HANOI UNIVERSITY OF SCIENCE AND TECHNOLOGY



CHAPTER 3: ORGANIZING FUNCTION

SCHOOL OF ECONOMICS AND MANAGEMENT

PHD. NGUYEN THANH HUONG

PROCESS OF MANAGEMENT



CONTENT

3.1.The Elements of Organizing

- Designing Jobs
- Job Specialization
- Benefits and Limitations of Specialization
- Alternatives to Specialization

3.2. Grouping Jobs: Departmentalization

- Rationale for Departmentalization
- Chain of Command
- Narrow Versus Wide Spans

3.3. Distributing Authority

- The Delegation Process
- Decentralization and Centralization

3.4. Organizing HR

- Concept & content of HR
- Source of managerial staff

ORGANIZING CONCEPT

The function of organizing aims to establish a system of positions for each individual and department in such a way that individuals and departments can coordinate with each other effectively to achieve the organization's goals.

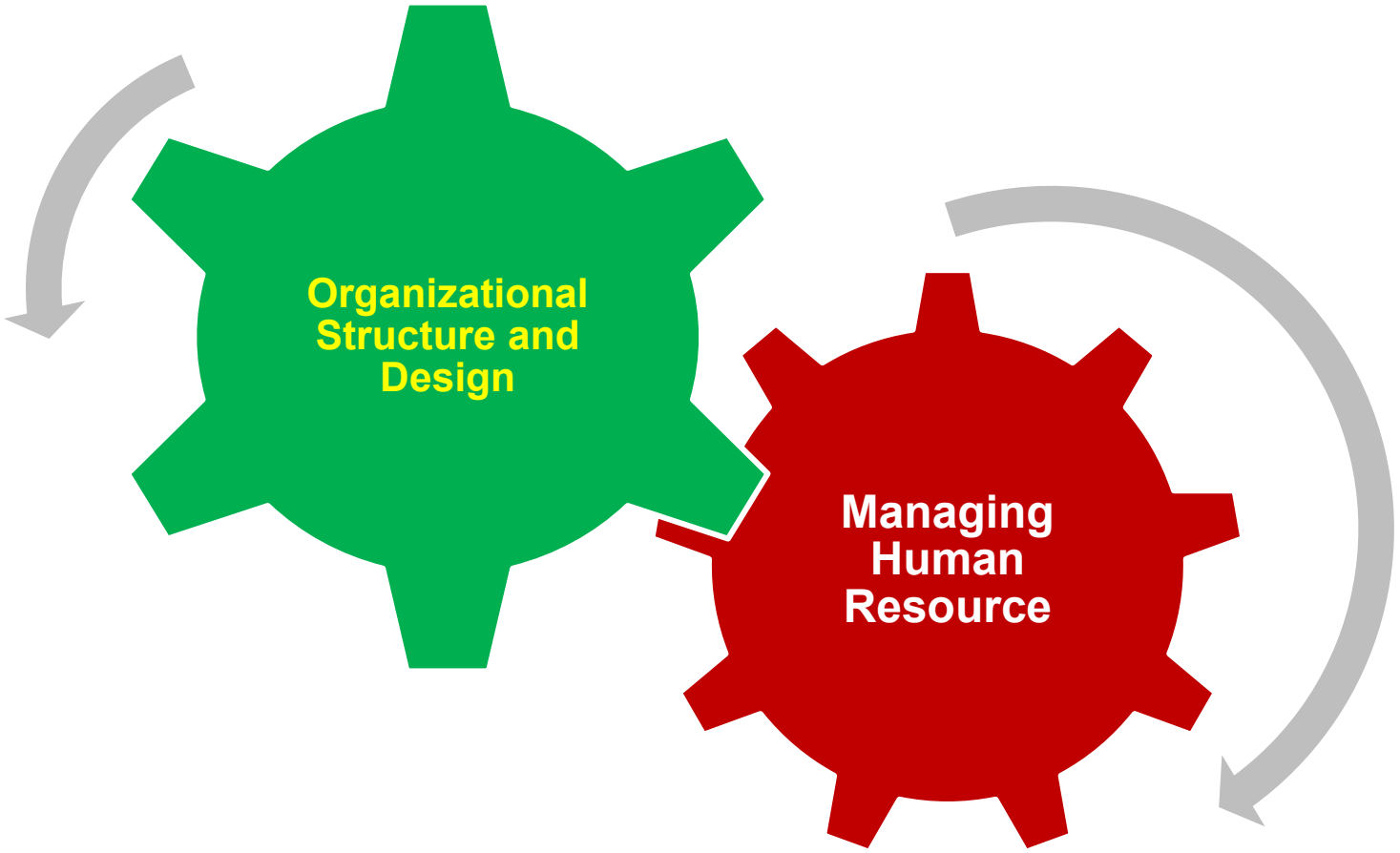


ORGANIZING CONCEPT

The function of organizing includes tasks related to *identifying and dividing the work to be done*, determining who or which groups will do what, who is responsible for which outcomes, *how tasks will be coordinated*, who will report to whom, and at which level or department decisions will be made.



CONTENT OF ORGANIZING FUNCTION



3.1. THE ELEMENTS ORGANIZING

Organizing

- Deciding how to best group organizational activities and resources.

