

Principles of Management
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Lecture - 31
Organizing and Directing - III

In this section I will discuss about a common organizational designs. Simple structure, functional structure, divisional structure, bureaucracy, metric structure, virtual organizations, boundary less organizations, team based structure, network organizations.

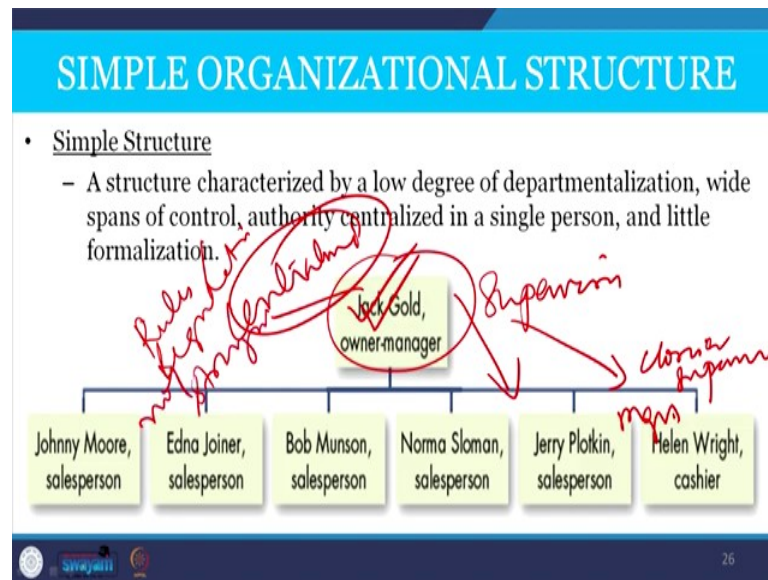
In the last section we discussed about what is organizational structure or what is organizing, how a structure is being decided, allocation of roles, responsibilities within an organization. And then we further discussed about the design elements of an organization like departmentalization, division of labour, work specialization. We discussed about centralization, decentralization, formalization, scalar chain of command, span of control.

So, these design elements help in defining the structure, whether the structure will be mechanistic type or an organic type of structure. Mechanistic organizations are the ones which have higher rigidity, more centralization, more formalization and there is division of labor whereas, there is more work specialization and a clear line of command or scalar chain of command being followed.

Whereas, in an organic structure there is flexibility with more empowerment to the employees or the managers in different hierarchical positions. There is lesser formalization and low degree of centralization and there are cross functional teams, cross hierarchical teams. So, these are the general characteristics of organizational designs or the organizational models categorized as mechanistic and organic structure.

So, with this background, I will move further defining common organizational designs. The first one being simple structure. When an organization just starts or organization is in the initial stages of formation.

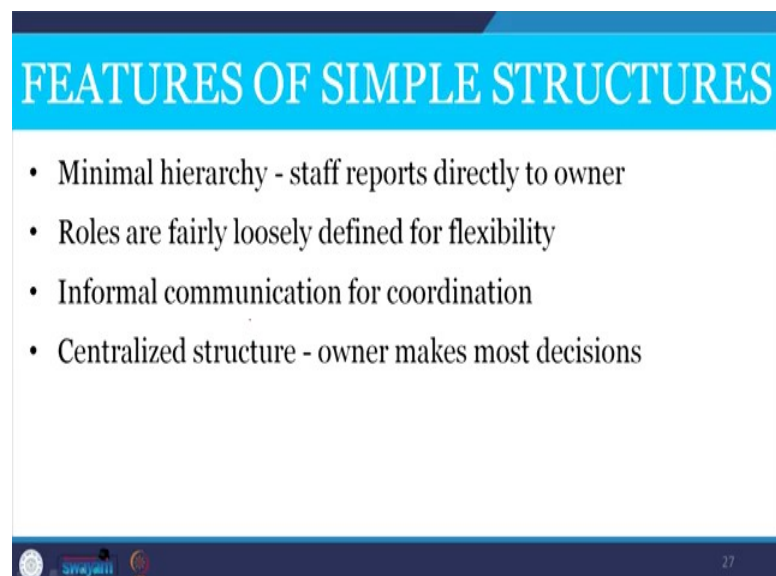
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So, structure is generally very formal and simple structure. The structure is simplest in its form, a structure characterized by a low degree of departmentalization, with wider span of control, with the manager will or the supervisor will have closer supervision on managers who are working down the line.

So, this is the characteristics of the simplest structure authority is centralized, the power lies with the top management, a single person and a little formal rules and regulations. So, rules regulations; rules and regulations are not very stringent.

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What are the features of simple structure? Minimal hierarchy, less hierarchy-staff reports directly to the owner, the roles are fairly loose; roles are fairly loosely defined for flexibility, there is more flexibility. Informal communication is used to improve the coordination because the owner and the subordinates have to work in collaboration, coordination there has to be more interpersonal relationship.

So, informal communication is something which binds the group members towards the common objective. The structure of the organization is very centralized, the structure with more power to the owner or the top manager. Owner makes most decisions. How do we evaluate a simple structure, what are the benefits and limitations?

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The slide is titled "EVALUATING SIMPLE STRUCTURES" in a blue header. It lists two main categories: "Benefits" and "Limitations". Under "Benefits", there are four bullet points: "Fast decision making", "Flexible", "Inexpensive to maintain", and "Clear accountability". Each of these points has a red checkmark next to it. Under "Limitations", there are two bullet points: "Inappropriate when organization grows" and "Reliance on a single person is risky". The second limitation is underlined in red. To the right of the limitations, there is a red circle containing the word "Competent" in cursive. Below this circle, there is more cursive text: "Skills, abilities and competencies". At the bottom left of the slide, there are three small logos. At the bottom right, the number "28" is visible.

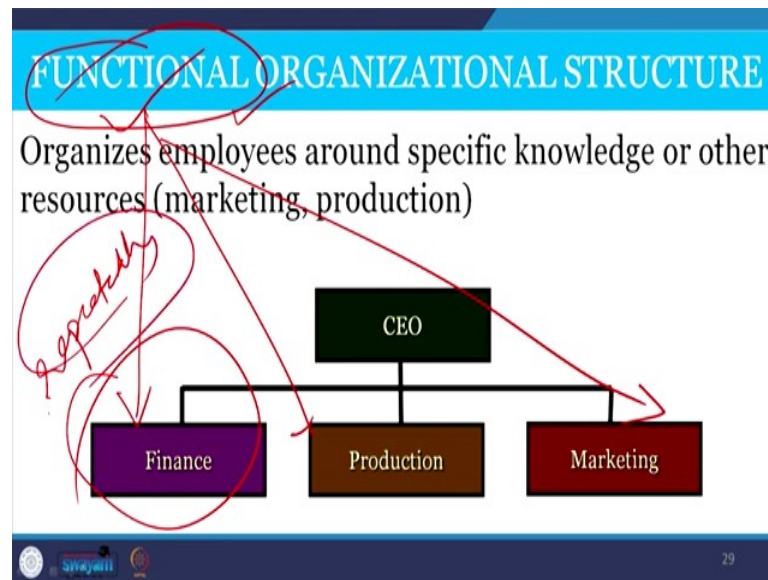
EVALUATING SIMPLE STRUCTURES

- Benefits
 - Fast decision making
 - Flexible
 - Inexpensive to maintain
 - Clear accountability
- Limitations
 - Inappropriate when organization grows
 - Reliance on a single person is risky

Competent
Skills, abilities and competencies

So, the simple structure is faster in decision making, flexible, inexpensive to maintain and with clear accountability. Limitations are inappropriate when organization grows reliance on a single person is risky because one person may not be competent in performing all the tasks. So, depending on one person, depending on the skills, abilities and competencies of a single individual is very risky venture.

