Snk13

Management 215 notes

# Chapter 9: Organizational Structure and Design

Organizational Structure: Is the formal arrangement of jobs within an organization (can be shown visually in an Organizational Chart)

## Organizational Design:

A process that involves making decisions about **six** key elements:

* Work Specialization: Dividing work activities into separate job tasks
* Departmentalization: How jobs are “grouped together”

The five common forms of departmentalization

* + Functional departmentalization- groups jobs according to function
  + Geographical departmentalization- groups jobs according to geographic region
  + Product departmentalization- groups jobs by product line
  + Process departmentalization- groups jobs on the basis of product or customer flow
  + Customer Departmentalization- groups jobs on the basis of specific and unique customers who have common needs
* Chain of Command: the line of authority extending from upper organizational to lower, clarifies who reports to who
  + Authority: refers to the rights inherited in a managerial position to tell people what to do and to expect them to do it
  + Responsibility: the obligation or expectation to perform is known as responsibility
  + Unity of Command: states that a person should report to only one manager
* Span of control: basically every manager has a certain amount they can manage before they start to lose
  + Efficiency
  + Effectiveness
* Centralization: the degree to which decision making takes place at upper levels of the organization.
* Decentralization: the more that lower level employees provide input or actually make decisions
  + Employee empowerment: giving employees more authority to make decisions
* Formalization: refers to how standardized an organization’s jobs are and the extent to which employee behavior is guided by rules and procedures. In highly formalized organizations, there are explicit job descriptions, numerous organizational rules, and clearly defined procedures covering work processes.

## Purposes of Organization:

* Divides work to be done into specific jobs and departments
* Assigns tasks and responsibilities associated with individual jobs
* Coordinates diverse organizational tasks
* Clusters jobs into units
* Establishes relationships among individuals, groups, and departments
* Establishes formal lines of authority
* Allocates and deploys organizational resources

## 2 models of ORGANIZATIONAL DESIGN

* Mechanistic organization: strive for efficiency and rely heavily on rule, regulations, standardized tasks, and similar controls
  + Rigid, tightly controlled structure
  + High specialization
  + Rigid departmentalization
  + Narrow span of control
  + High formalization
  + A limited information network (a lot of downward communication)
  + Little participation from lower level employees
* Organic organization
  + Highly adaptive/flexible
  + Highly trained employees and empowered
  + Minimal rules and regulations

## 4 CONTINGENCY VARIABLES

The appropriate structure depends on

* The organizations strategy
* Size
* Technology
  + Unit production: the production of items in small batches
  + Mass production: the production of items in large batches
  + Process production: the production of items in continuous processes
* Degree of environmental uncertainty

## Common Organizational Designs

* Traditional Organizational Design
  + Simple Structure: a design with low departmentalization, wide spans of control, authority centralized in a single person and little formalization
  + Functional Structure: an organizational design that groups similar or related occupational specialists together (ex: finance dept., mktg dept, acct dept.)
  + Divisional Structure: an organizational structure made up of separate business units or divisions. Each division has limited autonomy. A division manager has authority over his or her unit and is responsible for performance.

## Contemporary Organizational Designs

* Team structure: a structure in which the entire organization Is made up of work groups or teams. Employees are empowered and involved. No clear chain of command and puts pressure on teams to perform
* Matrix-Project Structure:
  + Matrix Structure: specialists from different functional departments work on projects that are led by a project manager. (2 managers, the project manager and ur manager from ur functional department)
  + Project Structure: employees continuously work on projects. No formal departments.
* The Boundaryless Structure: An organization whose design is not defined by or limited to the boundaries imposed by a predefined structure. (no rigid boundaries)
  + Virtual Organization: small core that consists of full time employees and outside specialists temporarily hired as needed to work on projects
  + Network Organization: a company uses its own employees to do some work activities and uses networks of outside suppliers to provide other needed product components or work processes.