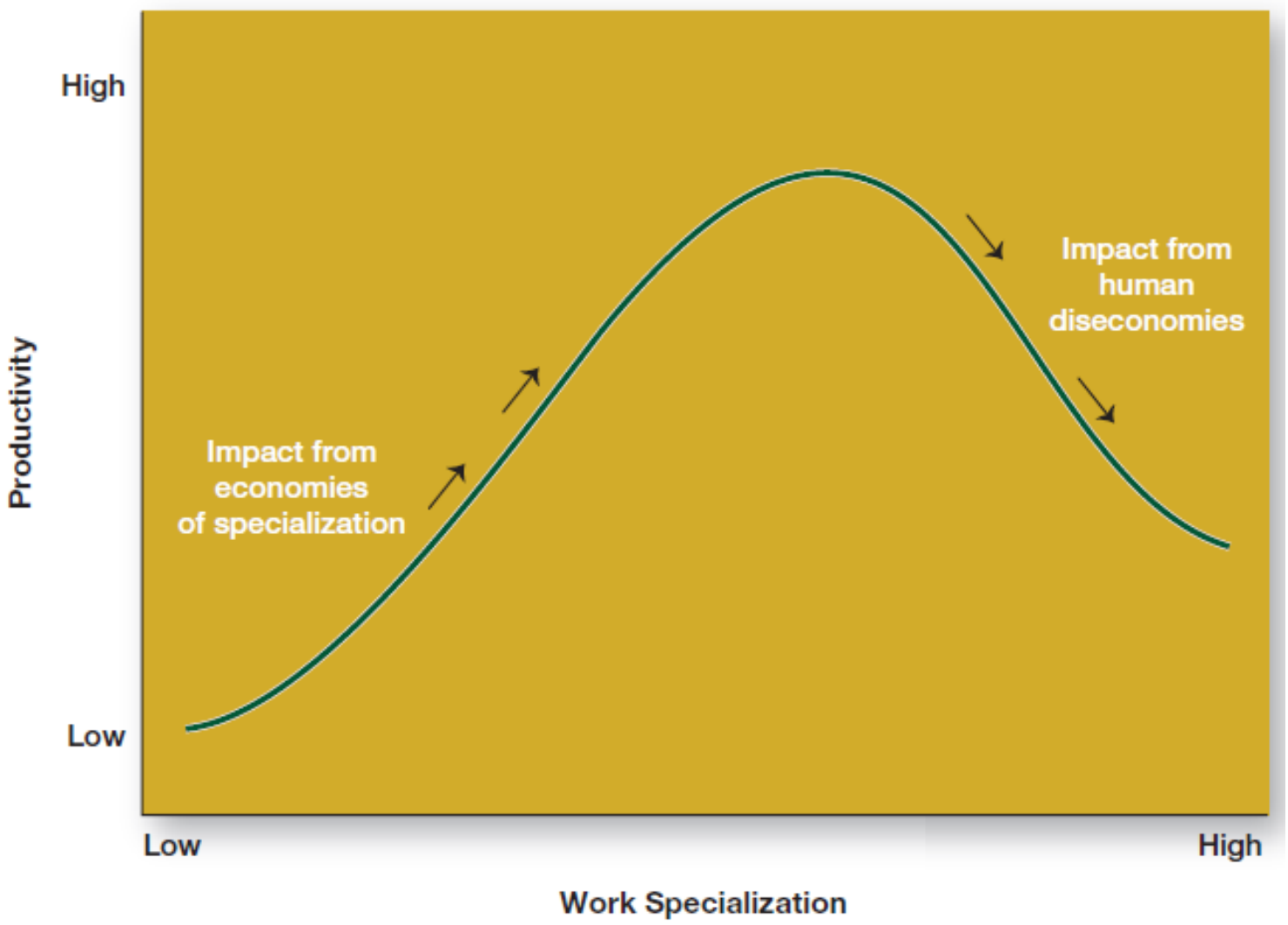
Organization Structure

- The set of building blocks that can be used to configure an organization.



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SPECIALIZATION



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DESIGNING JOBS

Job Design

- The determination of an individual's work-related responsibilities.

Job Specialization (Division of Labor)

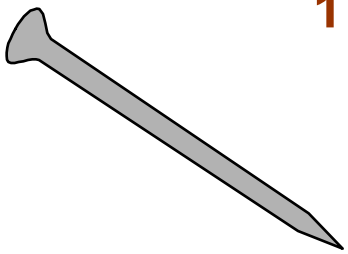
- The degree to which the overall task of the organization is broken down and divided into smaller component parts.
- Benefits of Specialization
  - Workers can become proficient at a task.
  - Transfer time between tasks is decreased.
  - Specialized equipment can be more easily developed.
  - Employee replacement becomes easier.
- Limitations of Specialization
  - Employee boredom and dissatisfaction with mundane tasks.
  - Anticipated benefits do not always occur.

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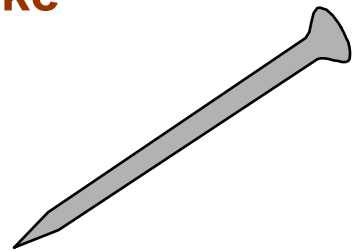
ADAM SMITH'S EXAMPLE OF JOB SPECIALIZATION

Making a pin (nail) requires 18 tasks



1 worker doing all 18 tasks might make 20 pins (nails) a day.

20 workers = (20 x 20) = 400 pins



With specialization:

20 workers make 100,000 pins a day.
1 worker = 5,000 pins

20 pins vs. 5,000 pins per worker

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ALTERNATIVES TO SPECIALIZATION

- **Job Rotation**
- **Job Enlargement**
- **Job Enrichment**

Job Rotation

- It is the systematic transfer of employees from one job to another at **regular intervals** within the **same organization.** The jobs stay the same while the employees rotate through them.
- This system can **improve an employee's skills** by **training** them in a **variety of positions.**
- Employees might develop their multitasking abilities as they work on assignments for each department. Job rotation can relieve the monotony of performing the same duties every day.



BENEFITS

- Develops diverse skills
- Improves organizational understanding
- Boosts creativity and learning spirit
- Reduces boredom
- Enhances satisfaction and engagement

Job Enlargement

- Job enlargement is the **combining of job tasks across the same level** within a company.
- This approach refers to an **increase in an employee's number of tasks** and is an alternative to job specialization where employees often focus on a limited amount of activities.
- Implementing job enlargement **widens the scope** of individual team members to include more tasks and responsibilities.



Before job enlargement, Anna only packs baked goods.

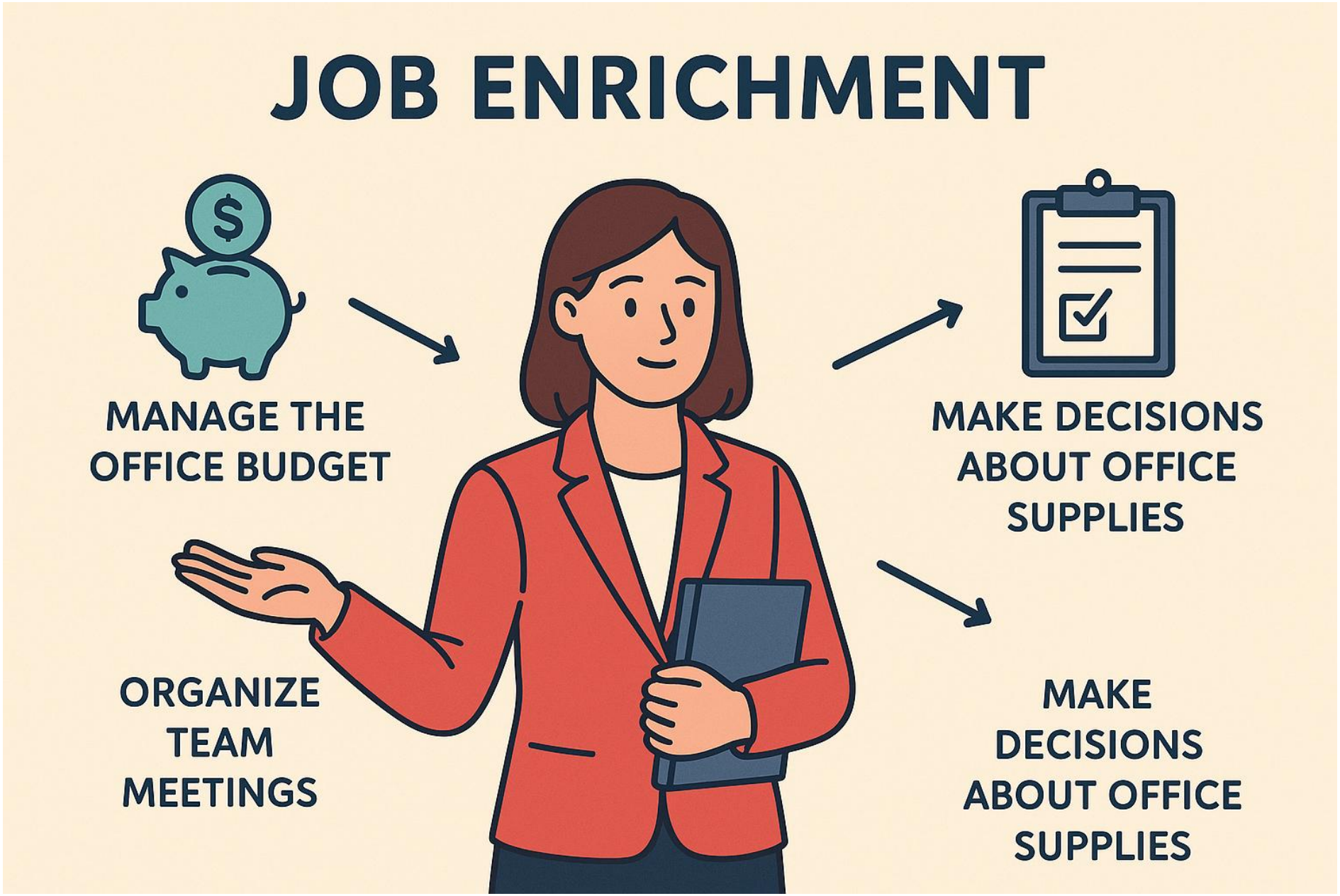
After job enlargement, Anna also takes orders and labels packages.