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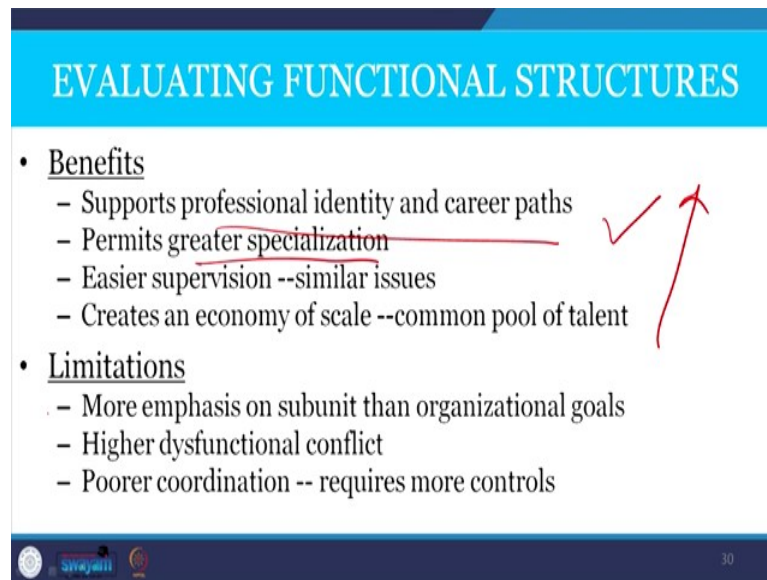


Next we will discuss about what is functional organizational structure. Organizes employees around specific knowledge or other resources like marketing, production etc. So, functional as the very name says functional; that means, all the functional areas.

So, the organization in which the jobs are revolving around the specific knowledge domains or specific functional areas is called a functional organizational structure. What are the benefits and limitations? It supports the benefits of functional structures are supports professional identity and career path. Permits greater specialization because people are working in the same division.

So, they will be doing repeated task repeatedly, they will be working on the similar nature or similar responsibilities, similar tasks. So, every day if a person keeps on working on the similar nature of task. So, his performance improves, he is able to identify the flaws in the previous action and would improve his performance.

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EVALUATING FUNCTIONAL STRUCTURES

- Benefits
 - Supports professional identity and career paths
 - Permits greater specialization
 - Easier supervision --similar issues
 - Creates an economy of scale --common pool of talent
- Limitations
 - More emphasis on subunit than organizational goals
 - Higher dysfunctional conflict
 - Poorer coordination -- requires more controls

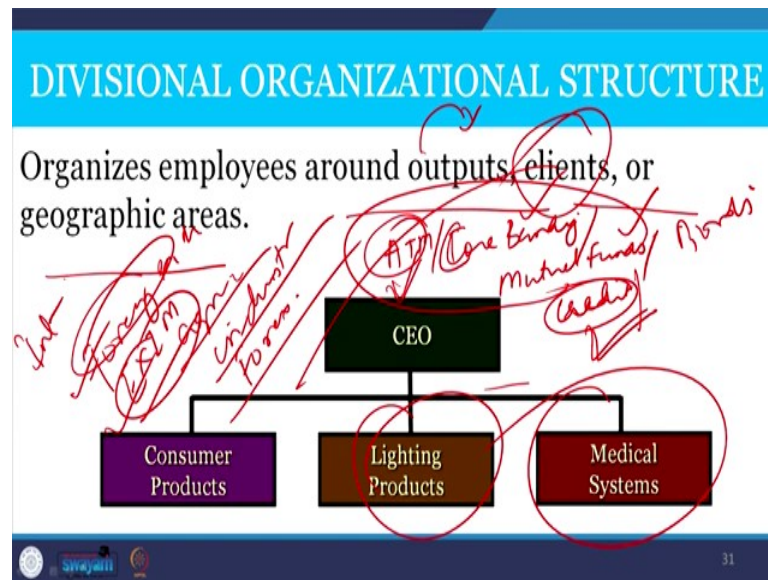
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So, it permits greater specialization, easier supervision because similar issues are being dealt with and creates an economy of scale that is common pool of talent. A group of people having similar specialization they work in the same division. So, a pool of talent with common interest with the common knowledge base will help in improving the economy of scale.

And limitations are more emphasis on sub unit than organizational goals. The major limitation here is emphasis on the sub unit goals rather than the greater organizational goals. Higher dysfunctional conflict, there would be a higher degree of dysfunctional conflict because everybody is working in the task which is similar in nature and their task is more interdependent on each other, there is chance of having a higher degree of interpersonal issues or conflict arising due to interpersonal relationship like poor communication or say ego issues, personality clashes.

So, such issues may lead to dysfunctional conflict which will disrupt the performance of the organization. Poorer coordination and requires more control. Moving further we will be discussing about a divisional organizational structure.

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What is a divisional structure? Based on the divisions like customer division, then lighting products medical systems on the nature of the product. Organizes employees around outputs, based on clients or geographical areas. Like we discussed earlier about based on the results or the finished goods like the banks have ATM divisions, the banking has the core banking division; core banking divisions, there are also mutual funds and so, on.

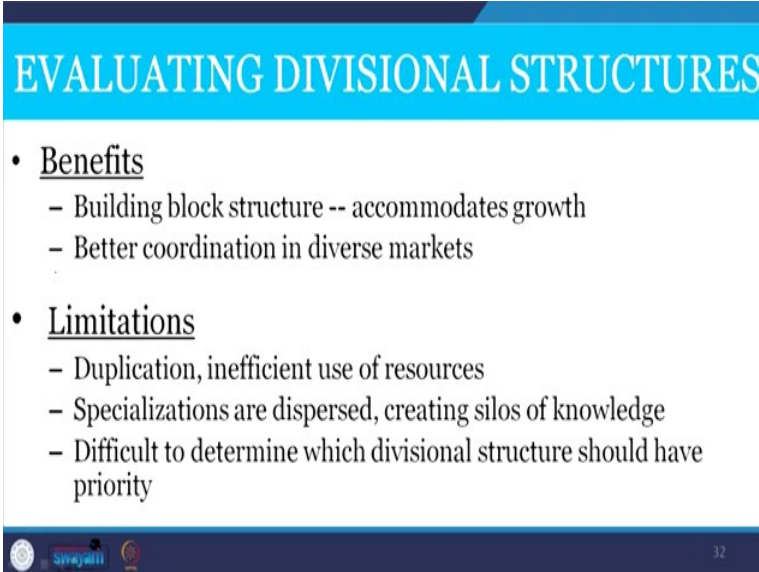
So, moving further we will discuss about the divisional organizational structure. The divisional structures are based on the output or clients or geographic areas. Organization organizes employees around the output or clients or geographic areas. We will start with each of them or giving examples of each of them. Output like in the banking sector the outputs are based on the products, also the divisions are formed like ATM, core banking, mutual funds, bonds then so, debit cards and credit cards and so, on.