## Today’s Organizational Design Challenges

* Keeping employees connected
* Building a learning organization: employees continually acquire and share new knowledge and apply that knowledge in making decisions or doing their work.
* Managing global structural issues

# Chapter 10: Managing Human Resources

## Human Resource Management (HRM) is important because

* It’s a significant source of competitive advantage
* HRM is an important part of organizational strategies
* Affects organizational performance
  + High Performance Work Practices: work practices that lead to both high individual performance and high organizational performance.

## External factors that affect the HRM process

* Employee labor unions
* Governmental Laws
* Demographic Trends

## THE HRM PROCESS

* Human Resource Planning: the process by which managers ensure that they have the right number and kinds of capable people in the right places and at the right times. Through good planning and the following two steps u can avoid sudden surpluses or shortages in an organization.
  + Current Assessment
    - Job Analysis: an assessment that defines a job and the behaviors necessary to perform it
    - Job Description: a written statement that describes a job
    - Job Specification: states the minimum qualifications that a person must possess to successful perform a given job
  + Meeting future HR needs: determined by the organization’s mission, goals, and strategies.
* Recruitment and Decruitment: (types of DR: firing, layoffs, attrition, transfers, reduced workweeks, early retirements, job sharing)
* Selection: involves screening job applicants to determine who is best qualified for the job. You should accept successful and reject unsuccessful, not accept unsuccessful and reject successful. For a selection device to be valid it should b valid and reliable.
  + Application Forms
  + Written Tests
  + Performance-Simulation Tests
  + Interviews
  + Background Investigation
  + Physical Examinations
* Orientation: an introduction
  + Work Unit Orientation: familiarizes an employee with the goals of the work unit, clarifies how his or her job contributes to the unit’s goals, and includes an introduction to his or her new co-workers.
  + Organization Orientation: informs a new employee about the company’s goals, history, philosophy, procedures, and rules.
* Employee Training (general or specific)
* Employee Performance Management: establishes performance standards that are used to evaluate employee performance
  + Written Essay
  + Critical Incident
  + Graphic Rating Scale
  + BARS (behaviorally anchored rating scale)
  + Multiperson comparison
  + MBO
  + 360-degree appraisal
* Compensation and Benefits:
  + Skill based pay: rewards employees for the job skills and competencies they demonstrate
  + Variable pay: an individual’s compensation is contingent on performance.

What determines pay and benefits?

* Size of company
* Company profitability
* Geographical location
* Management philosophy
* Labor or capital intensive
* Unionization
* Kind of business
* Kind of job performed
* Employee’s tenure and performance

Downsizing: the planned elimination of jobs in an organization

Family friendly benefits: accommodates employees work-family life

# Chapter 15: Motivating Employees

Motivation: refers to the process by which a person’s efforts are energized, directed and sustained toward attaining a goal. This definition has three key elements:

1. *Energy* element: a measure of intensity or drive.
2. *Direction*: putting in the effort consistently
3. *Persistence*: persisting effort to achieve goals