BENEFITS

- Helps employees learn more skills and grow personally and professionally.
- Ensures all tasks are completed and increases job satisfaction.
- Gives employees the chance to earn more money.
- Reduces boredom by avoiding repetitive tasks and supports career development.
- Increases responsibility and decision-making power for employees.

Job Enrichment

- It can be defined as a **vertical restructuring** of a job, i.e. integration of the tasks, role, responsibilities and authority across **different levels** in an organization, to **add value** to the employee's **existing job profile**.


JOB ENRICHMENT
MANAGE THE OFFICE BUDGET
MAKE DECISIONS ABOUT OFFICE SUPPLIES
ORGANIZE TEAM MEETINGS
MAKE DECISIONS ABOUT OFFICE SUPPLIES

BENEFITS

- Increases employee motivation by giving them more responsibilities.
- Reduces repetitive work and helps minimize waste in the workplace.
- Supports employees' career growth.
- Gives employees more chances to make decisions, helping them develop leadership skills.
- Improves job satisfaction and allows employees to use more skills, leading to higher-quality work.

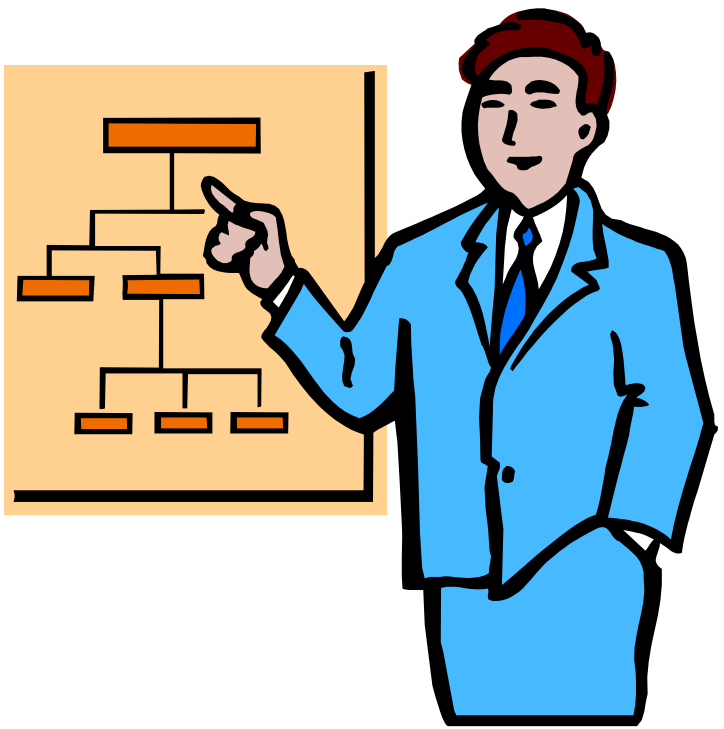
3.2. GROUPING JOBS: DEPARTMENTALIZATION

Departmentalization

- The process of grouping jobs according to some logical arrangement.

Rationale for Departmentalization

- Organizational growth exceeds the owner-manager's capacity to personally supervise all of the organization.
- Additional managers are employed and assigned specific employees to supervise.



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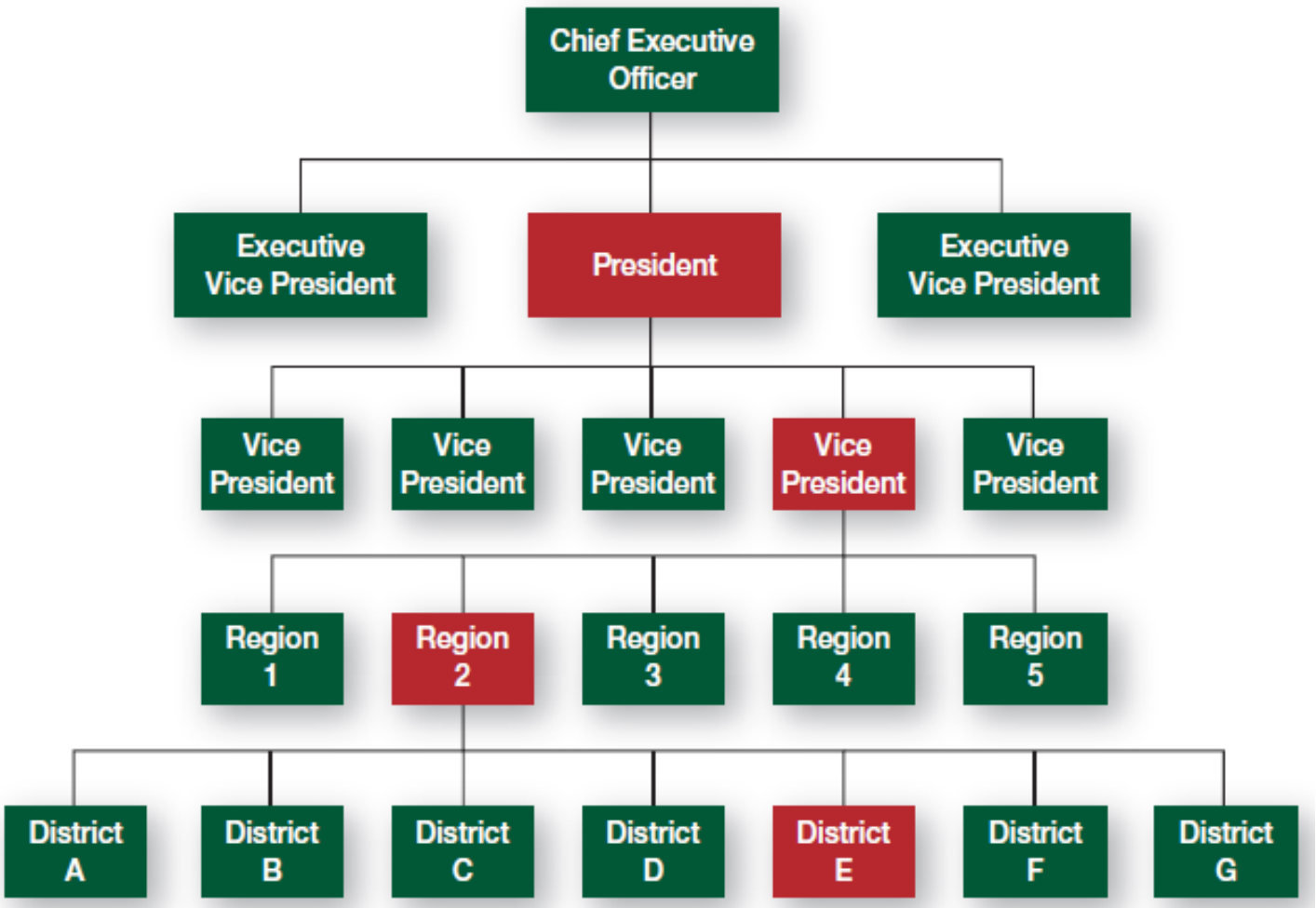
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DEPARTMENTALIZATION