The clients or consumers', consumer based differentiation or divisions can also be defined say for example, if the organization is targeting the customers, on the basis of the customers or the target customers, the divisions are also formed. Like agriculture banking division, industrial banking division, industrial banking, then for Forex banks or foreign exchange banks; foreign exchange banks, then Exim bank, export import bank and so, on.

Based on the targeted customers the divisions or departmentalization is being done agriculture banking, industrial banking, foreign exchange banking, international banking division and so, on. So, their target based on the targeted segment of customers, the departmentalization or divisions is done. Geographic areas based on the geographical areas of operation; certain organizations also have their divisions based on the geographic areas of operations.

Like the classic example being Indian railways having its western zone, northern zone; southern zone, northeastern zone east then eastern zone or say central zone and so, on central zone, western zone, west central, south central all these divisions are based on the geographical locations. Evaluating divisional structures. Now, what are the benefits and limitations of divisional structures?

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The slide features a blue header with the title 'EVALUATING DIVISIONAL STRUCTURES' in white. Below the header, the content is organized into two main sections: 'Benefits' and 'Limitations', each preceded by a bullet point. Under 'Benefits', there are two sub-points: 'Building block structure -- accommodates growth' and 'Better coordination in diverse markets'. Under 'Limitations', there are three sub-points: 'Duplication, inefficient use of resources', 'Specializations are dispersed, creating silos of knowledge', and 'Difficult to determine which divisional structure should have priority'. The slide has a dark blue footer containing logos on the left and the number '32' on the right.


EVALUATING DIVISIONAL STRUCTURES

- Benefits
 - Building block structure -- accommodates growth
 - Better coordination in diverse markets
- Limitations
 - Duplication, inefficient use of resources
 - Specializations are dispersed, creating silos of knowledge
 - Difficult to determine which divisional structure should have priority

Divisional structures are built their building block structures accommodates growth. Better coordination in diverse market. The limitations are duplication inefficient use of resource, specializations are dispersed, creating silos of knowledge, it is difficult to determine which divisional structure should have priority.

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BUREAUCRACY



- Bureaucracy is a structure with:
 - highly routine operating tasks achieved through specialization
 - very formalized rules and regulations,
 - tasks that are grouped into functional departments,
 - centralized authority,
 - narrow spans of control, and
 - decision making that follows the chain of command

Handwritten notes:

- Work Specialization* (with arrow pointing to 'specialization')
- High Formalization* (with arrow pointing to 'very formalized rules and regulations')
- Rule Hierarchy* (with arrow pointing to 'chain of command')
- Departmentalization* (with arrow pointing to 'functional departments')

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Now, we will define some of the common or simplest forms of definitions for bureaucracy. What is a bureaucracy? A bureaucracy is a structure with high routine operating tasks achieved through work specialization, very formalized rules and regulations.

So, what is bureaucracy? As Max Weber has given this term called bureaucracy. Bureaucratic structures are those which have routine operating tasks achieved through specialization. So, there is focus on work specialization. So, an organization which have high degree of specialization with a high formalization; that means, it follows rules and regulations.

Tasks are grouped into functional departments. There is high degree of departmentalization, higher degree of specialization, work specialization, formalization, departmentalization. Narrow span of control and more of centralization. Decision making follows a chain of command. So, we come up with a bureaucratic structure.

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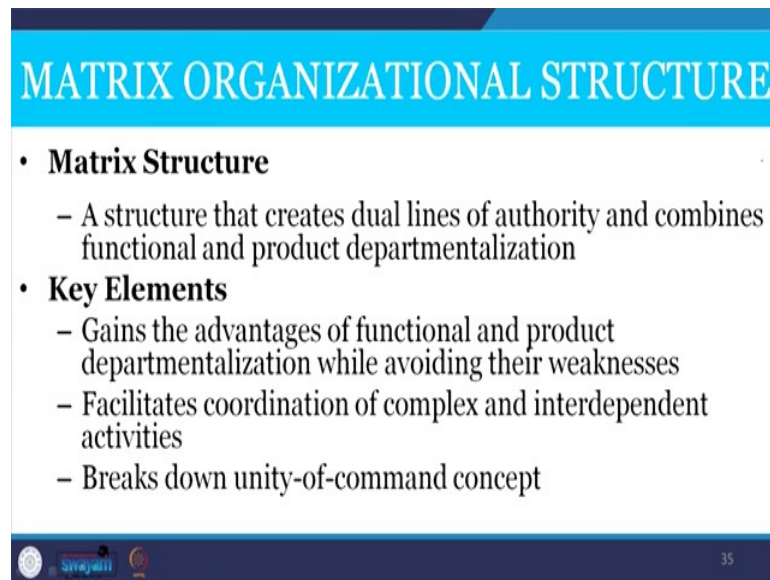
EVALUATING BUREAUCRACY	
<u>Strengths</u>	<u>Weaknesses</u>
<ul style="list-style-type: none">- Functional economies of scale- Minimum duplication of personnel and equipment- Enhanced communication- Centralized decision making	<ul style="list-style-type: none">- Subunit conflicts with organizational goals- Obsessive concern with rules and regulations- Lack of employee discretion to deal with problems

Bureaucratic structure is very similar to the mechanistic structure. The term bureaucracy has been given by Max Weber. Evaluating bureaucracy, what are the strengths and weaknesses of bureaucracy? Strengths are functional economies of scale, minimum duplication of personal and equipment, enhanced communication because there is a clear chain of command.

So, communication is clearer, decision making is with the top management centralized. Weakness is there are subunit conflicts within organizational goals. Each subunit will have their own goals. So, it may interfere or it may be in conflict with the organizational goals.

Obsessive concern with the rules and regulations that too much rigid on the rules and regulations. Lack of employee discretion to deal with problems, employees are less empowered. There are more formal rules and regulations.

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MATRIX ORGANIZATIONAL STRUCTURE

- **Matrix Structure**
 - A structure that creates dual lines of authority and combines functional and product departmentalization
- **Key Elements**
 - Gains the advantages of functional and product departmentalization while avoiding their weaknesses
 - Facilitates coordination of complex and interdependent activities
 - Breaks down unity-of-command concept

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Further, we will discuss about what is matrix organizational structure this is. So, broadly what we discussed is there is a mechanistic structure, organic structure, then we discussed about mechanistic or bureaucratic structure are similar with higher formalization, higher centralization, span of control or chain of command. So, which has more rigidity less of flexibility.

So, with this we move further to a matrix organizational structure, which is one form of organic structure. What is metric structure? Matrix structure is the one where a structure that creates dual lines of authority and combines functional and product departmentalization.

