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MANAGEMENT
This set of lectures contains:-
LECTURE 1 : A Theory of Organisation.
LECTURE 2 . A Reassessment of Organisation Theory.
LECTURE 3 : Organisational Objectives.
LECTURE 4 : Types of Organisation.
LECTURE 5 : Authority and Responsibility.
LECTURE 6 . Relationships and Responsibilities.
LECTURE 7 : Aids to Organisational Design.
LECTURE 8 : Industrial Organisation Design.
TEST GAJZ
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NOTE: The test on this set is bound in at the back of the book.
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# A THEORY OF ORGANISATION

## A. INTRODUCTION

In order to understand how the principles of human relations can be applied in business, we must begin by looking more closely at business itself. We need to see the "setting", as it were, inside which our techniques will work; and this involves us in getting to know the common features of "organisations" of various sorts, from banks to bridge clubs.

There are two distinct types of organisations which we can label-

1. Formal organisations, or "management systems"; and
2. Informal organisations, or"social systems".

Management systems deal with the rules and regulations in business; social systems often deal with the interaction between the workers. It is fairly obvious that management systems will tend to be "formal" and social systems will be "informal". Let's use these terms throughout this lecture.

## B. WHAT IS ORGANISATION?

### 1. DEFINITION

"Organisation" may be defined in two separate ways, namely:

(a) as meaning a number of people united for a certain purpose, or

(b) as describing the total of arrangements existing for securing collaboration between the members of a group.

We shall now deal with these two meanings of ergonisction in turn:

(0) Under modern conditions it is unlikely that any single individual would be able to run a large business entirely on his own. Three factors are needed for success and unless theycrepossessed by one individual,

he will have to reach an agreement with others to
work together with him. These three factors are:-
(i) CAPITAL, i.e. the money needed to start the
business and to carry on until the business
has reached the stage when profits are coming
in.
(ii) HUMAN SKILLI ENERGY AND EXPERIENCEI i.e. the
necessary manpower to manage and staff the
business.
(iii) CONNECTION, i.e. the fact of having access to
prospective customers, of being known by them.
This factor may either be introduced into the
business by somebody possessing it, e.g., some-
body already established in the line, or it
may be gradually acquired through expenditure
of CAPITAL AND ENERGY, e.g. in the form of
advertising.
(b) Given these three factors, the question arises as to
how the members of the group which we call "business"
should be related to each other. That means, who is
to give orders and who is to carry them out and to
whom may orders be given and by whom. This brings us
then to the second definition of the term "organisation",
i.e. a total of arrangements existing for securing
collaboration between the members of a group. Another
way of putting it would be to call it the structure of
relations between the members of a business.
A.L. Stinchcombe's definition of an organisation reads
as follows:-
An organisation is a set of stable social relations,
deliberately created, with theexplicit intention of
continuously accomplishing specific goals or purposes.
This definition, broken down into its essential parts,
vffectively covers both the meaning and the function
, . . . . . ..
o. formal organisation. 50 many bu51nesses, political

movements, and welfare institutions use the word
"organisation" in their titles that it is necessary
to find a definition which can include Ell these groups.
MUch has been written about "organisation": do they
allow man to remain an individual? Is a man who is part
of an organisation as effective as the lone individual?
Should there be less organisation and more individual
effort?
These questions may never be fully answered. Certainly
to-day more and more "organisation" takes place in every
sphere of life, and the questions are important: but
for practical purposes organisations 29 exist and
function, and therefore we must define them.
Let us now analyse our definition:
(a)
(b)
An organisation is a set of stable social relations
"Stable" means "relatively unchanging, or of some per-
mantnce". The social relationships (people acting, or
working, together) are expected to continue for a
relatively long period. People working together to assist
victims of an accident are not "an organisation" 05'
they will not work together for more than a few hours.
It must be emphasised however that this does not
necessarily mean that Mr. X, Mr. Y and Mr. 2 must all
work together for years and that should one of them
leave, the organisation ceases. it is the posts 0
roles that Messrs. X, Y and Z fill that need to remain.
Obviously, if staff turnover is too rapid the organi-
sation will become unstable, but in the normal run,
staff changes should not upset the organisation if the
vacant posts are refilled.
Stable relations are deliberately created
The people working together must have become part of
the group through deliberate action by someone. An
organisation is made up of members who qualify and are
chosen in a deliberate manner. A casual gathering of
friends is not an organisation.

