

Industrial & Management Engineering Department

Industrial Relations

IM 111

Lecture 3: Organization structure and
Management

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Characteristics of Organizations

- **Organization**

- A deliberate arrangement of people brought together to accomplish a specific purpose

- **Common Characteristics of Organizations**

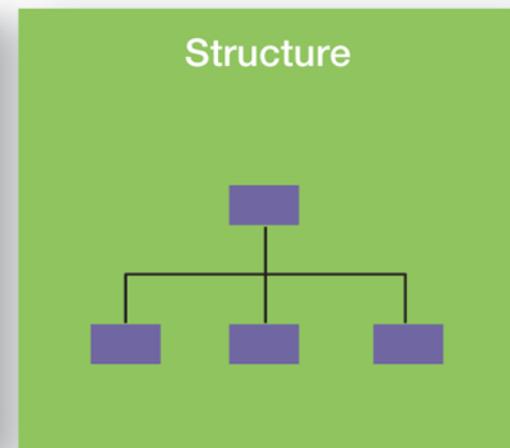
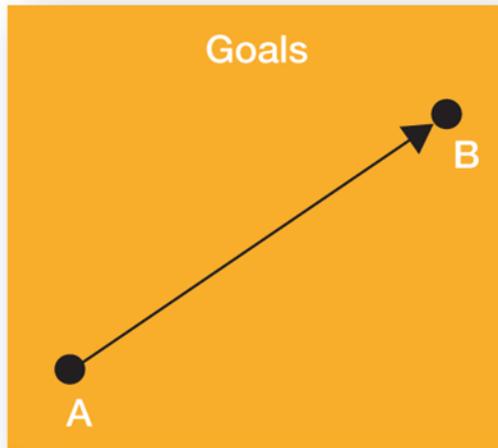
- **Goals**

- **People**

- **Structure**

Three Characteristics of Organizations

Three Characteristics of Organizations



Management Concept and Managers Roles

- **Management**

- Management can be defined as the expert activity which works to utilize all available resources (plant, manpower, machines, capital and knowledge) and directs them towards achieving the intended objectives.

Management Concept and Managers Roles

Management is the *process* of getting things done effectively and efficiently, with and through people.

•Effectiveness

- “Doing the right things”: the tasks that help an organization reach its goals.

•Efficiency

- “Doing things right”: the efficient use of such resources as people, money, and equipment.

How Are Managers Different from Non-managerial Employees?

