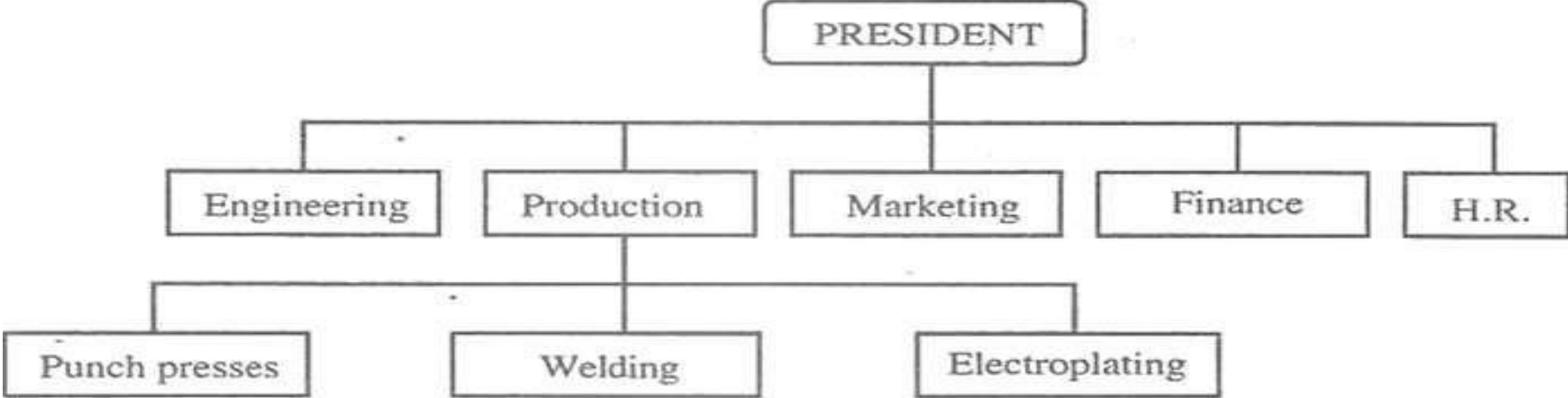


Departmentalization By Process



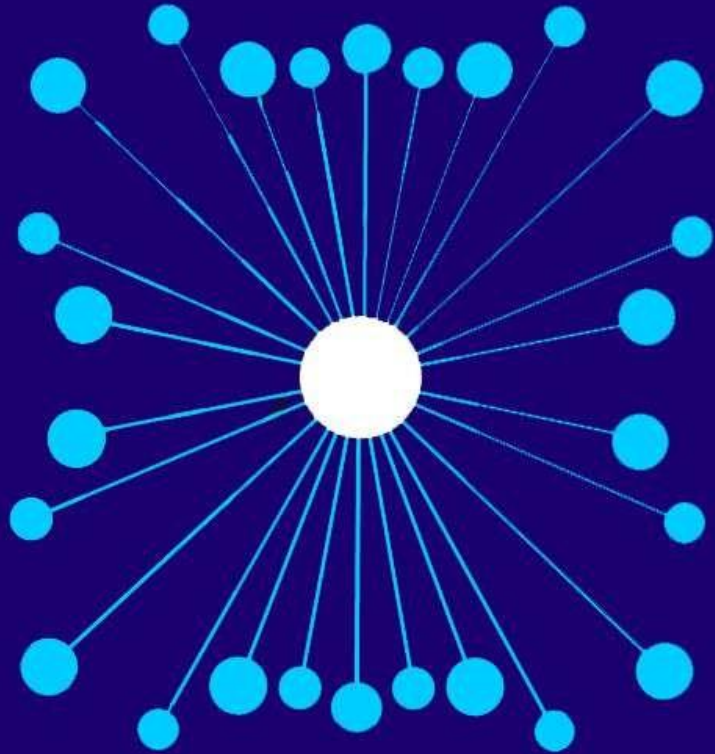


BASIS FOR COMPARISON	MANAGEMENT	ADMINISTRATION
Meaning	An organized way of managing people and things of a business organization is called the Management.	The process of administering an organization by a group of people is known as the Administration.
Authority	Middle and Lower Level	Top level
Role	Executive	Decisive
Concerned with	Policy Implementation	Policy Formulation
Area of operation	It works under administration.	It has full control over the activities of the organization.
Applicable to	Profit making organizations, i.e. business organizations.	Government offices, military, clubs, business enterprises, hospitals, religious and educational organizations.
Decides	Who will do the work? And How will it be done?	What should be done? And When is should be done?
Work	Putting plans and policies into actions.	Formulation of plans, framing policies and setting objectives
Focus on	Managing work	Making best possible allocation of limited resources.
Key person	Manager	Administrator
Represents	Employees, who work for remuneration	Owners, who get a return on the capital invested by them.

ORGANISATION

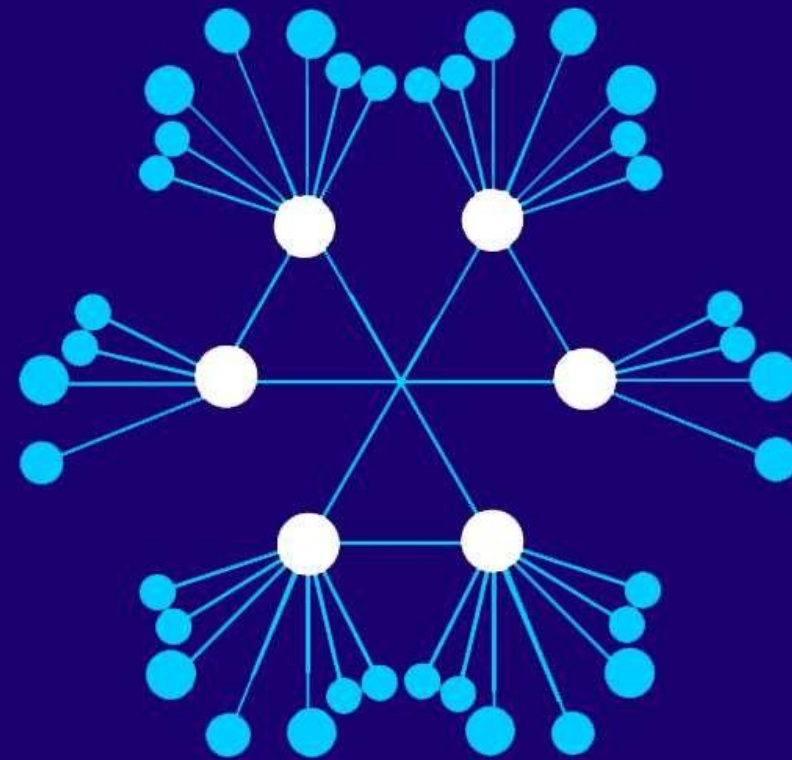
- Refers to a social group designed to achieve certain goals.
- Organisation involves creating a structure of relationships among people working for the desired results
- It run through a defined structure, supported by organisation charts
- Have to consider both internal and external factors to achieve their goals.
- The internal factors include span of control, degree of centralisation or decentralisation
- The external factors include competitors, government, creditors, impact of technology, and others.

Centralization Vs Decentralization



Centralized Network

All the nodes are connected under a single authority



Decentralized Network

No single authority server controls the nodes, they all have individual entity

- **Centralized Administration:**
- The decision-making powers are concentrated in a few leaders at the top of the organizational structure. Decisions are made at the top and communicated to lower-level managers for implementation
- **Decentralization Administration:** will redistribute authority, responsibility and financial resources among different levels of management

Property	Centralized	Decentralized
Geographical dispersion	Single location	Geographically distributed with a reliance on IS to work together
Coordination: authority, decision rights, and regulations	Vertical coordination: decision rights are strictly defined and act down from the top; strict governance and control by the upper management; rigid structuring of accountability, roles and responsibilities; standardized methods and procedures; homogeneous goals set by high-level authorities	Lateral coordination: authority and decision making rights are pushed down to the level of business units, groups, or even individuals; individuals can define their own roles and responsibilities; heterogeneous goals; individual entities in the organization are collaboratively working towards some common or complementing goals
Communication patterns	Communication patterns follow the hierarchy; direct interactions and communications are not practiced	Informal communication lines; flexible, constantly changing communication lines; fluid, project-oriented teams.