• **Functional**	Groups employees based on work performed (e.g., engineering, accounting, information systems, human resources)
• **Product**	Groups employees based on major product areas in the corporation (e.g., women's footwear, men's footwear, and apparel and accessories)
• **Customer**	Groups employees based on customers' problems and needs (e.g., wholesale, retail, government)
• **Geographic**	Groups employees based on location served (e.g., North, South, Midwest, East)
• **Process**	Groups employees based on the basis of work or customer flow (e.g., testing, payment)

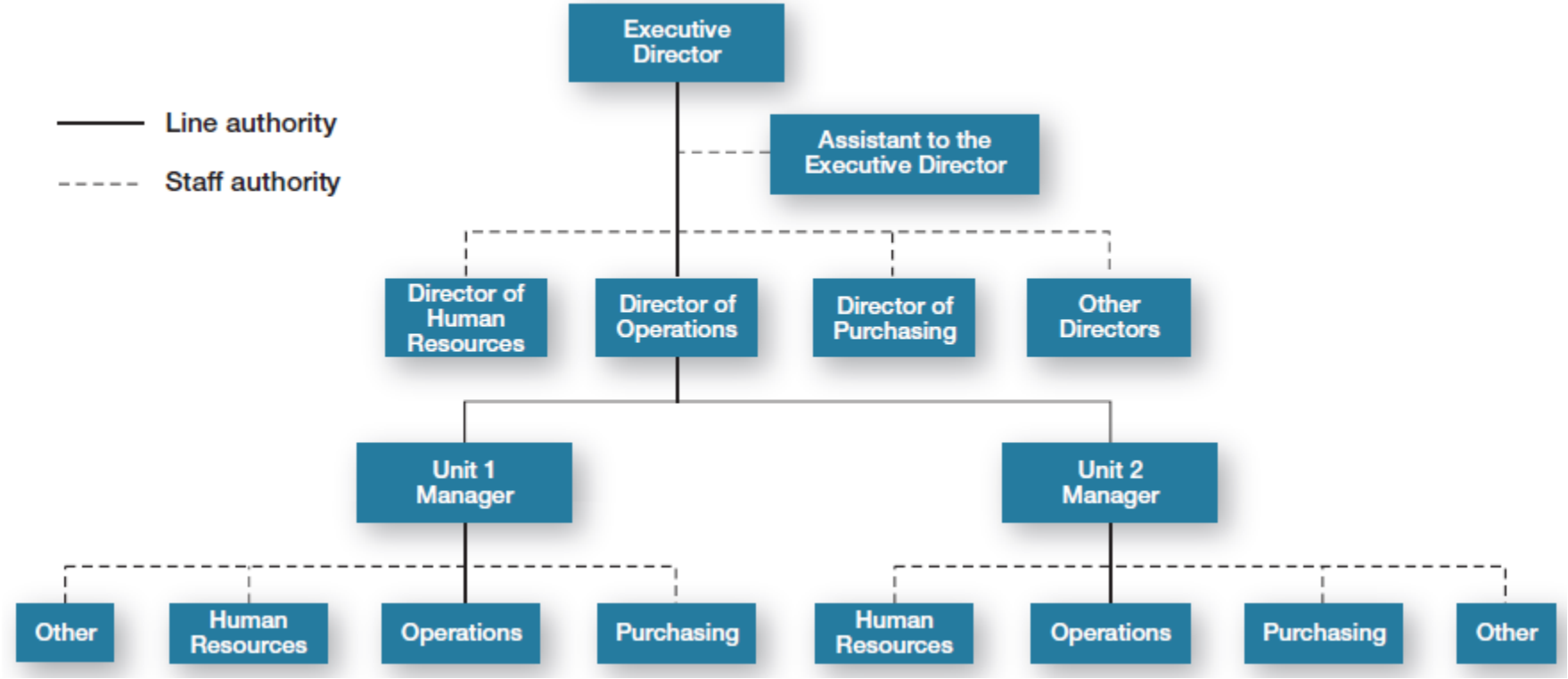
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TYPES OF AUTHORITY RELATIONSHIPS

