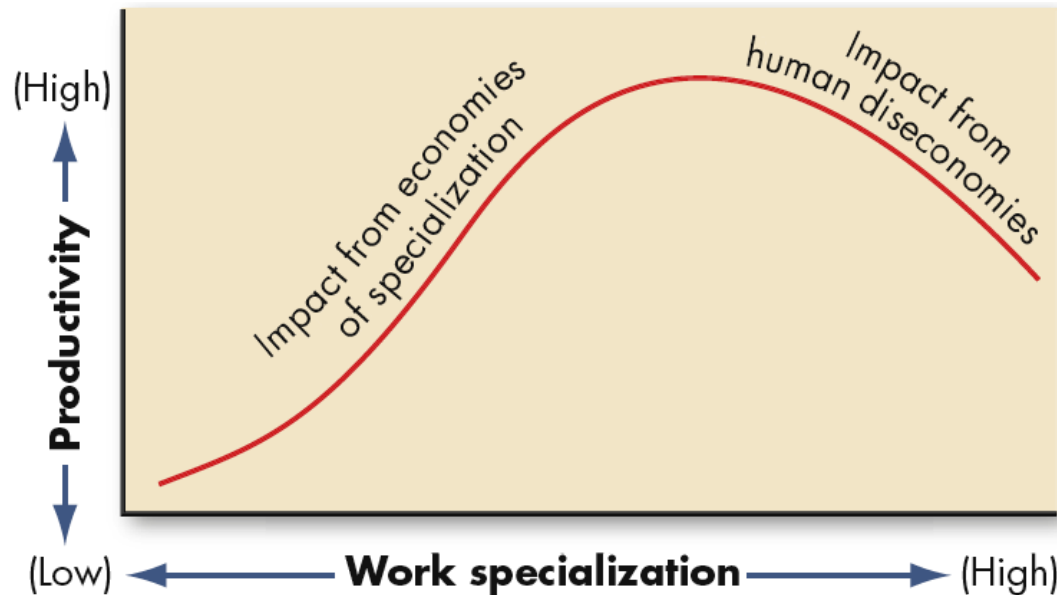
What Is Organizational Structure?

- Organizational Structure
 - How job tasks are formally divided, grouped, and coordinated
 - Key Elements:
 1. Work specialization
 2. Departmentalization
 3. Chain of command
 4. Span of control
 5. Centralization and decentralization
 6. Formalization

1. Work Specialization

- The degree to which tasks in the organization are subdivided into separate jobs
- **Division of Labor**
 - Makes efficient use of employee skills
 - Increases employee skills through repetition
 - Increases productivity
 - Specialized training is more efficient
 - Allows use of specialized equipment
- Can create greater economies and efficiencies – but not always...

Work Specialization Economies and Diseconomies



- Specialization can reach a point of diminishing returns
- Then job enlargement gives greater efficiencies than does specialization

2. Departmentalization

- The basis by which jobs are grouped together
- **Grouping Activities by:**
 - Function: eg. engineering, accounting, manufacturing etc.
 - Product: eg. Wipro FMCG and electronics.
 - Geography: eg. Southern, northern etc.
 - Process: eg. Validation, processing, payment collection etc.
 - Customer: eg. Large customers, small business, software developers etc