Limitations of Decentralization

- Decentralisation may lead to the problem of co-ordination at the level of an enterprise as the decision-making authority is not concentrated
- Decentralisation may lead to inconsistencies (i.e. absence of uniformity) at the Organisation level
- Decentralisation is costly as it raises administrative expenses on account of requirement of trained personnel to accept authority at lower levels

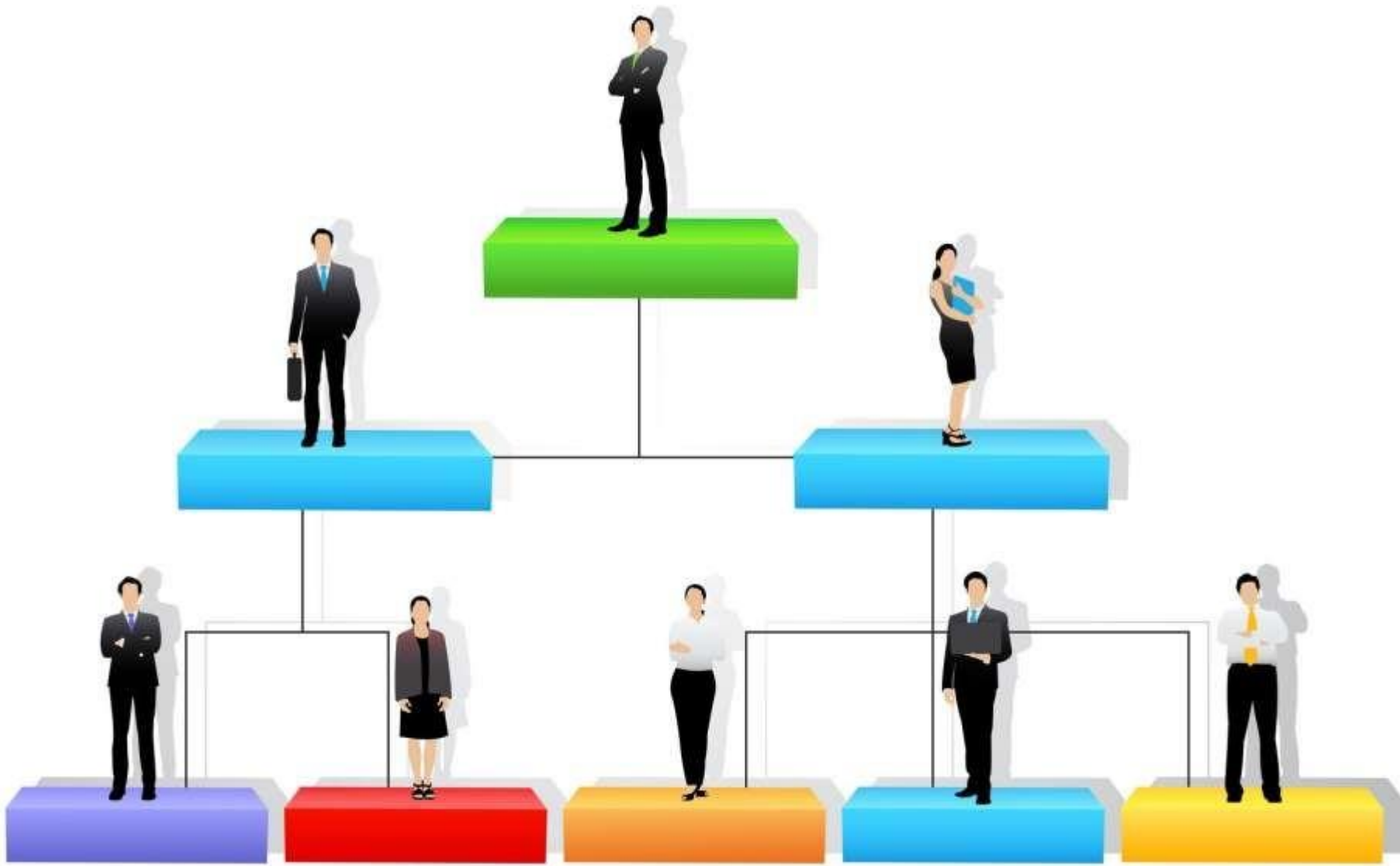
ADMINISTRATION

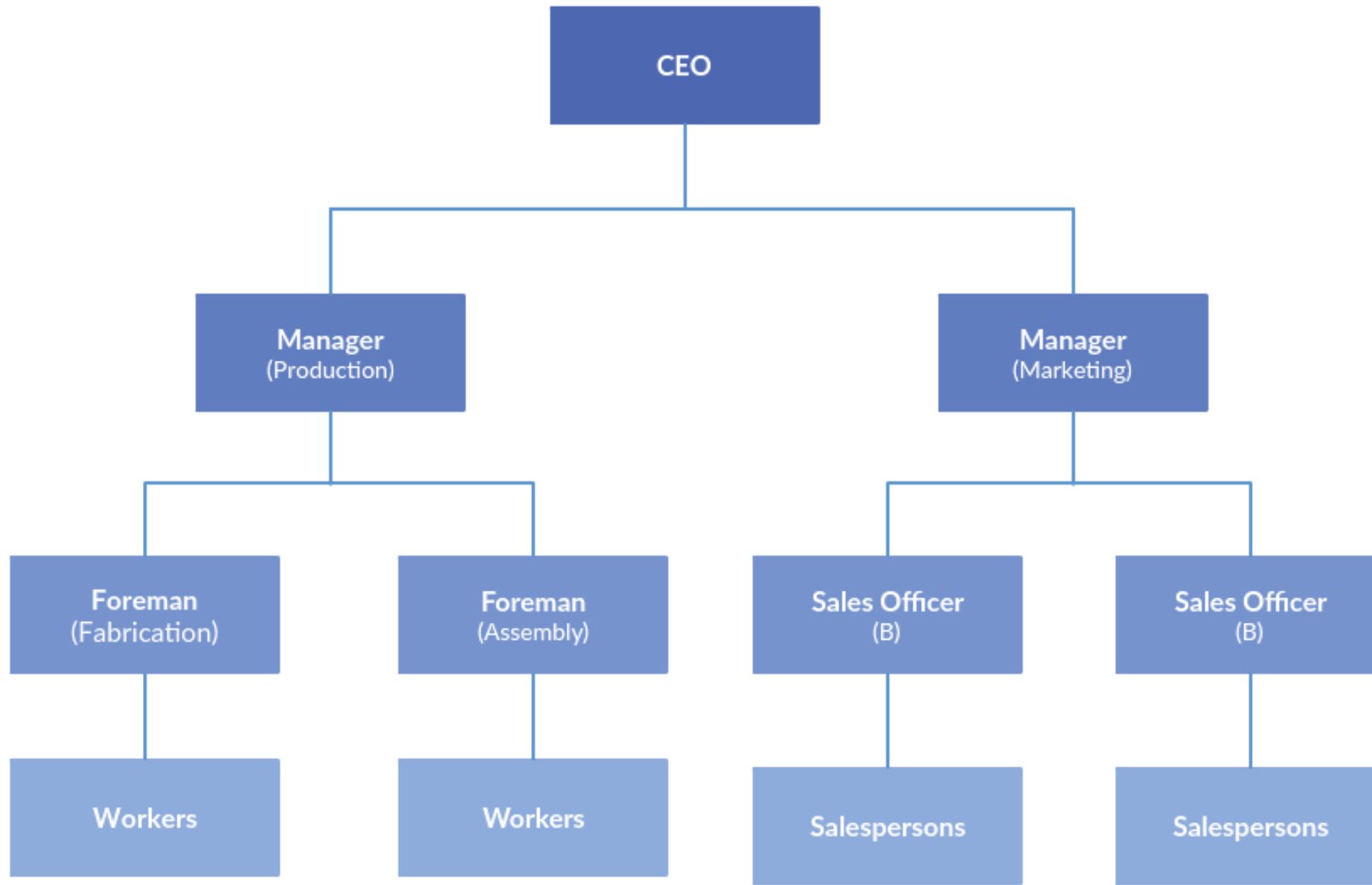
- **It refers to the process of running an organisation, which includes the following to achieve a common goal or objective of an organisation:**
 - ✓ **creating rules & regulations,**
 - ✓ **making decisions,**
 - ✓ **management of operations,**
 - ✓ **creating organisation**
 - ✓ **direct activities**