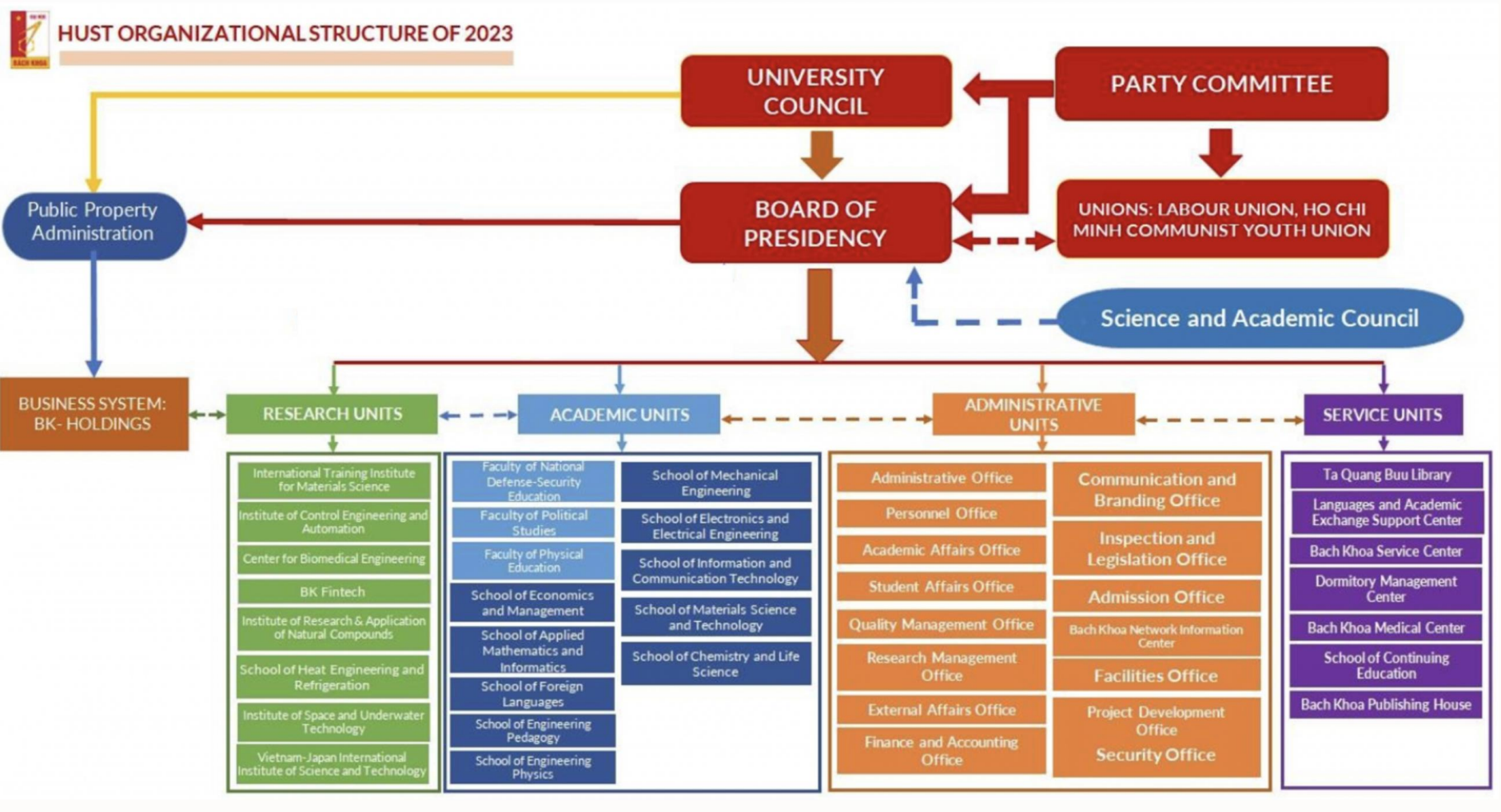


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LINE AND STAFF AUTHORITY



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ORGANIZATIONAL STRUCTURE

Source: https://hust.edu.vn

UNITY OF COMMAND

A structure in which each employee reports to only one manager

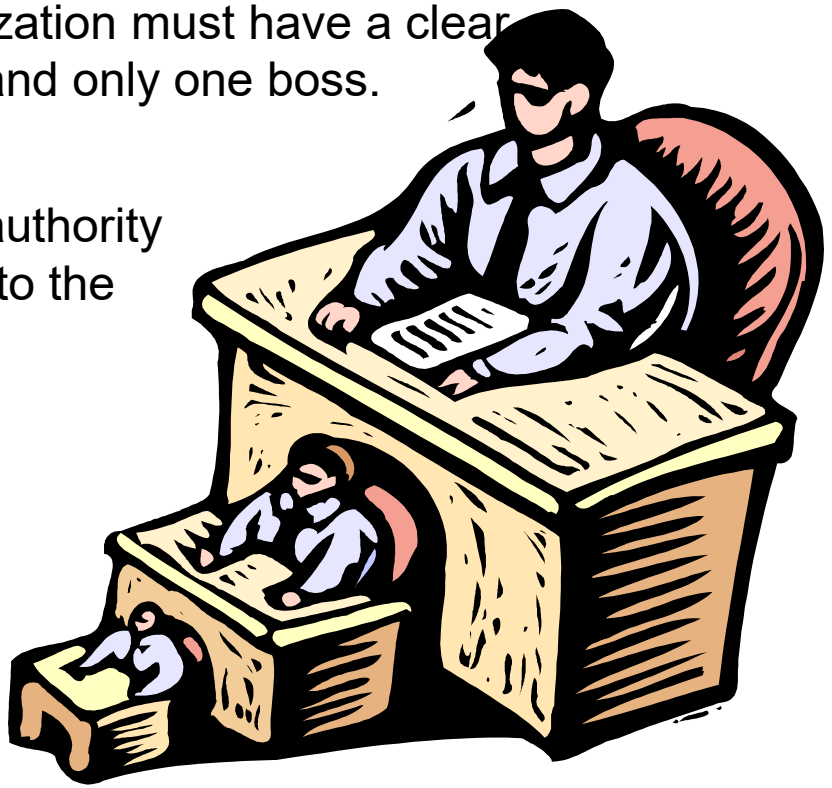
One boss or more?

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ESTABLISHING REPORTING RELATIONSHIPS

Chain of Command

- A clear and distinct line of authority among the positions in an organization.
- Unity of Command
  - Each person within an organization must have a clear reporting relationship to one and only one boss.
- Scalar Principle
  - A clear and unbroken line of authority must extend from the bottom to the top of the organization.

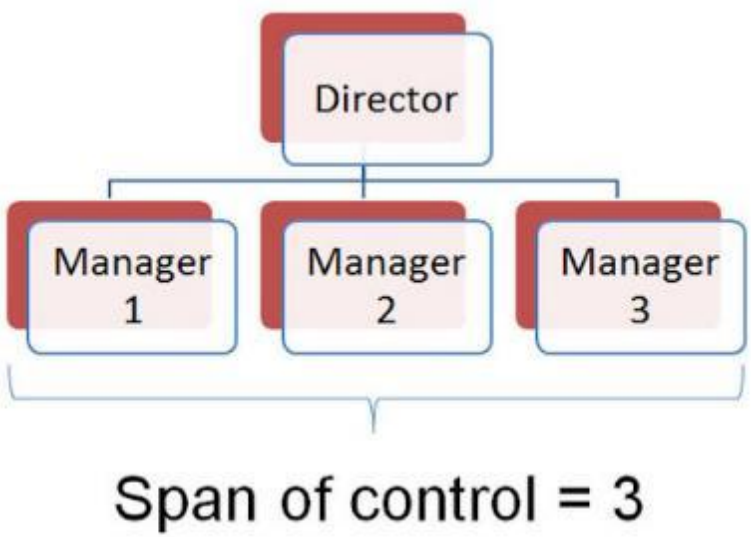


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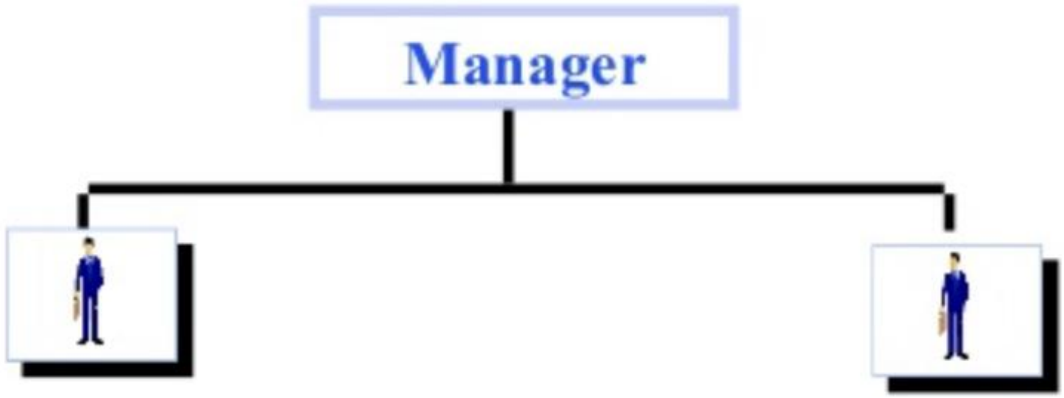
SPAN OF CONTROL