3. Chain of Command

Chain of Command

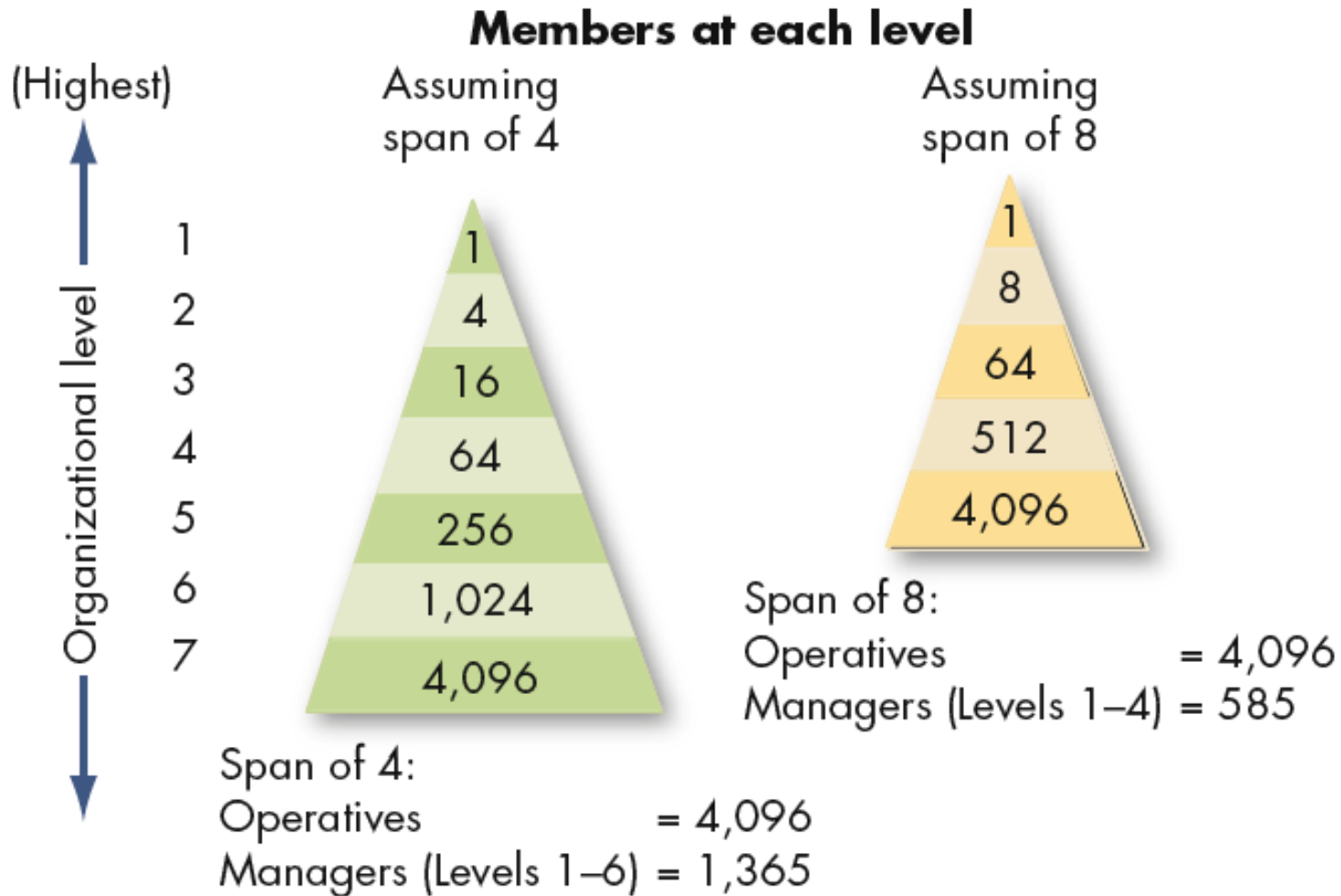
- The unbroken line of authority that extends from the top of the organization to the lowest level and clarifies who reports to whom
- **Authority**
 - The rights inherent in a managerial position to give orders and to expect the orders to be obeyed
- **Unity of Command**
 - A subordinate should have only one superior to whom he or she is directly responsible

4. Span of Control

The number of subordinates a manager can efficiently and effectively direct

- Wider span of management control increases organizational efficiency
- **Drawbacks of narrow span** of control:
 - Expense of additional layers of management
 - Increased complexity of vertical communication
 - Encouragement of excessively tight supervision and discouragement of employee autonomy

Contrasting Spans of Control



5. Centralization and Decentralization

- **Centralization**

- The degree to which decision making is concentrated at a single point in the organization.

- **Decentralization**

- The degree to which decision making is spread throughout the organization.



6. Formalization

The degree to which jobs within the organization are standardized.

– **High formalization**

- Minimum worker discretion in how to get the job done
- Many rules and procedures to follow

– **Low formalization**

- Job behaviors are non programmed
- Employees have maximum discretion

Thank you

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