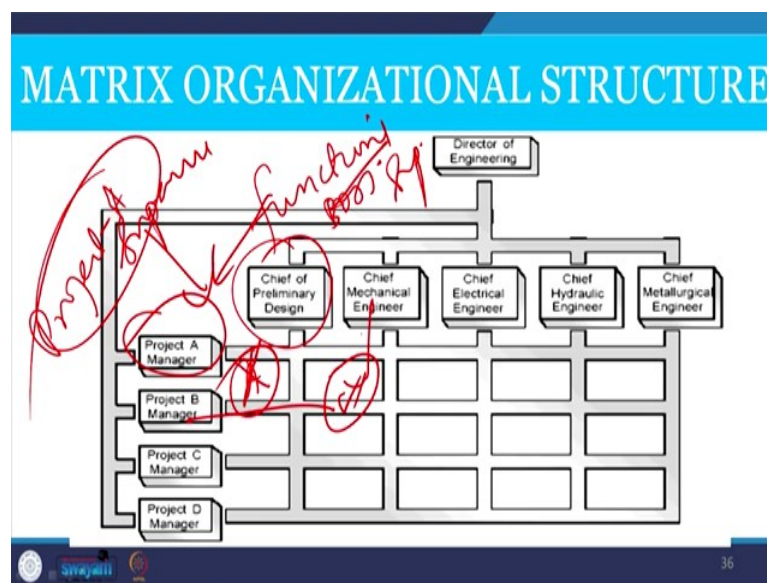
If you recall Henry Foyles principles, there is an important point which we have discussed is unity of command which says that there is one manager so, for all managers there is only one supervisor. However, when we move towards the new form of organizational structures or when we define the organic structures as there is more of flexibility. So, there is flexibility also in deciding the unity of command.

So, matrix structure is a structure that creates dual line of authority. There are two supervisors and it combines both functional and product departmentalization which means that, if an employee is working in a particular functional area will also be given a chance to work on a project or a product which is developed a product department or

department in a particular project. So, will be supervised by the functional boss as well as the project boss.

So, what are the key elements of matrix structure? Matrix structure gains advantage of functional and product, then departmentalization. Key elements of matrix organizational structure is gains advantage of functional and product departmentalization while avoiding their weaknesses, it facilitates coordination of complex and interdependent activities, breaks down unity of command concept. How does it look like?

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A matrix organizational structure looks like a complex structure where the managers are reporting to their functional boss or supervisor as well as the project boss. So; that means, the project supervisor as well as the functional supervisor both would be in reporting relationship with the manager X. So, manager X Manager Y will have different supervisors not one supervisor.

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GUIDELINES FOR MAKING MATRIX MANAGEMENT EFFECTIVE

1. Define the objectives of the project or task
2. Clarify the roles, authority, and responsibilities of managers and team members
3. Ensure that influence is based on knowledge and information, rather than on rank
4. Balance the power of functional and project managers.
5. Select an experienced manager for the project who can provide leadership
6. Undertake organization and team development
7. Install appropriate cost, time, and quality controls that report deviations from standards in a timely manner
8. Reward project managers and team members fairly

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Guidelines of making a matrix management effective. Define the objectives of the project or task clearly define the roles authority and responsibility of managers and team members. Ensure that influence is based on knowledge and information rather than on the rank.

So, knowledge and information is the most important criteria. Balance the power of functional and project managers. So, as the manager working in the project is reporting to both the project manager and the functional manager. There has to be a balance exhibited by the person in the reporting relationship.

Select an experienced manager for the project who can provide leadership. Undertake organizational and team development. Install appropriate cost, time and quality control measures that report deviations from standard in a timely manner. Reward project managers and team managers fairly.

Evaluating metric structure what are the benefits uses resources and expertise effectively. It improves communication, flexibility and innovation, focuses specialist on client and products, supports knowledge sharing or knowledge dissemination within functional specialization across the groups, solutions when two divisions have equal importance.

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EVALUATING MATRIX STRUCTURE

- Benefits
 - Uses resources and expertise effectively
 - Improves communication, flexibility, innovation
 - Focuses specialists on clients and products
 - Supports knowledge sharing within specialty across groups
 - Solution when two divisions have equal importance
- Limitations
 - Increases goal conflict and ambiguity
 - Two bosses dilute accountability
 - More conflict, organizational politics, and stress


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Limitations are increase goal conflict and ambiguity, two bosses dilute accountability, more conflict, politics and stress.

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VIRTUAL ORGANIZATION

- A small, core organization that *outsources its major business functions.*
- Highly centralized with *little or no departmentalization*
 - Provides maximum flexibility while concentrating on what the organization does best
 - Reduced control over key parts of the business



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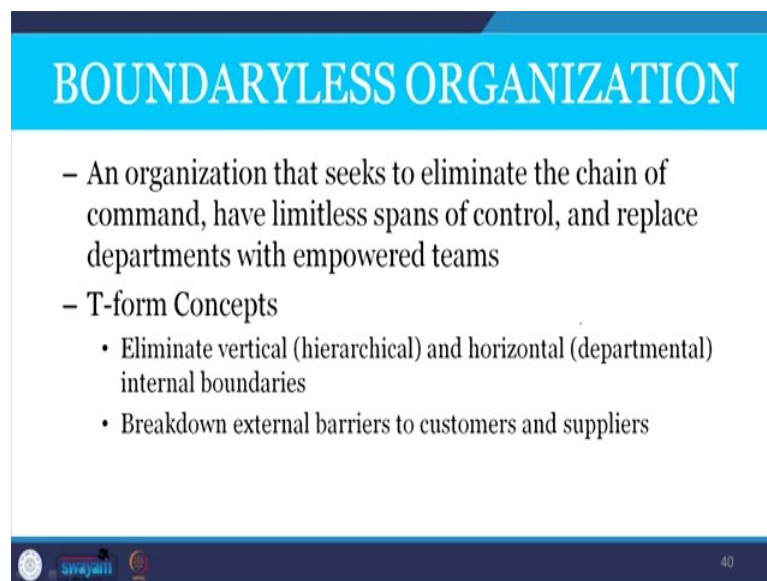
Next we will discuss about what is a virtual organization. Virtual organizations as there is more competition now and organizations are moving beyond their organizational boundary. There are some assignments which are completed based on collaboration with other organizations. Certain assignments, certain projects need not necessarily be completed by the people who are working in one organization.

So, there is an expansion of scope of organizations, there is more collaboration, more networking, more a strategic alliance with the expansion of the organizations boundary. So, virtual organizations are those organizations where a small core organization that outsources its major business functions. Most of the organizations to catch up with competition they are moving beyond organizational boundaries.

In a globally competitive business world, organizations can be more sustainably only when there is collaboration strategic alliance with various organizations based on their competencies.

So, highly centralized. So, what is a virtual organization? Virtual organization is one, it is a small core organization that outsources its major business functions, highly centralized with little or no departmentalization provides flexibility, while considering on what the organization does best reduce control over key parts of the business.

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BOUNDARYLESS ORGANIZATION

- An organization that seeks to eliminate the chain of command, have limitless spans of control, and replace departments with empowered teams
- T-form Concepts
 - Eliminate vertical (hierarchical) and horizontal (departmental) internal boundaries
 - Breakdown external barriers to customers and suppliers


Then we will also discuss about boundary less forms of organization. An organization that seeks to eliminate the chain of command having limitless spans of control and replace departments with empowered team. So, T-form concept eliminates vertical hierarchical horizontal departments internal boundaries, breakdown barriers to customers and suppliers.

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TEAM-BASED STRUCTURE

It is one in which the entire organization is made up of work teams that do the organization's work.

- Teams organized around work processes
- Very flat hierarchy, few management levels
- Very little formalization
- Usually found within divisional structure



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There are other forms of structure like team based structure, it is the one in which the entire organization is made up of work teams that do the organizations work. Team organized around work processes, very flat hierarchy, few management levels, very little formalization usually found within divisional structure.