Span of Control: the number of employees or ranks of employees for which a manager is responsible



Span of Control

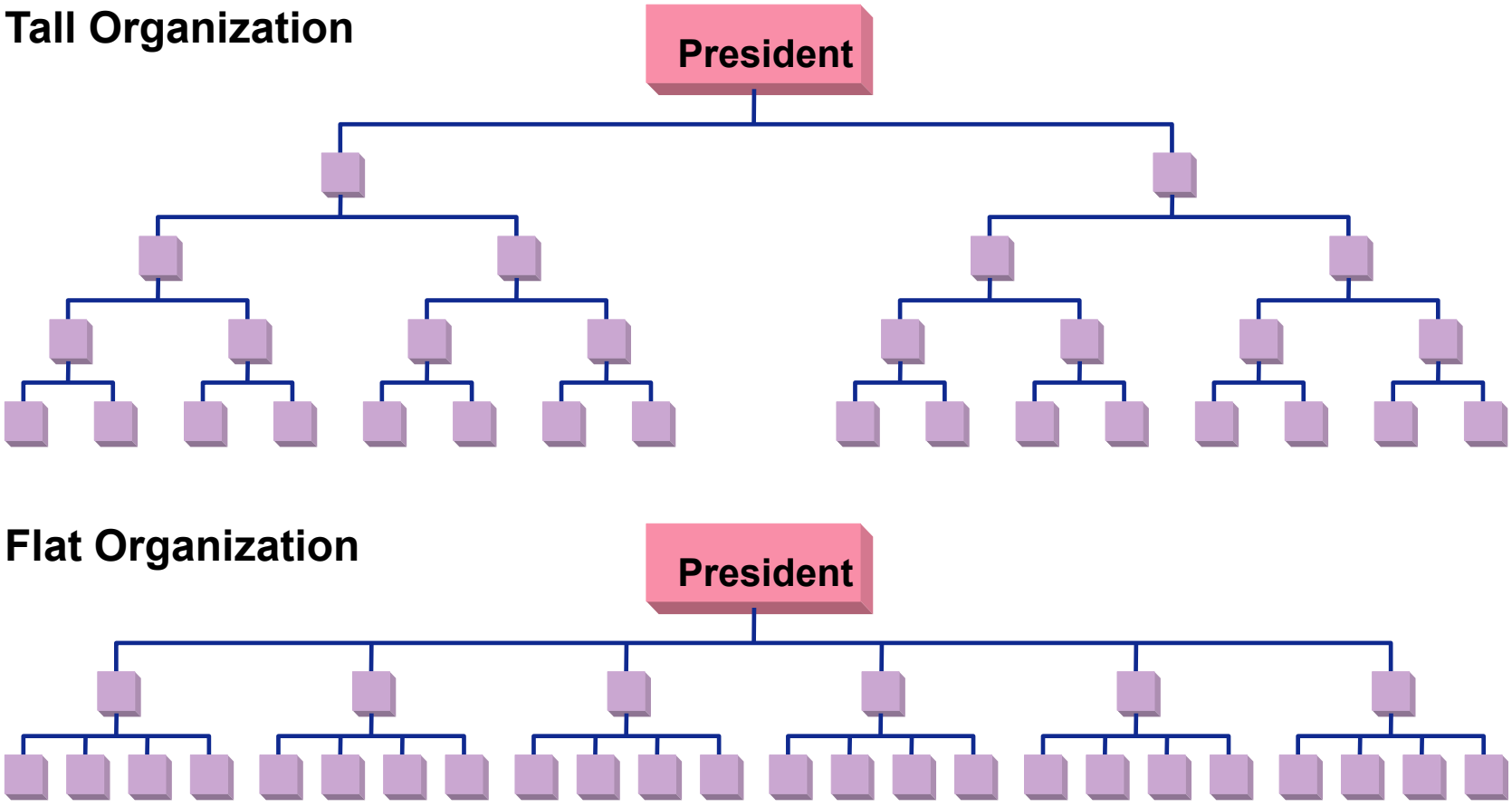
Narrow Span of Control



Wide Span of Control



TALL VERSUS FLAT ORGANIZATIONS



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Figure 11.3

SPAN OF CONTROL

SPAN OF CONTROL shows the number of subordinates reporting to a manager. Eg : 1:10 represent ten employees on one manager

TYPES

- **Wide Span of Control**
- **Narrow Span of Control**

COMPARISION OF WIDE AND NARROW SPAN OF CONTROL

WIDE SPAN OF CONTROL
No. of employees per manager is high.

PROS

- Quick decision making
- Bureaucracy is reduced
- Development of lower level.
- Coordination is easy
- Reduced cost of competition
- Employee do all tasks
- Manager feel motivated

CONS

- Manager under pressure
- Technological Factors becomes hurdle
- Chances of chaos in large team
- More view point in larger team
- Chances of overseeing some issue

NARROW SPAN OF CONTROL
No. of employees per manager is low.

PROS

- Personal contact to employees
- Petty organized team structure
- Benefit of specialization

CONS

- Salaries of manager are high
- Communication becomes difficult
- More bureaucracy

Proximity of Subordinates

Job Complexity, Employee Ability, Similarity of Suborder job, Managerial Ability, Technology.

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SPAN OF CONTROL

Effective and efficient span depends on:

- Employee experience and training (more they have, larger span)
- Similarity of employee tasks (more similarity, larger span)
- Complexity of those tasks (more complex, smaller span)

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DETERMINING THE APPROPRIATE SPAN: FACTORS INFLUENCING THE SPAN OF MANAGEMENT

1. Competence of supervisor and subordinates (the greater the competence, the wider the potential span).
2. Physical dispersion of subordinates (the greater the dispersion, the narrower the potential span).
3. Extent of nonsupervisory work in a manager's job (the more nonsupervisory work, the narrower the potential span).
4. Degree of required interaction (the less required interaction, the wider the potential span).
5. Extent of standardized procedures (the more procedures, the wider the potential span).
6. Similarity of tasks being supervised (the more similar the tasks, the wider the potential span).
7. Frequency of new problems (the higher the frequency, the narrower the potential span).
8. Preferences of supervisors and subordinates.

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Table 11.1

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3.3. DISTRIBUTING AUTHORITY

Authority

- Power that has been legitimized by the organization.