**THEORIES**

1. **MASLOWS**: physiological needs, safety needs, social needs, esteem needs, self-actualization needs.
2. **MCGREGORS**:
   1. *Theory X*: a negative view of people that assumes that workers have little ambition, dislike work, want to avoid responsibility and need to be closely controlled to work effectively.
   2. *Theory Y*: is a positive view that assumes that employees enjoy work, seek out and accept responsibility and exercise self-direction.
      1. MCGREGOR believed that managers should use THEORY Y to maximize employee motivation.
3. **HERZBERG**: TWO FACTOR THEORY (motivation-hygiene theory):
   1. *Intrinsic* factors are related to the job satisfaction, while *extrinsic* factors are associated with job dissatisfaction.
   2. *Hygiene factors*: the extrinsic factors that create job dissatisfaction.
   3. *Motivator*s: intrinsic factors having to do with the job itself
4. **MCCELLAND’S THRE E NEEDS THEORY**
   1. *Need for achievement* (nAch): the drive to succeed and excel in relation to a set of standards. A high need to achieve on its own does not necessarily lead to a good manager because they only care for their own accomplishments.
   2. *Need for power* (nPow): the need to make others behave in a way that they would not have behaved otherwise
   3. *Need for affiliation* (nAff): the desire for friendly and close interpersonal relationships.
5. **GOAL SETTING THEORY**: specific goals increase performance and that difficult goals, when accepted result in higher performance than do easy goals. Working towards a goal is a major source of motivation.
   1. Three Contingencies besides feedback influence the goal-performance relationship:
      1. Goal Commitment
      2. Self efficiency: an individuals belief that he is capable of performing a task
      3. National Culture: employees will be reasonably independent and seek challenging goals
6. **REINFORCEMENT THEORY**: behavior is a function of its consequences. A behavior will be repeated based on its reinforcers. Example if you give me a cookie for doing something good I will do it again but if u punish me I won’t.
7. **JOB DESIGN THEORY**: the way tasks are combined to form complete jobs. Managers should design jobs to reflect the changing environment, the technology, and employees skills, abilities, and preferences.
   1. Job Enlargement: the horizontal expansion of a job by increasing job scope (the # of different tasks required in a job and the frequency in which they are repeated)
   2. Job Enrichment: the vertical expansion of a job by adding planning and evaluating responsibilities.
      1. Increases job depth: the degree of control employees have over their work
   3. Job Characteristics Model (JCM): identifies five core job dimensions that impact employee productivity
      1. *Skill variety*: degree to which a job requires a variety of activities and skills
      2. *Task identity*: degree to which a job requires completion of a whole piece of work
      3. *Task significance*: the degree to which a job has a substantial impact on the lives or work of other people
      4. *Autonomy*: the degree to which a job provides substantial freedom
      5. F*eedback*: the degree to which doing work required results in individuals getting clear feedback
8. **EQUITY THEORY**: proposes that employees compare what they get from a job in relation to what they put into it and then compare their inputs: outputs ratio with that of a relevant other.
   1. Referents: the other thing u compare yourself against to assess equity.
   2. The theory originally focused on distributive justice: perceived fairness of amount of awards but now focuses on procedural justice, the perceived fairness of the process giving the awards.
9. **EXPECTANCY THEORY**: states that an individual tends to act in a certain way based on the expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual. It includes three linkages:
   1. Expectancy (effort-performance linkage): the probability perceived by an individual that showing a certain amount of effort will lead to a certain level of performance.
   2. Instrumentality (performance-reward linkage): the degree to which an individual believes that performing at a particular level is instrumental in attaining the desired outcome.
   3. Valence: the importance an individual places on the potential outcome or reward that can be achieved on the job.

Compressed workweek: an arrangement by which employees work longer hours per day but fewer days per week

Flexible work hours: certain amount of hours must work per week

Job sharing: 2 or more people split a full time job

Telecommuting: working from home

Money and promotions don’t motivate professionals usually because they love what they do.

Reward Programs

1. Open book management: showing workers how their work impacts the final results
2. Employee recognition programs: expressing approval and appreciation for a job well done.
3. Pay-for-performance programs: paying employees based on some performance measure.
4. Stock option programs: giving employees right to purchase shares of stock at a set price.

Suggestions for motivating employees: be aware of cultural differences, recognize individual differences, match people to jobs, use goals, ensure that goals are attainable, individualize rewards, link rewards to performance, check system for equity, use recognition, show care, don’t ignore money.

# Ch 16: Managers as leaders

Leader: someone who can influence others and who has managerial authority.

Leadership: what leaders do. The process of leading a group and influencing that group to achieve its goals.

**IBN KHALDUN CONCEPTION OF LEADERSHIP**: “perfecting details.” Qualities like generosity, forgiveness of error, patience and perseverance, hospitality, respect for elders, are all qualities of leaders according to IBN KHALDUN. Good leadership, requires kindness to, and protection of, subjects. Needs to gain their love.