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EVALUATING TEAM-BASED STRUCTURE

- Benefits
 - Responsive, flexible
 - Lower admin costs
 - More informed decisions
- Limitations
 - Interpersonal training costs
 - Slower during team development
 - Stress due to ambiguous roles
 - Problems with supervisor role changes




Evaluating the team based structures. What are the benefits and limitations? Team based structures are responsive, flexible, lower administrative cost, more informed decisions

and its limitations are interpersonal training cost, slower during team development, stress due to ambiguous roles, problems with supervisor role changes.

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NETWORK ORGANIZATIONAL STRUCTURE

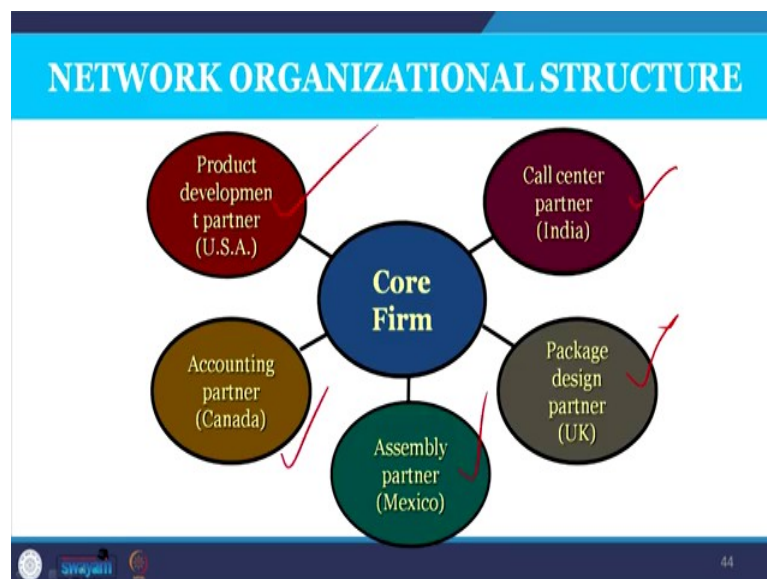
- Network structure
 - An alliance of several organizations for the purpose of creating a product or serving a client.
 - Also called a *modular organization* among manufacturing firms.



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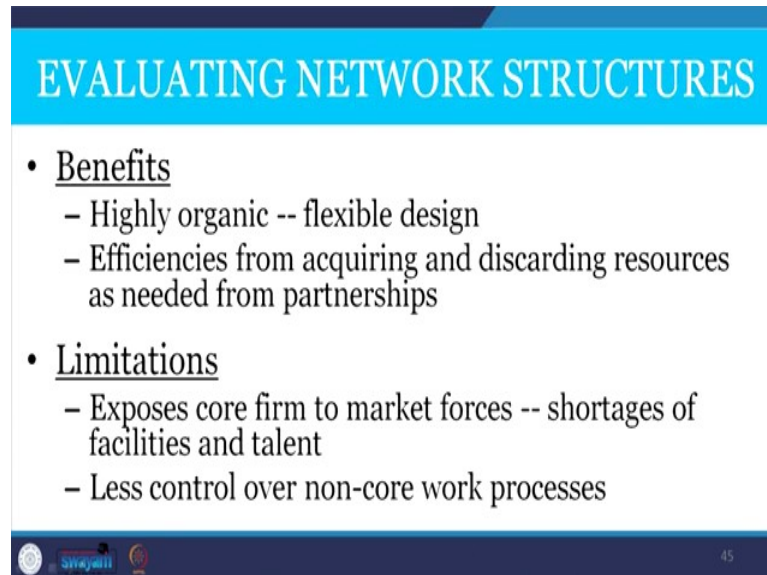
Then we also have another form called network organizational structure. And network structure is an alliance of several organizations. For the purpose of creating a product or serving a client also called modular organizations among manufacturing firms.

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Network type of structure where the core firm will have some partner firms like call center partner in India, package design partner in UK, assembly partner in Mexico, accounting partner in Canada and a product development partner in US.

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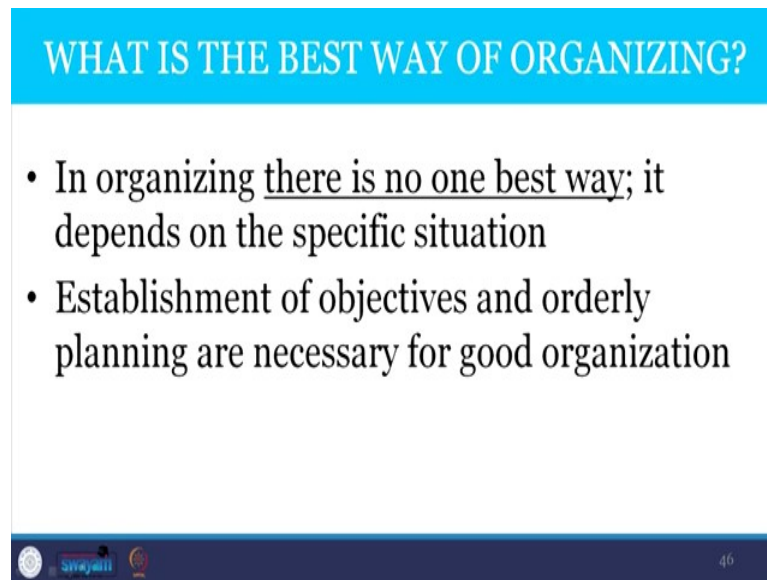
The slide is titled "EVALUATING NETWORK STRUCTURES" in a blue header. Below the header, there are two main bullet points: "Benefits" and "Limitations". Under "Benefits", there are two sub-points: "Highly organic -- flexible design" and "Efficiencies from acquiring and discarding resources as needed from partnerships". Under "Limitations", there are two sub-points: "Exposes core firm to market forces -- shortages of facilities and talent" and "Less control over non-core work processes". At the bottom of the slide, there is a dark blue footer containing logos on the left and the number "45" on the right.

EVALUATING NETWORK STRUCTURES

- Benefits
 - Highly organic -- flexible design
 - Efficiencies from acquiring and discarding resources as needed from partnerships
- Limitations
 - Exposes core firm to market forces -- shortages of facilities and talent
 - Less control over non-core work processes

So, a network type of organization the benefits are highly organic flexible design, efficiencies from acquiring and discarding resources as needed from partnership. So, the partners or the clients will have an association with the firm based on the competencies or the specific skills they have a competitive advantage. Limitations are expose core firms to market forces, shortage of facilities and talent, less control over non-core work process.