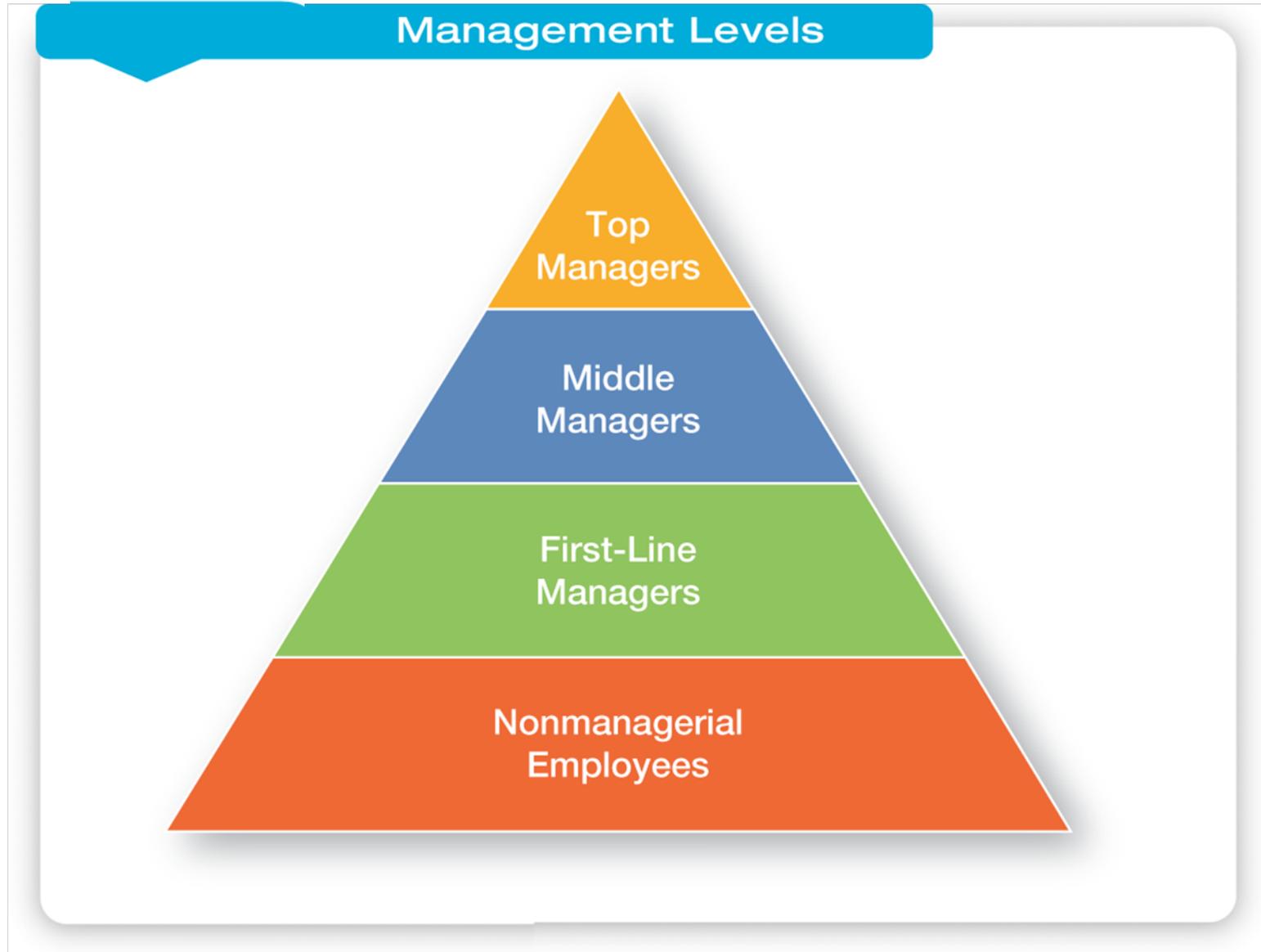
- **Non-managerial Employees**

- People who work directly on a job or task and have no responsibility for overseeing the work of others
- Examples: Associates and Team Members

- **Managers**

- Individuals in organizations who direct the activities of others

Management Levels



Management Levels

- **Top Managers**

- Make decisions about the direction of the organization.
- Defines the general strategies, objectives, future plans of the organization.
- Examples: President, Chief Executive Officer, Vice-President.

- **Middle Managers**

- Operate under broad instructions or policies established by the top management.
- Define the methods and steps needed for achieving the objectives of the organization and optimum utilization of its resources.
- Examples: District Manager, Division Manager.

Management Levels

- **First-line Managers**

- Direct non-managerial employees
- Execute the working orders and developing the work relation to achieve highest productivity, lowest cost with the required level of quality.
- The functions of this management level may include:
 1. Product development
 2. Industrial relations
 3. Manufacturing
 4. Marketing
- Examples: Supervisor, Team Leader.

What Do Managers Do?

Four Main Functions;

- **Planning**

- Defining the organizational purpose and ways to achieve it

- **Organizing**

- Arranging and structuring work to accomplish organizational goals

- **Leading**

- Directing the work activities of others

- **Controlling**

- Monitoring, comparing, and correcting work performance



What Skills Do Managers Need?

- **Conceptual Skills**

- Used to analyze and diagnose complex situations.

- **Interpersonal Skills**

- Used to work with, understand, and motivate individuals and groups.

- **Technical Skills**

- Involve job-specific knowledge and techniques required to perform tasks.

- **Political Skills**

- Used to build a power base and establish connections.

Why Study Management?

- We all benefit from efficiently and effectively run businesses.
- Well-managed organizations prosper even in challenging economic times.
- After graduation, most students become managers or are managed.

What Factors Are Reshaping and Redefining Management?

Today, managers must deal with:

- Changing workplaces
- Ethical and trust issues
- Global economic uncertainties
- Changing technologies

Why Are Customers Important?

- Without customers, most organizations would cease to exist.
- Employee attitudes and behaviors play a big part in customer satisfaction.
- Managers must create a customer-responsive environment where employees are friendly, knowledgeable, and sensitive to customer needs.

Why Is Innovation Important?

- “Nothing is more risky than not innovating.”
- Innovation isn’t only important for high technology companies; it is essential in all types of organizations.



Organization Structure

- **Organization structure purpose and function**
- Its purpose is to define:
 - The functions of the workers,
 - Their authority levels, and
 - Lines of communication between them.
- Its function is:
 - Distribute the jobs and workers within the plant,
 - Divide them into units or directories

Organization structure

- In making structural decisions, managers can choose among four different designs;
 - Simple
 - Functional,
 - Divisional, and
 - Team

Organizational Designs

- **Simple structure**

- Organizational design with low departmentalization and wide spans of control,
- Authority centralized in a single person
- Most widely used in smaller businesses and it's fast, flexible and inexpensive to maintain
- However, as an organization grows, there are few policies to guide operations, which creates information overload at the top and slows decision making.
- Also, reliance on one person is risky



Organizational Designs

- As an organization grows and more employees are added, most small businesses tend to become more specialized and formalized. Rules and regulations are introduced, departments are created, and different levels of management are added.
- Three of the most popular design options grew out of functional and product departmentalizations. They are called the **functional**, **divisional** and **team** structures.

Organizational Designs

- **Functional structure**

- Groups similar or related occupational specialties.
- Revlon, Inc. is organized around the functions of operations, finance, human resources, and product research and development.
- Minimal duplication of personnel and equipment,
- More satisfied employees who speak the same language as their peers.
- The pursuit of functional goals can cause managers to lose sight of what is best for the whole organization.
- Members within individual functions become insulated and have little understanding of what people in other functions are doing.



Organizational Designs

• Divisional structure

- The organization is made up of separate business units or divisions. Each division has limited autonomy And has a division manager who has authority over the division and is responsible for its performance.
- The parent corporation only coordinate and control the various divisions.
- Division managers have full responsibility for a product or service.
- Frees the headquarters staff from day-to-day operating details so that they can focus on long-term and strategic planning.
- Duplication of activities and resources which increases the cost and decreases the efficiency.



Organizational Designs

• Team structure

- A corporate structure that tackles most big projects in small, tightly focused teams.
- Employee empowerment is crucial because there is no line of managerial authority from top to bottom.
- Instead, employee teams design and work in the way they think is best, but are held responsible for all work performance results in their respective areas.
- In large organizations, the team structure complements what is typically a functional or divisional structure to allow the organization to have the efficiency of a bureaucracy with the flexibility of teams.
- Larry Page and Sergey Brin, co-founders of Google, applied this structure type to create Google.
- Amazon, Boeing, Hewlett-Packard, and Xerox extensively use employee teams to improve productivity.
- Employees must be trained to work on teams.