Delegation

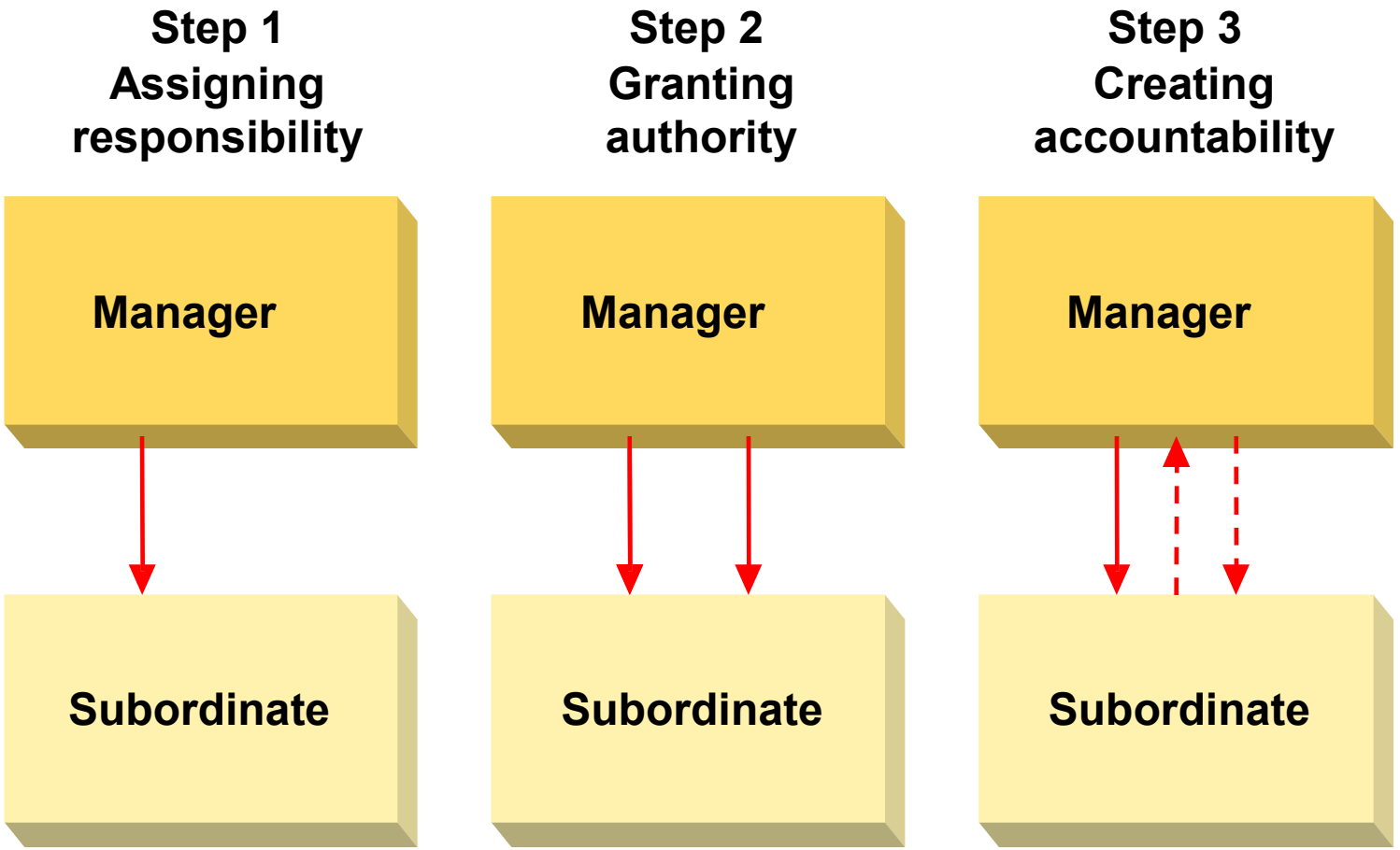
- The process by which managers assign a portion of their total workload to others.

Reasons for Delegation

- To enable the manager to get more work done by utilizing the skills and talents of subordinates.
- To foster the development of subordinates by having them participate in decision making and problem solving that allows them to learn about overall operations and improve their managerial skills.

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STEPS IN THE DELEGATION PROCESS



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PROBLEMS IN DELEGATION

Manager

- Reluctant to delegate.
- Disorganization prevents planning work in advance.
- Subordinate's success threatens superior's advancement.
- Lack of trust in the subordinate to do well.

Subordinate

- Reluctant to accept delegation for fear of failure.
- Perceives no rewards for accepting additional responsibility.
- Prefers to avoid any risk and responsibility.

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DECENTRALIZATION AND CENTRALIZATION

Decentralization

- The process of systematically delegating power and authority throughout the organization to middle- and lower-level managers.

Centralization

- The process of systematically retaining power and authority in the hands of higher-level managers.

Factors Determining the Choice of Centralization

- The complexity and uncertainty of the external environment.
- The history of the organization.
- The nature (cost and risk) of the decisions to be made.

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3.4. Human resource management

3.4.1. The nature and significance of human resource management

3.4.2. Identifying and selecting competent employees



3.4.1. The nature and significance of human resource management

Concepts

- *Human resources (HR) are seen as the combination of physical and mental abilities of individuals.*
- *The HRs of an organization encompass all the labor capabilities that the organization needs and can mobilize and utilize to accomplish both short-term and long-term tasks.*
- *HRM involves activities aimed at enhancing the effective contributions of individuals to the organization's goals while also striving to achieve social and personal objectives*.

Fuctions

- Reinforce & maintain an adequate quantity and quality of labor to meet the demands and objectives of the enterprise.
- Seek and develop the best methods and approaches for every employee to contribute maximally to the enterprise.
- Create opportunities for individual development and self-affirmation.

3.4.1. The nature and significance of human resource management

- **Human resource management (HRM)** is the process of optimizing the organizational structure of a business through various activities such as recruitment, training, arrangement, utilization, evaluation, and promotion of individuals within each position of the management structure.

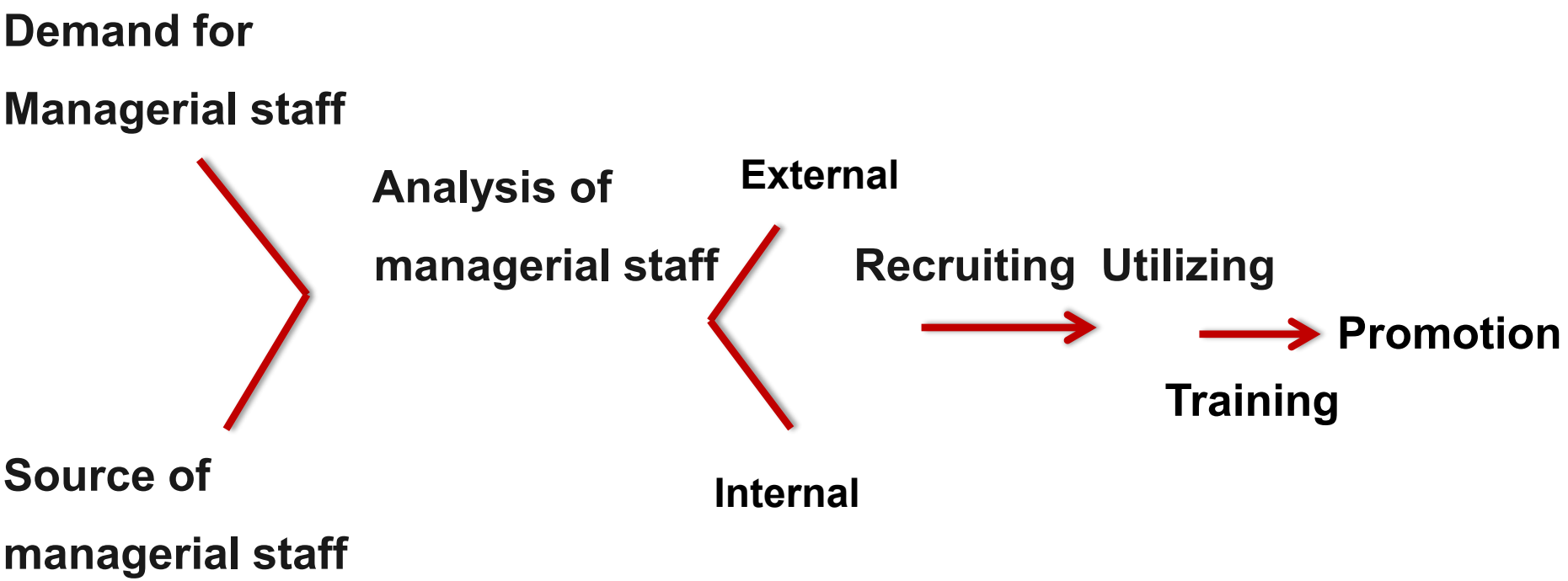
- **Significance:** It is a crucial part of the management process, and if not done well, the management structure may struggle to function effectively