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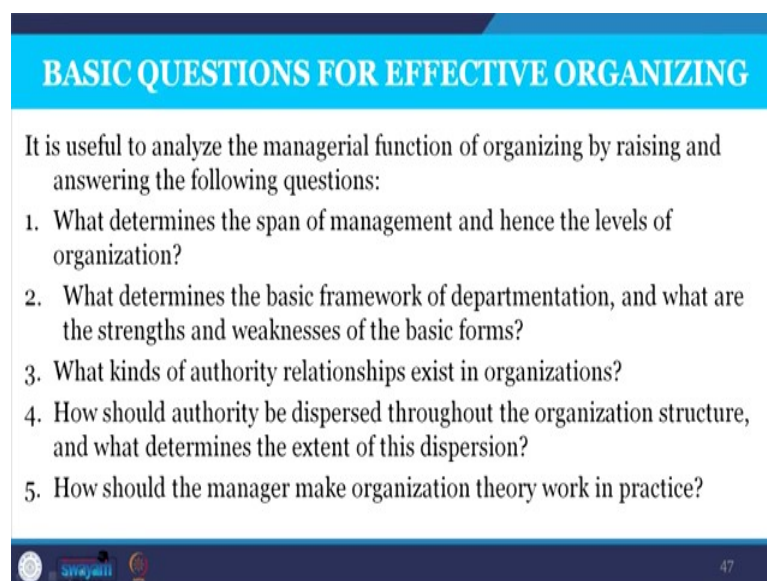


WHAT IS THE BEST WAY OF ORGANIZING?

- In organizing there is no one best way; it depends on the specific situation
- Establishment of objectives and orderly planning are necessary for good organization

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BASIC QUESTIONS FOR EFFECTIVE ORGANIZING

It is useful to analyze the managerial function of organizing by raising and answering the following questions:

1. What determines the span of management and hence the levels of organization?
2. What determines the basic framework of departmentation, and what are the strengths and weaknesses of the basic forms?
3. What kinds of authority relationships exist in organizations?
4. How should authority be dispersed throughout the organization structure, and what determines the extent of this dispersion?
5. How should the manager make organization theory work in practice?

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So, what is the best way of organizing? So, we will try to discuss about certain things about the best way of organizing. What is the best way of organizing? In organizing there is no one best way it depends on the specific situation; establishment of objectives and orderly planning are necessary for good organizations.

The basic questions for effective organizing, is it useful to analyze managerial functions of organizing by raising and answering the following questions, what determines the span of management and hence the levels of organization? What determines the basic

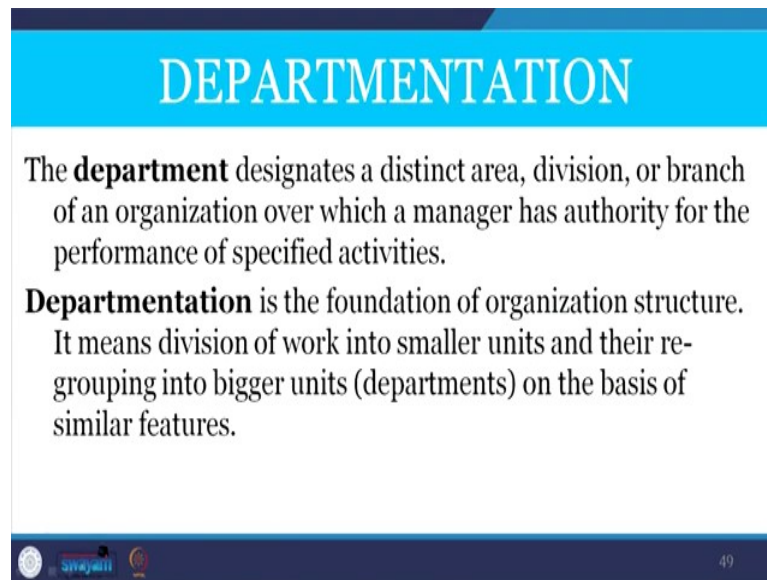
framework of departmentalization and what are the strengths and weaknesses of the basic forms? What kind of authority relationship exist in organizations? How should authority be dispersed throughout the organizational structure and what determines the extent of the dispersion? How should the manager make organizational theory work in practice?

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So, any manager need to internalize need to reflect these basic questions in order to develop an effective organizing skill. So, they need to know, they need to question again and again what is the best way of organizing, what are the basic questions that a manager comes across?

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DEPARTMENTATION

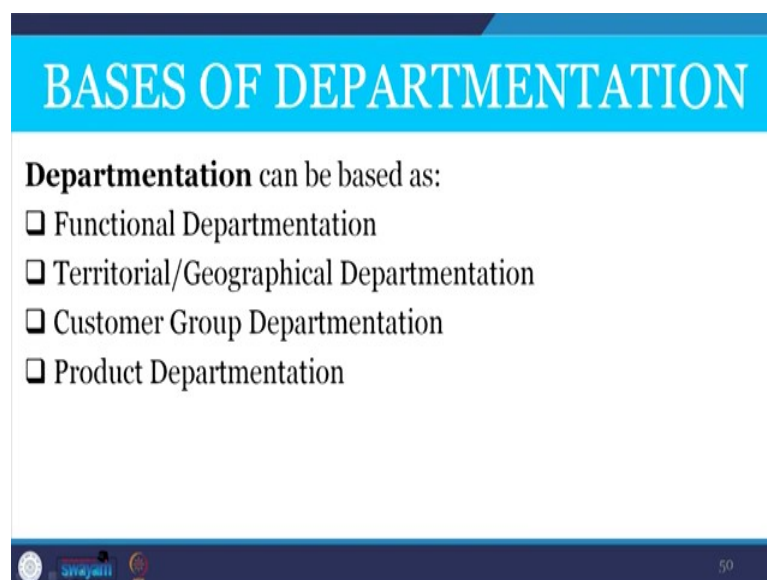
The **department** designates a distinct area, division, or branch of an organization over which a manager has authority for the performance of specified activities.

Departmentation is the foundation of organization structure. It means division of work into smaller units and their re-grouping into bigger units (departments) on the basis of similar features.

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So, the foundations of departmentalization. Departmentalization or departmentation, the department designates a distinct area division or branch of an organization over which a manager has authority for performance of specific activities. Departmentation is foundation of organizational structure it means, division of work into smaller units and their grouping into bigger units on the basis of similar features.

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BASES OF DEPARTMENTATION

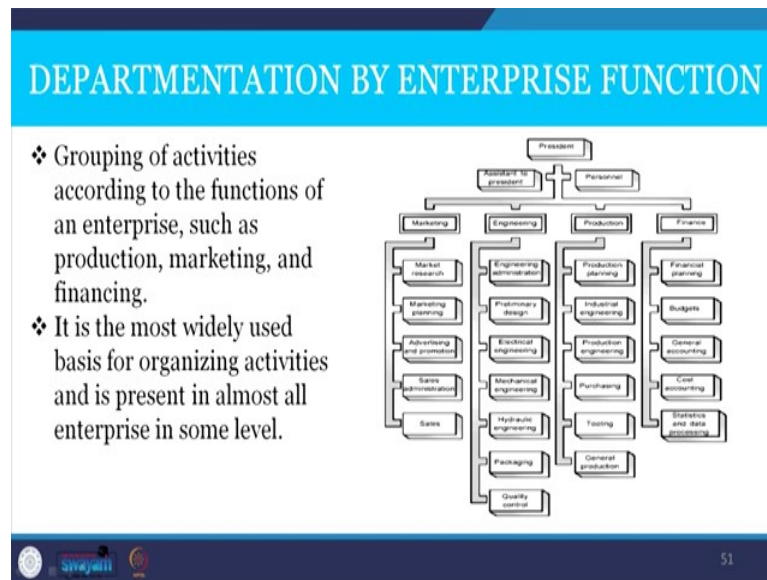
Departmentation can be based as:

- ☐ Functional Departmentation
- ☐ Territorial/Geographical Departmentation
- ☐ Customer Group Departmentation
- ☐ Product Departmentation