(c) The exelicit intention of an organisation is to
achieve a continuous accomelishment of objectives
In this statement we see that to qualify for the title
"organisation", a stable group of people must intend
to accomplish something positively defined. An
organisation cannot exist where people collect together
with no specific purpose. The definition does 22:
state that the purpose must be good and useful to
society, although that is expected. (In this respect
the Mafia is an example of an organisation which has a
deliberately created set of stable relations in order
to manage various criminal activities). Short-term
groups set up for fund-raising, for example, are not
organisations since they do not exist for the continuous
accomplishment of goals.
Let's summarise: "Organisation" assumes
Stability of posts or roles.
Purpose by deliberate creation.
Continuity and Continuity of accomplish–
Specifics ment and specifics as to
goals or objects.
THUS: An organisation is stable, deliberate, continuous and
has specific goals.
C. ORGANISATION IS FORMAL OR INFORMAL
HOW DO THEY DIFFER?
Roethlisberger, in his book "Man-in-Orgonisation", makes the
distinction between formal and informal organisation by saying that:
(a) formal organisation is the result of logical efforts towards
achievement of purpose, whereas
(b) informal organisation is the result of spontaneous social
processes which have no planned common purpose.

Formal organisation thus leads to standard methods of procedure and, since they are logical, they can be changed relatively easily and rapidly.

Informal organisation, on the other hand, leads to customs, traditions, and ideals. They are less logical and less easy to alter. Theyare concerned with "ways of life" rather than straight-forward ways of accomplishing goals.

Any administrator must understand and accept that these two types or organisation exist within one business. The rules and regula- tions, while logical and important, do not always carry as much weight as "ways of life". Working hours are, for example, laid down by rules but workers generally have their own ideas and feelings about how hard or how long they need to work. It is informal organisation that believes that seniority For promotion should belong to the man who has worked longest for the firm even if he does not have the necessary qualifications for the senior post. The logic of formal organisations believes that a young man joining the firm with all the qualifications required for the post may, and perhaps should, be placed in the senior position.

The human relations man who can understand that these two organisational systems exist side by side will be a far better administrator than theone who is simply sure of the logical rules of organisation.

Before we go on to discuss the "ingredients" of formal organisation, we must remember that logical as opposed to non-logical organisation does E91 mean good as opposed to bad. Too much logic will not allow for human failings and feelings; too little logic will not promote the practical functioning of the organisation at all.

FORMAL ORGANISATION HAS SEVEN ELEMENTS

Here we may modify a little the list of component elements given by Pfiffner (in "Human Relations in the Management of Men") and set down these six:

1. Hierarchy is basic.
2. Information means control.
3. Staff and Line-Roles are found.

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Delegation is essential.
Unity of command is found.
Division of labour is Used.
Co-ordination counts.
V001#
Now we'll look at each element in greater detail.
1. HIERARCHY IS BASIC
Whenever men get together and organise themselves in order to
accomplish a particular purpose, they form a hierorchx. In
any group there is a leader at the top, so to speak, with the
followers on descending levels of authority. The hierarchy is
best seen as pyramid since there is usually 22: chairman or
president, two or three vice-presidents, several heads of
departments, and so on down until there are, in big organi-
sations, hundreds of workers at the base of the pyramid.
A very simple organisational pyramid might look like this:
GENERAL MANAGER
ASSISTANT GENERAL MANAGER
DEPUTY DEPi n'y
G.M. G.M.
AREA AREA AREA AREA AREA AREA
MAN. MAN. MAN. MAN. MAN. MAN.
---- and so on, with each Area Manager supervising a number of Branch
Managers.
In theory, a Branch Manager refers gnlx to his Area Manager, who in
turn refers gnlx to his Deputy G.M. In fact, this over-simplifies what
actually happens, because there is always a great deal of informal
cross-communicotion at each level.

2.

## INFORMATION MEANS CONTROL

Good formal organisation requires those in key positions to
have access to all the information necessary to know whether
the organisation is functioning as it should. The actions, and
results of actions, of all personnel in the organisation
must be checked and listed for the information of the manage-
ment. If all this information is available the management can
control the whole organisation effectively. In some
organisations special departments exist to act as information
centres to ensure that the knowledge and facts needed to
reach effective decisions is available when needed.