**The ROLE OF ASABIYA:** the significance of group feeling, asabiya stems from blood ties and alliances. Blood ties are crucial in leadership.

**TRAIT THEORIES**: you are born a leader

Traits associated with leader ship: **Drive, desire to lead, honesty, self-confidence, intelligence, job knowledge, extraversion.**

**BEHAVIOR THEORIES**: you can learn to be a leader

Types of Behavior theories:

1. *Democratic Style*: involves employees in decision making.
2. *Autocratic Style*: dictator leader
3. *Laissez-faire style*: giving group freedom to make decisions
4. *Initiating Structure*: the extent to which a leader defines his or her role and the roles of group members in attaining goals.
5. *Consideration*: the extent to which a leader had work relationships characterized by mutal trust and respect for group members ideas and feelings.
6. *High-high leader*: a leader high in both initiating structure and consideration.
7. *Employee Oriented*: leaders that emphasize interpersonal relationships
8. *Production-oriented*: leaders who emphasized the task aspects of the job

The Managerial Grid: graphs “concern for people” and “concern for production” and evaluates a leader.

## CONTINGENCY THEORIES OF LEADERSHIP

1. **The Fiedler Model**: proposed that effective group performance depended on properly matching the leader’s style and the amount of control and influence in the situation. The model was based on the premise that a certain leadership style would be most effective in different types of situations. The keys were to
   1. Define those leadership styles and the different types of situations
   2. Identify the appropriate combinations of style and situation

Fiedler proposed that a person’s leadership style is fixed, regardless of the situation.

There are three factors in leader effectiveness.

1. Leader-member relations: the degree of confidence, trust, and respect employees had for their leader
2. Task Structure: the degree to which job assignments were formalized and structured
3. Position power: the degree of influence a leader had over activities such as hiring, firing…etc

There are only 2 ways according to Fiedler that can improve leader effectiveness.

1. Bring in a leader with a style that fits the situation
2. Changing the situation to fit the leader

2) **HERSEY AND BLANCHARD’S SITUATIONAL LEADERSHIP THEORY**

SLT is a contingency theory that focuses on followers’ readiness. It is the followers that accept or reject the leader. Readiness is the extent to which people have the ability and willingness to accomplish a specific task.

SLT uses the same 2 leadership dimensions that FIEDLER used (task and relationship behavior) but develops it further into

4 specific leadership styles

1. Telling (high task- low relationship)
2. Selling(high task-high relationship)
3. Participating (low task- high relationship)
4. Delegating (low task- low relationship)

The final component in the SLT model is the four stages of follower readiness

R1: people are unable and unwilling to take responsablity

R2: people are unable but willing

R3: People are able but unwilling

R4: People are able and willing

3. **PATH-GOAL THEORY**

States that the leaders job is to assist followers in attaining their goals and to provide direction or support to ensure that their goals are compatible with the goals of the group or organization.

It identifies 4 leadership behaviors:

1. Directive leader: lets subordinates know what is expected of them
2. Supportive leader: shows concern for the needs of followers and is friendly
3. Participative leader: consults with group members and uses their suggestions before taking action
4. Achievement-oriented leader: sets challenging goals and expects followers to perform at their highest level.

Unlike FIEDLER, HOUSE believed that leaders are flexible and can be all of these types of leaders depending on the situation.

## Contemporary Views of leadership

**Transactional Leaders**: leaders who lead primarily by using social exchanges. They guide or motivate followers to work toward established goals by exchanging rewards for their productivity.

**Transformational Leaders**: stimulate and inspire followers to achieve extraordinary outcomes. They are charismatic, enthusiastic, and self confident. Their behavior influences people to act in certain ways.