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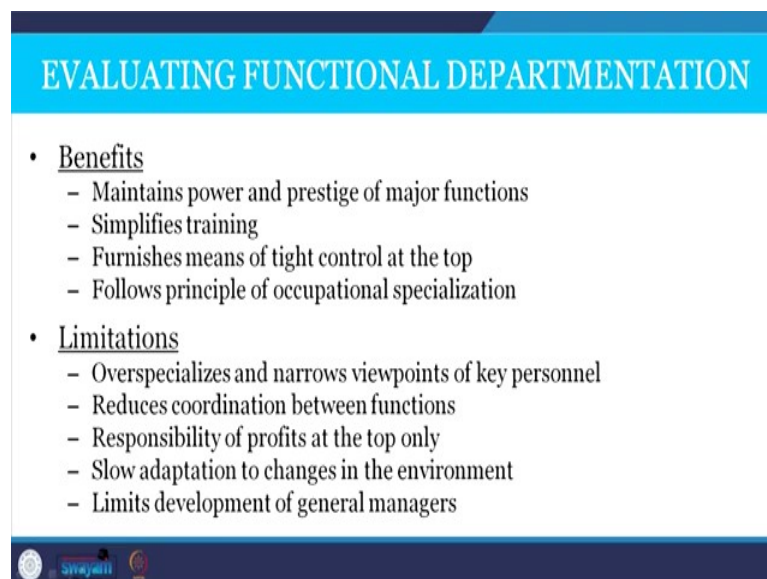
What are the basis of departmentation? Functional, territorial or geographic, customer group and product departmentation.

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Departmentation by enterprise function. Grouping of activities according to functions of an enterprise such as production, marketing and financing. It is a most widely used basis for organizing activities and is present in almost all enterprise in some level.

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The benefits and limitations of departmentation functional departmentation. How do we evaluate functional departmentation? The benefits: maintains power and prestige of major functions, simplifies training furnishes means of tight control at the top, follows principles of occupational specialization limitations are over specialization and narrow

viewpoints of key personnel. Reduces coordination between functions, responsibilities of profit at the top only, slow adaptation to changes in the environment, limits development of general managers.

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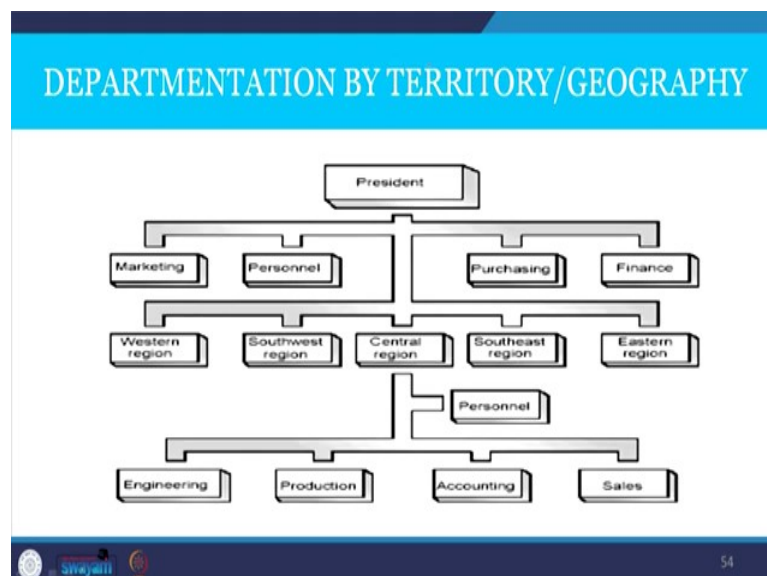
DEPARTMENTATION BY TERRITORY/GEOGRAPHY

- Departmentation based by territory is rather common in enterprises that operate over wide geographic areas.
- Attractive to large-scale firms or enterprises whose activities are physically or geographically dispersed.
- Business firms resort to this method when similar operations are undertaken in different geographical areas.

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Departmentation by territory or geography. Departmentation based by territory is rather common in enterprise that operate over a wide geographic area, attractive to large scale firms, whose activities are physically or geographically dispersed. Business firms resort to this method when similar operations are undertaken in different geographic areas.

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EVALUATING TERRITORIAL DEPARTMENTATION

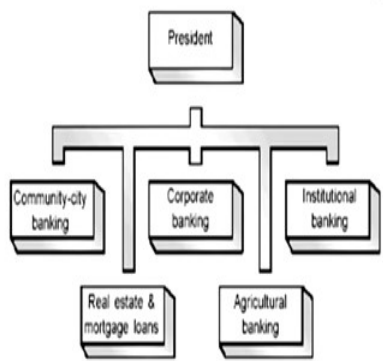
- Benefits
 - Places responsibility at the lower levels
 - Places emphasis on local markets and problems
 - Improves coordination in a region
 - Better face to face communication with local interests
 - Takes advantage of economies of local operations
- Limitations
 - Requires more persons with general manager abilities
 - Increases problem of top management control

Benefits are places responsibility at the lower levels, places emphasis on local markets and problems, improves coordination in a region better face to face communication with local interest, take advantage of economies of local operation. Limitations are requires more persons with general manager ability, increases problems of top control, increases problems of top management control.

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DEPARTMENTATION BY CUSTOMER GROUP

- ❖ Grouping activities so that they reflect a primary interest in customers.
- ❖ Customers are the key to the way activities are grouped when each customer group is managed by one department head.



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graph TD; President[President] --> Community[Community-city banking]; President --> Corporate[Corporate banking]; President --> Institutional[Institutional banking]; Community --> RealEstate[Real estate & mortgage loans]; Corporate --> Agricultural[Agricultural banking];
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The diagram illustrates a hierarchical organizational structure for departmentation by customer group. At the top is the 'President'. Below the President are three main departments: 'Community-city banking', 'Corporate banking', and 'Institutional banking'. Under 'Community-city banking' is 'Real estate & mortgage loans'. Under 'Corporate banking' is 'Agricultural banking'.

Departmentation by customer focus or customer group. Grouping activities that they reflect a primary interest in customers. Customers are the key, the way activities are grouped when each customer group is managed by one department head.

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EVALUATING CUSTOMER GROUP DEPARTMENTATION

- Benefits
 - Encourages concentration on customer needs
 - Gives customers feeling that they have an understanding with supplier
 - Develops expertness in customer area
- Limitations
 - Difficult to coordinate operations between competing customer demands
 - Requires managers and staff expert in customer's problems

Benefits are encouraging concentration on customer needs, gives customer feeling that they have an understanding with supplier, develops expertise in customer area. imitations are difficult to coordinate operations between competing customer demands, requires managers and staff experts in customer's problems.