ORGANIZATION

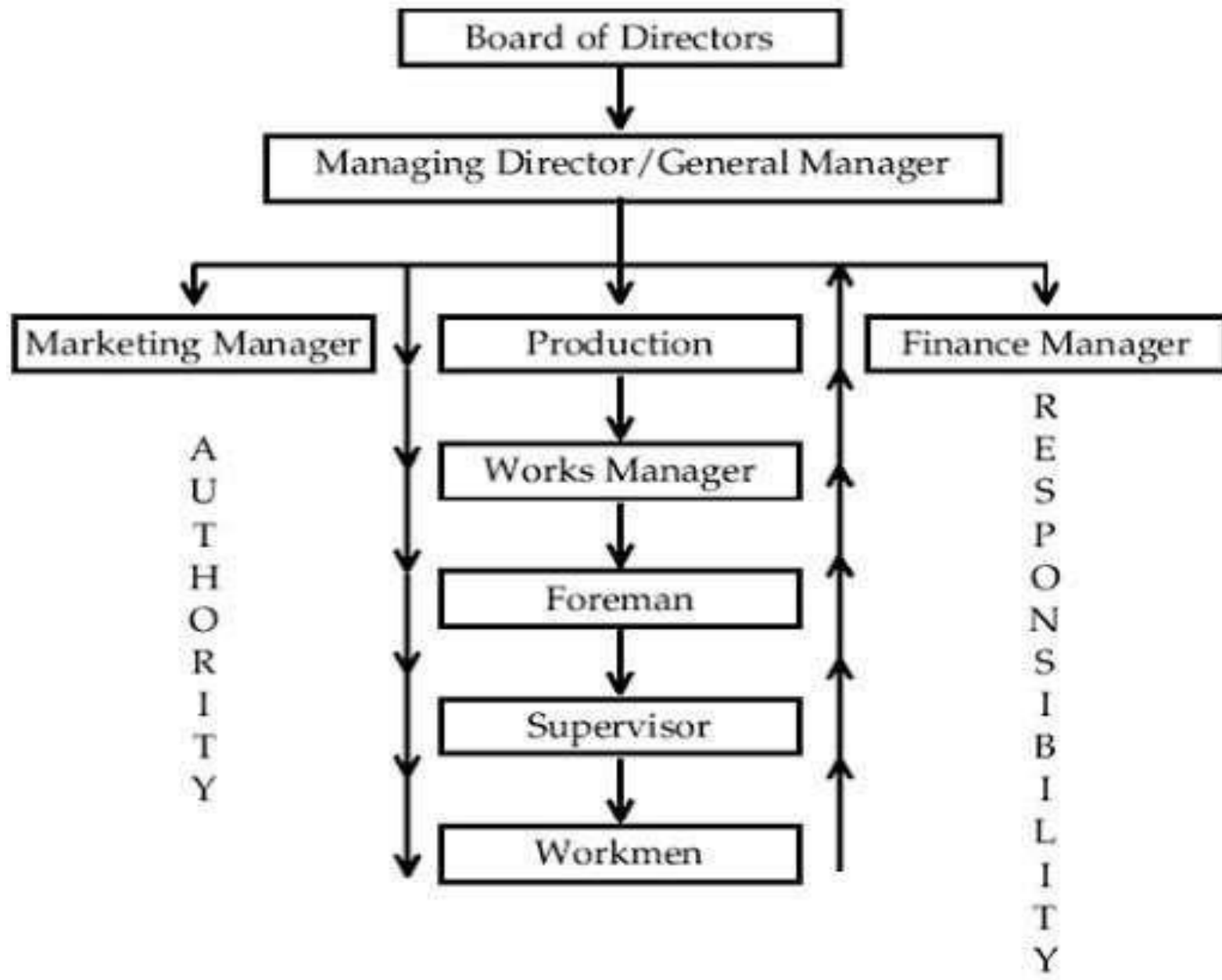
- **An organization is a group of people who work together.**
- **Organizations exist because people working together can achieve more than a person working alone.**
- **The definition of organization refers to the act of putting things into a logical order**
- **An act of taking an efficient and orderly approach to tasks**