## Leadership Issues

1. **Managing Power**

5 sources of Leadership power

1. Legitimate Power: the power u have as a result of your position in the organization
2. Coercive Power: the power a leader has to punish or control, ppl react out of fear
3. Reward Power: the power to give positive awards
4. Expert Power: power based on expertise that is critical to your work
5. Referent Power: power that arises because of a person’s desirable resources or personal traits
6. **Developing Trust**
   1. Credibility: the degree to which followers perceive someone as honest, competent, and able to inspire.
   2. Trust: the belief in the integrity, character, and ability of a leader:
   3. TRUST DIMENSIONS
      1. Integrity: Honesty and Truthfulness
      2. Competence: your skills
      3. Consistency: Reliability, predictability
      4. Loyalty: willingness to protect a person
      5. Openness: Willingness to share ideas and information freely
7. **Empowering Employees**
8. **Leading Across Cultures: national culture affects leadership style**

## Becoming an Effective Leader

1. Leader Training
2. Substitutes for leaders

# CH. 17 Introduction to Controlling

Controlling: The process of monitoring, comparing, and correcting work performance.

***Important*** because

1. It helps managers know whether organizational goals are being met and if they are not being met, why.
2. People are scared to empower their employees, but an effective control system provides feedback on their performance that minimizes the probability of problems occurring.
3. Protects the organization’s assets

## THE CONTROL PROCESS

**STEP 1: MEASURING**

We measure performance through

* Personal observations
* Statistical reports
* Oral reports
* Written reports

**STEP 2: COMPARING**

Range of variation: deviations outside this created range means there is a problem

**STEP 3: TAKING MANAGERIAL ACTION**

1. Immediate corrective action: “putting out the fire”
2. Basic Corrective Action: looks at how and why performance deviated before correcting the source of deviation
3. Revise the standard: is the goal unrealistic? To easy? To hard?

PERFORMANCE: the end result of an activity.

Organizational PERFORMANCE: the accumulated results of all the work activities in the organization.

Organizational Effectiveness: a measure of the appropriateness of organizational goals and how well those goals are being met.

## TYPES OF CONTROL

Feedforward Control: Most desirable, prevents problems because it takes place before the actual activity.

Concurrent Control: takes place while a work activity is in progress.

Feedback Control: Takes place after activity is done.

## FINANCIAL CONTROLS

Current ratio= current assets/current liabilities

Acid test= current assets less inventories/ current liabilities

Debt to assets = total debt/total assets

Times interest earned= profits before interest and taxes/ total interest charges

Inventory turnover = sales/ inventory

Total asset turnover = sales/ total assets

Profit margin on sales = net profit after taxes/ total sales

Return on investment= net profit after taxes/ total assets

Managing earnings: When a company “times” there income to buff up their financial statements.

**Balanced Scorecard Approach:** looks at 4 areas to contribute to a company’s performance. According to this approach managers should develop goals in each of the four areas then measure whether goals are being met.

1. Finances
2. Customers
3. Internal processes
4. People/innovation/growth assets.

Information Controls:

Managers deal with information controls in two ways

1. As tools to help them control other organizational activities
2. As organizational areas they need to control

How?

MIS: a system used to provide managers with needed information on a regular basis.

Benchmarking: the search for best practices among competitors or noncompetitors that lead to their superior performance.

Benchmarks: the standards of excellence against which to measure and compare

## CONTEMPORARY ISSUES IN CONTROL

1. Adjusting controls for cross cultural differences
   1. Technology’s impact on control
   2. Some countries laws prohibit closing facilities...Laying off…etc
   3. Collecting data for measurement and comparison is also a challenge
2. Workplace concerns
   1. Workplace privacy
      1. Web surfing: facebooking, twitter, etc…
      2. To prevent offensive employees
      3. No secrets are being leaked
   2. Employee Theft: unauthorized taking of company property by employees for their personal use.
3. Workplace Violence
4. Controlling Customer Interactions
   1. Service profit chain: the service sequence from employees to customers to profit.
5. Corporate Governance: the system used to govern a corporation so that the interests of corporate owners are protected