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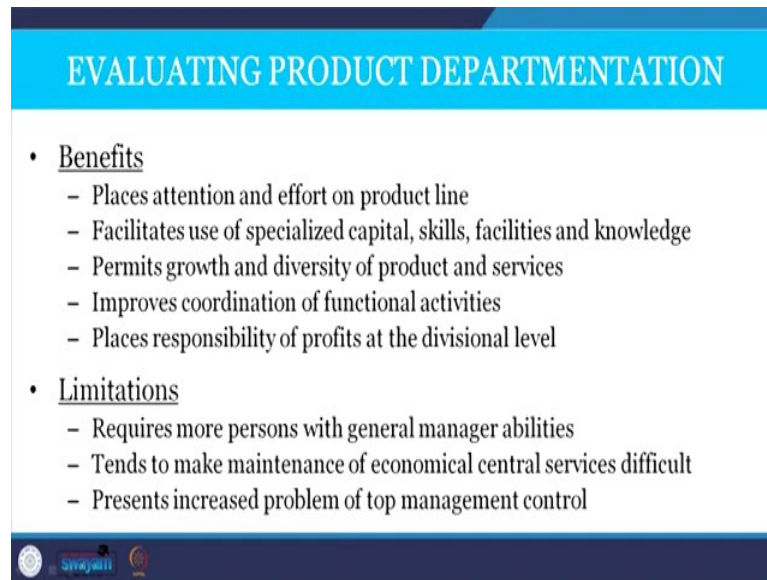
DEPARTMENTATION BY PRODUCT

- ❖ Grouping of activities on the basis of products or product lines.
- ❖ This structure permits top management to delegate to a division executive an extensive authority over manufacturing, sales, service and engineering functions that relate to a given product or product lines.

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graph TD; President[President] --- Marketing[Marketing]; President --- Personnel[Personnel]; President --- Purchasing[Purchasing]; President --- Finance[Finance]; President --- ProductLine1[Product Line 1]; President --- ProductLine2[Product Line 2]; President --- ProductLine3[Product Line 3]; President --- ProductLine4[Product Line 4]; ProductLine1 --- Instrument[Instrument division]; ProductLine1 --- Eng1[Engineering]; ProductLine1 --- Acc1[Accounting]; ProductLine1 --- Prod1[Production]; ProductLine1 --- Sales1[Sales]; ProductLine2 --- Indicator[Indicator lights division]; ProductLine2 --- Eng2[Engineering]; ProductLine2 --- Acc2[Accounting]; ProductLine2 --- Prod2[Production]; ProductLine2 --- Sales2[Sales]; ProductLine3 --- Industrial[Industrial tools division]; ProductLine3 --- Eng3[Engineering]; ProductLine3 --- Acc3[Accounting]; ProductLine3 --- Prod3[Production]; ProductLine3 --- Sales3[Sales]; ProductLine4 --- Electronic[Electronic meter division]; ProductLine4 --- Eng4[Engineering]; ProductLine4 --- Acc4[Accounting]; ProductLine4 --- Prod4[Production]; ProductLine4 --- Sales4[Sales];
```

Then departmentation by product, grouping activities on basis of the products or product lines, the structure permits top management to delegate to a division executive and extensive authority over manufacturing, sales, service, engineering functions that relate to a given product or product line.

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The slide features a blue header with the title 'EVALUATING PRODUCT DEPARTMENTATION' in white. Below the header, the content is organized into two main sections: 'Benefits' and 'Limitations', each preceded by a bullet point. The 'Benefits' section lists five points: placing attention and effort on the product line, facilitating the use of specialized capital, skills, facilities, and knowledge, permitting growth and diversity of products and services, improving coordination of functional activities, and placing responsibility for profits at the divisional level. The 'Limitations' section lists three points: requiring more persons with general manager abilities, tending to make the maintenance of economical central services difficult, and presenting an increased problem of top management control. At the bottom of the slide, there is a dark blue footer containing three small logos: a circular institutional seal, a 'Swayam' logo, and a circular logo with a book icon.

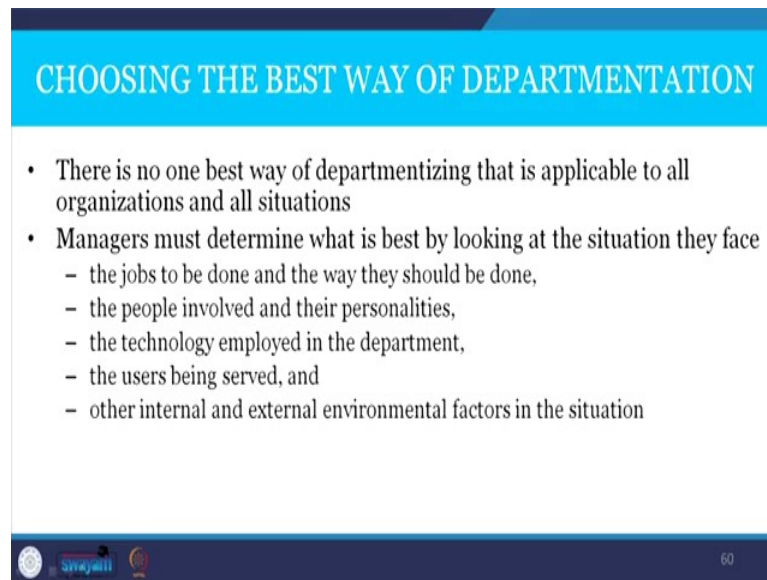
EVALUATING PRODUCT DEPARTMENTATION

- Benefits
 - Places attention and effort on product line
 - Facilitates use of specialized capital, skills, facilities and knowledge
 - Permits growth and diversity of product and services
 - Improves coordination of functional activities
 - Places responsibility of profits at the divisional level
- Limitations
 - Requires more persons with general manager abilities
 - Tends to make maintenance of economical central services difficult
 - Presents increased problem of top management control

Evaluating product departmentation, benefits are places attention and effort on a product line. Facilitates use of specialized capital or skill. Permits growth and diversity of products and service. Improves coordination or functional activities places responsibility of profits and divisional level.

Limitations are requires more persons with general managerial ability. Tends to make maintenance of economically central service services difficult. Presents increased problem of top management control.

(Refer Slide Time: 31:36)



The slide features a blue header with the title "CHOOSING THE BEST WAY OF DEPARTMENTATION" in white capital letters. Below the header, on a white background, is a bulleted list. The first bullet point states that there is no one best way of departmentizing applicable to all organizations and situations. The second bullet point states that managers must determine what is best by looking at the situation they face, followed by a sub-list of five factors: the jobs to be done and the way they should be done, the people involved and their personalities, the technology employed in the department, the users being served, and other internal and external environmental factors in the situation. At the bottom of the slide, there is a dark blue footer containing a small logo on the left and the number "60" on the right.

CHOOSING THE BEST WAY OF DEPARTMENTATION

- There is no one best way of departmentizing that is applicable to all organizations and all situations
- Managers must determine what is best by looking at the situation they face
 - the jobs to be done and the way they should be done,
 - the people involved and their personalities,
 - the technology employed in the department,
 - the users being served, and
 - other internal and external environmental factors in the situation

Choosing the best way of departmentation, there is no one best way of departmentalization that is applicable to all organizations and situations.

Managers must determine what is best way by looking at the situation, they face, the jobs to be done and the way they should be done the people involved in and their personalities. The technology employed, the users being served and the internal and external environmental factors in the situation. So, next we will discuss about the power and authority.

So, here what we have discussed? We discussed broadly different types of mechanistic and organic structures in the organization. Their new forms of organizational structures like metrics, project types, boundary less organizations, the network structure and we also discussed about the traditional structures like the departmentalization by product departmentation by customer group and the departmentation based on geography.

So, customer group product and geography we discussed. So, with this I would like to conclude this discussion here. Thank you and in the next section we will discuss about the foundations of power and authority.

Thank you.