- **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**





FORMS OF ORGANISATION STRUCTURE



Line Organisation Structure

Functional Structure



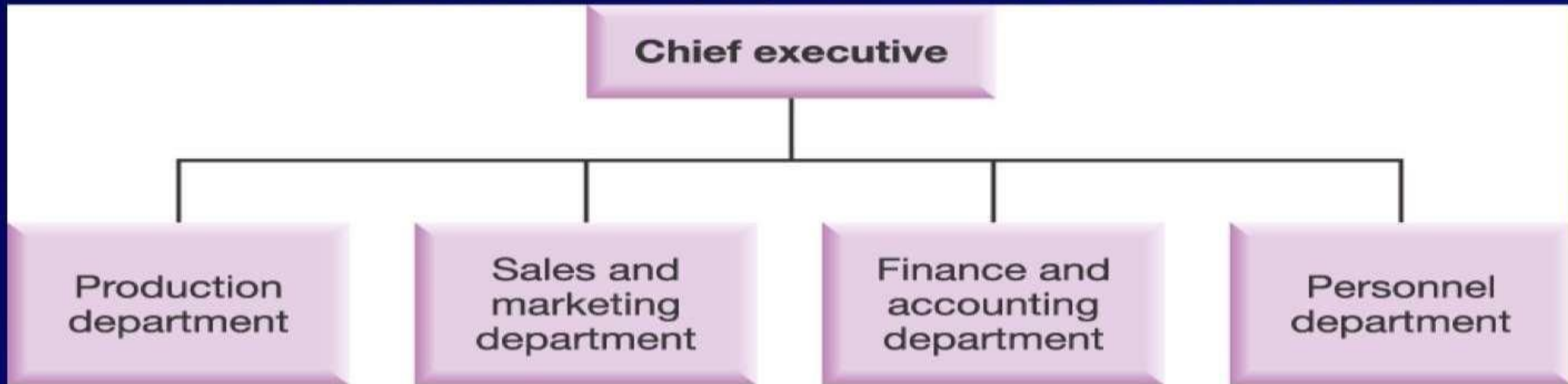
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Functional Organizational Structure

Advantages and Disadvantages



A Functional Structure



Advantages

- Chief executive in touch with all operations
- Reduces/simplifies control mechanisms
- Clear definition of responsibilities
- Specialists at senior and middle management levels

Disadvantages

- Senior managers overburdened with routine matters
- Senior managers neglect strategic issues
- Difficult to cope with diversity
- Co-ordination between functions difficult
- Failure to adapt

COMMITTEE ORGANISATION

- A committee is a group of persons formed to discuss and deliberate on problems and to recommend or decide solutions.
- It may be authorized to deal with all or specific activities.
- A committee may be constituted at any level of organisation and its members may be drawn from various departments.

COMMITTEE ORGANISATION STRUCTURE

- A committee does not represent a separate type of organization like line and staff, or functional.
- A committee may be defined as a group of people performing some aspects of Managerial functions.

Definitions:

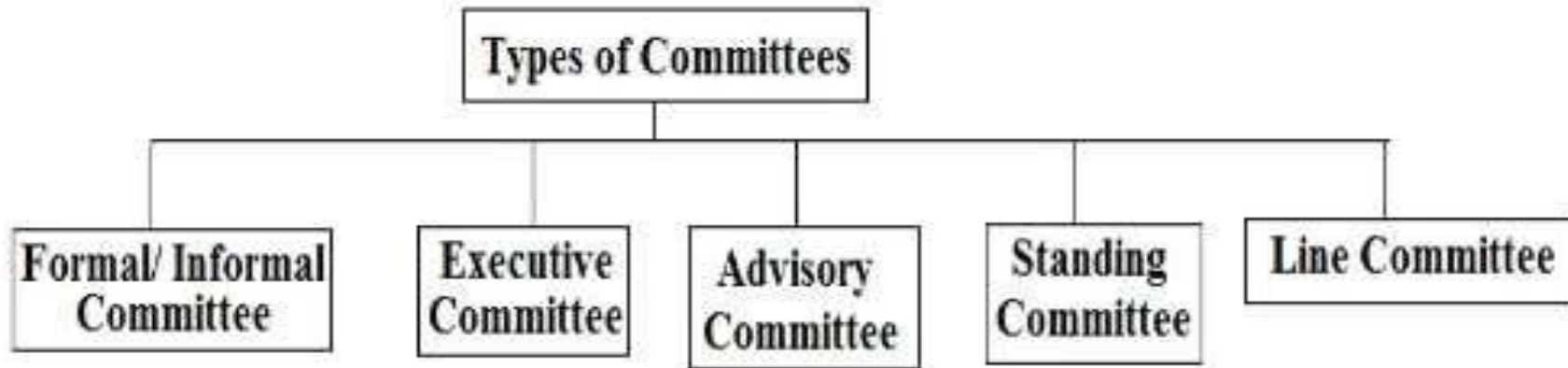
“A committee consists of a group of people specifically designated to perform some administrative work”

—————→ W.H. Newman

“ A committee is a body of persons appointed or elected to meet on an organised basis for the consideration of matters brought before it”.

—————→ Allen

COMMITTEE ORGANISATION STRUCTURE



MERITS	DEMERITS
<ul style="list-style-type: none"> • Pooling of Knowledge • Effective co-ordination is available • Effective Communication • Motivation through participation of employees 	<ul style="list-style-type: none"> • Slow decisions • Most Expensive • Difficult to maintain secrecy • Compromise

COMMITTEE ORGANISATION STRUCTURE

- Committee can be defined as a group of organisational members who discuss and develop solutions to problems.
- The purpose of such committees is to discuss various problems and recommend solutions to the management.
- The Board of Directors of a company is an example of a committee organisation.



Matrix Organisational Structure Chart



MATRIX ORGANISATION STRUCTURE

Merits of Matrix Organisation

The benefits or merits or advantages of a matrix organisation are:-

- **Sound Decisions** : In a Matrix Organisation, all decisions are taken by experts. Therefore, the decision are very good.
- **Development of Skills** : It helps the employees to widen their skills. Marketing people can learn about finance, Finance people can learn about marketing, etc.
- **Top Management can concentrate on Strategic Planning** : The Top Managers can spend more time on strategic planning. They can delegate all the routine, repetitive and less important work to the project managers.
- **Responds to Changes in Environment** : Matrix Organisation responds to the negative changes in the environment. This is because it takes quick decisions.
- **Specialisation** : In a matrix organisation, there is a specialization. The functional managers concentrate on the technical matters while the Project Manager concentrates on the administrative matters of the project.

MATRIX ORGANISATION STRUCTURE

Features of Matrix Organisation

- **Problem of Unity of Command** : In a matrix organisation, there is a problem of the unity of command. This is so, because the subordinates receive orders from two bosses viz., the Project Manager and the Functional Manager. This will result in confusion, disorder, indiscipline, inefficiency, etc. All this will reduce the productivity and profitability of the project.
- **Specialisation** : In a Matrix organisation, there is a specialisation. The project manager concentrates on the administrative aspects of the project while the functional manager concentrates on the technical aspects of the project.
- **Suitability** : Matrix organisation is suitable for multi-project organisations. It is mainly used by large construction companies, that construct huge residential and commercial projects in different places at the same time. Each project is looked after (handled) by a project manager. He is supported by many functional managers and employees of the company.

Disadvantages of Matrix Organization

- Extra administration is required
- More than one boss for project teams
- More complex to monitor and control
- Tougher problems with resource allocation
- Needs extensive policies and procedures
- Functional managers may have different priorities than project managers
- Higher potential for conflict