## STAFF-AND-LINE ROLES ARE FOUhD

In every discussion on management organisation the words
"line" and "staff" crop up. Simply stated, "line" consists
of the people who do the job, and the "staff" consists of
the people who advise the line on how to do the job. To
illustrate: Nurses do the job of tending the sick - they are
the line and are supervised by line supervisors such as word
sisters or matrons. Doctors are the specialists who tell the
nurses how to do the job - they are then the staff. The words
"line" and "staff" are labels for differing functions of the
people who make up a business. Every organisation has a
specific purpose. Suppose the purpose is manufacturing and
selling bicycles. The manufacturers, the actual makers of the
goods, as well as the men who sell them, are the "line". The
"staff" would be the people who design new styles of bicycles
or work study officers who decide whether the job is being
done in the most economical and efficient manner.
Conflict often arises between line and staff. The line may
say that staff tries to assume authority, or fails to "see
the whole picture", or does not give sound advice. Staff may
complain that line resists new ideas or does not make proper
use of staff's special knowledge.The administrator needs to
understand this conflict and to resolve it in as objective
and practical a manner as possible. Where line and staff
co-operate and respect the importance of each other's positions
there is a healthy organisation.

4.

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DELEGATION IS ESSENTIAL

Every administrator who has the authority to delegate must
decide "who does what". He must tell A what work he is to do
and then leave him to do it. He must trust his subordinates to
do their work and must not try to control each small decision.
He must be able to tell B what men should work with him and
leave B to supervise those men. An administrator who cannot
thus delegate authority is inefficient: it is impossible for
one man personally to supervise all the men under him. Men
to whom insufficient authority is given are similarly
inefficient: most resent the implication that they are
incapable of working alone.

UNITY OF COVMAN) IS FOUND

This means that in each organisational unit there is 22:
person who can make decisions for that unit. Each employee must
know who his immediate superior is and must communicate with
him. The line ofcommunication from the worker to the manager
via the foreman and assistant manager is called the "chain of
anmond? This chain of command is the unifying force which
keeps an organisation functioning. If the person in the
middle of the chain is incapable of making suitable decisions,
the chain is broken. For example: a salesman has difficulty
with one particular customer; he applies to the sales manager
for help. The sales manager cannot make a decision, nor does
he take the problem further up the chain of command. The chain
is thus broken, the salesman cannot function, and the whole
organisation suffers.

DIVISION OF LABOUR IS USED

The best exanple of division of labour is the motor assembly
line where one group of men deals solely with, say, the body
work of the car, while others deal only withthe engine. One
group will point and another will check defects. One group
will have as its job the putting on of one small part and
will do only this day otter day.

Division of labour has been a source of argument and conterversy
for years. Some argue that only by division of labour can
people become efficient since they need know only one small
part of the whole job. Others believe that it destroys man's

individuality by turning him into an extension of a machine.
Generally speaking, there is much to be said for both
arguments and it should be possible for the management to
see to it that workers have sufficient variety to keep them
interested without burdening them with too many diverse jobs.

## CO-ORDINATION COUNTS

Unless properly co-ordinated the units composing an
organisation will tend to grow away from each other and
become independent. Units that should work together resist
co-ordinotion on the grounds that they are "different" and
the rules do not apply to their particular group. Sales
departments maerfuse to co-ordinate with production depart-
ments or editorial departments of newspapers may resist
co-operation with advertising departments. Human relations
men should be able to see and understand this tendency for
each unit in an organisation to isolate itself, and yet be
able to co-ordinate them for the good of the organisation
as a whole.

## E. INFORMAL ORGANISATION IS A SOCIAL SYSTEM

A social system exists side by side'with every formal orgqniso-
tion. This informal organisation may be healthy (when it is
concerned with the same aims and purposes as the management) or
unhealthy (when it is subversive or undercover in nature).
It often seems to be illogical, based as it is on the sentiments,
traditions and sympathies of people working together.
1.

## HEALTHY INFORMAL ORGANISATION

Example of healthx informal organisation are:
(a) Teamwork that increases production;
(b) Social situations that make people happy at work;
(c) Co-operation that "gets things done" even when
management fails or is absent; and
(d) The informal leader who controls the situation in
times of emergency.

2.

## UNHEALTHY INFORMAL ORGANISATION

Examples of unhealthx informal organisation might be:
(a) Rivalry between units of the formal organisation,
which results in tension;
(b) Dissatisfied employees who agree to "go slow".
Informal organisation is on important factor in keeping
lines of communication open between workers and management.
Should the formal chain of command not function, informal
leaders will almost always carry information and/or
complaints to the management.
Informal organisation, too, will set the work pace;
members of the group who work either too fast or too slowly
will earn disapproval. For example, a group of workers who
generally stop work at the some time and catch the some bus
home will resent one of the group constantly keeping them
waiting by doing extra work at closing time.

## F. INFORMAL ORGANISATION HAS SIX ELEMENTS

Here again, we may slightly modify Pfiffner's analysis.