Effective implementation of this function lays the groundwork for efficiently using managerial staff at various levels and performing leadership or coordination functions in the future.

CONTENTS OF HRM

- Preparing and receiving employees
- Job analysis and design
- Human resource planning
- Recruitment
- Organizing and effectively utilizing human resources
- Assignment, management organization, labor compensation, improving labor conditions; evaluation, commendation, disciplinary actions
- Workforce development
- Training - retraining; position changes, job roles
- Other activities
- Providing information; labor unions and dispute resolution; welfare and profit sharing.

CONTENTS OF HRM



SOURCE OF MANAGERIAL STAFF

- In order for the business management process to proceed continuously, it is necessary to also reserve and maintain a source of personnel that can be used as managerial staff for the enterprise.
- This requires the development of strategies as well as policies on training managerial personnel



SOURCE OF MANAGERIAL STAFF

- **Internal source**
  - The internal source ensures continuous management processes and reflects the managerial potential within the enterprise.
  - To maintain a good internal managerial workforce, managers use a human resource reserve chart, which is the organizational chart for each department of the enterprise. However, for each managerial position, specific criteria about the manager are noted, and by focusing on these criteria, senior managers can make the best decisions whenever there are changes in personnel structure.
- **External source**
  - Recruiting students from universities.
  - Recruiting friends and relatives of employees.
  - Former employees of the enterprise.
  - Employees of competing firms.
  - Unemployed individuals or those seeking employment.
  - Freelancers

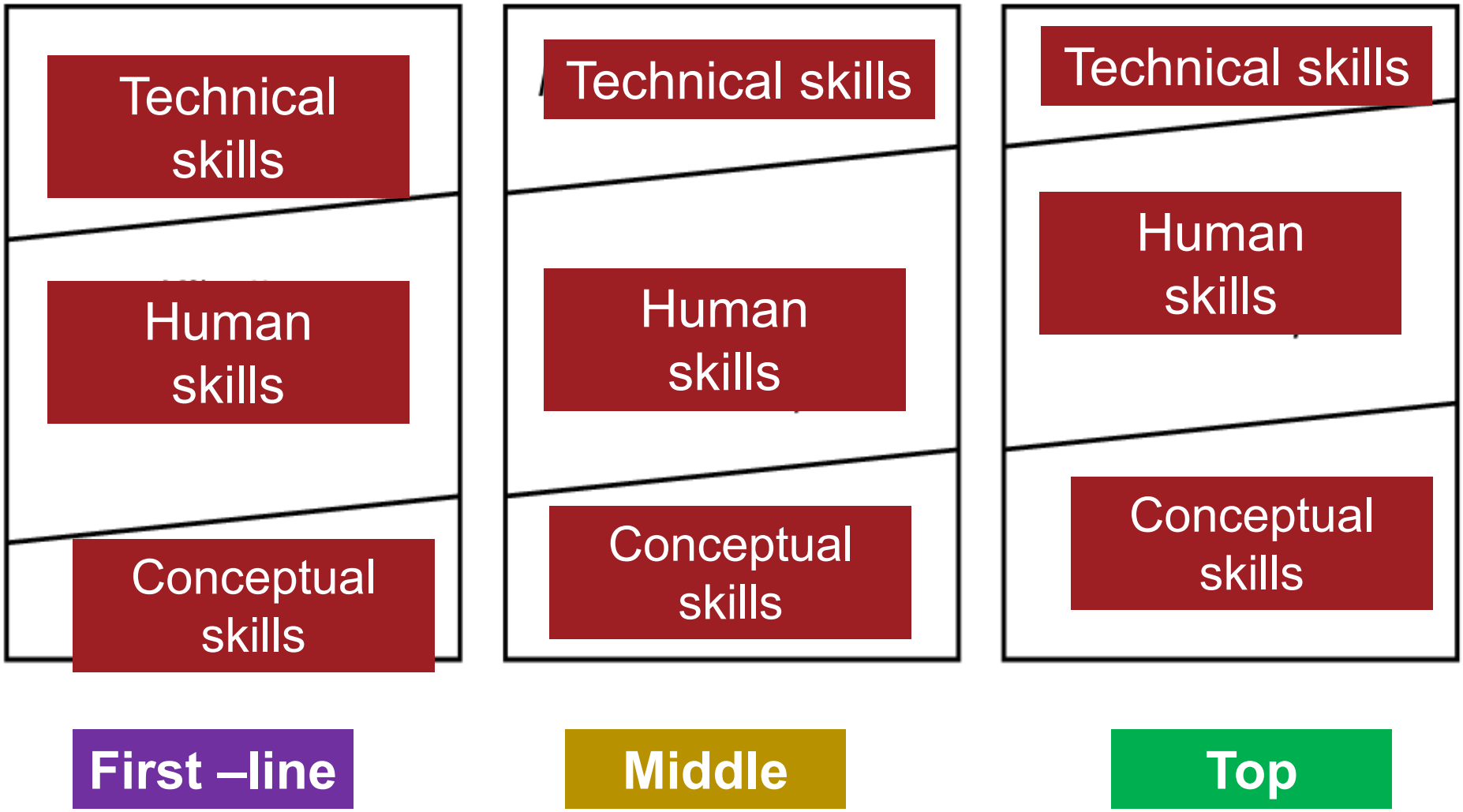
Identify the requirements

- **Identify the requirements**
  - The selection of managerial personnel plays a crucial role in both delineation and overall management. Therefore, it needs to be conducted carefully and based on scientific principles. First of all, it is necessary to clearly define the requirements of the position that the organization is selecting.

- **Criteria:**
  - Education level- Awareness - Skills - Relationship

- **Additionally, considerations may include:**
  - The job should be challenging
  - The job should provide opportunities for individuals to be creative
  - Each job is associated with specific management skills.

Managerial skills



HUMAN RESOURCE MANAGEMENT

HRM = Right People, Right Place, Right Time

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