### INFORMAL GROUPS

1.
2.
3.
4
5.
6.
They cross hierorchic lines, not all informal groups are
made up of workers of the some rank;
Produce informal leaders; and
Allocate special roles to individuals; so that
Communication inside the group is more rapid than in formal
organisations;
A "belief-system" or "way of life" exists which does not
always agree with management logic;
A struggle for power and position often creates conflict.
People band together in small informal groups in practically all
activities of life. This tendency is universal and generally
healihv both for the individual and for business.

Let's now formulate a definition of informal organisation:
Informal organisation isthe spontaneous bonding together of
individuals with common interests but not necessarily of the
some rank. The group usually has a leader and members with
special roles. Communication is rapid and the group has
its own belief systems and hierarchy.
Organisation charts do not usually attempt to illustrate the
inter-personal relationships which tend to develop when people
work together in groups which may be called "natural unit groups"
and which are often referred to as Brimory groues in an
organisation. The larger bodies, such as departments, within
which they function are described as secondary groues. The
individual members of a primary group are linked by a personal
relationship; not necessarily a feeling of liking for each other
- indeed it may be dislike or indifference, but nevertheless a
personal attitude of some sort which necessarily has a bearing
on the work of the group as a whole. The inter-relotionship of
the secondary group is more formal, and the attitude of the
individual members of each secondary group to the individual
members of other secondary groups is determined largely by the
extent to which the work of the two groups intertwines, or runs
counter to the other.
The point to note is that although the primary groups are
informal, they cannot be overlooked by management. Indeed, they
may play a significant part in management. The group must
inevitably acquire an attitude towards its job, towards the
management of the organisation and to other groups; unless it is
a very small group it will, perhaps subconsciously, choose a
leader or a spokesman who may represent the small group in
discussions with supervisors or senior executives. Further, it
must inevitably feature in the lines of communication; inform-
ation may go round the group informally by way of the "grape
vine", but in spite of its unofficial nature, management should
Use this line of communication rather than attempt the probably
impossible task of abolishing it.
Itis generally recognised that informdl groups play on
important part in industrial relutions,and in the maintenance
of discigline in an organisation. To change human behaviour, 0

more effective attack may be made through a group than through
each member of a group individually, and exercising legitimate
control over social activities through the groups may have a
better effect on discipline than trying to break them up on the
misunderstanding that they are necessarily subversive in nature.

0. THE CLIQUE IS AN EXCLUSIVE GROUP
(You may not have met the word "clique": it is pronounced "cleek")
People who associate on a fairly intimate basis and remain isolated
from the rest of society are often said to belong to a clique.
Pfiffner defines a clique as "an intimate association of a few;
exclusive and isolated, and often snobbish".
The type of clique will depend on where the common interests are
found. They may be:

1. COMMON INTEREST ON THE JOB, which may include proxmity,
seniority, or common work content. Formal organisation
might arrange that A,B and C work at the same job or in
close proximity to each other. Informal organisation
will usually result in A, B and C forming a clique - a
group with common interests.

2. COMMON INTEREST OUTSIDE THE BUSINESS, where such things
as education, race, religion, even hobbies, contribute to
the formation of cliques.
Administrators or supervisors mUst recognise these groups
and either arrange for likely people to work together or try
not to re-group already functioning groups. Grouping is natur-
al and contributes towards the successful operation of a
business. Employees may even turn down promotion in order to
remain with their own group.
Now see it as a whole. Try to form a mental picture of a
large business concern. It is run by the formal organisa-
tion - by the management, via a chain of command. The
informal organisation takes care of the employees at a
more personal (and often less logical) level. Within, and
part of, the informal organisation are groups of people with
common interests which contribute to their social satis-
factions.

i. DESIGNING A STRUCTURE

"Organising" means creating a work structure by dividing and sharing out necessary work amongst personnel. A useful definition of the word "organisation" is given by Koontz and O'Donnell in their book "Principles of Management":

"The grouping of activities necessary to accomplish objectives, the assignment of these activities to appropriate departments, and the provision of authority, delegation and co-ordination?

There are two general guidelines to be borne in mind when designing such a structure:

1. FLEXIBILITY

.Flexibility is more vital now than it has ever been. The pace of change in the environment and the advancement of technology are both militoting against rigidity. A structure which is incapable of rapid adaptation to change is increasingly in danger of failure.

An organisation must be structured in such a way that it can change direction to meet different needs. In systems terms it must have the characteristic of "equifinolity".

The problem is how to attain a structure which is flexible, hos equifinolity, and yet is under control. The answer depends on another of the system's characteristics, namely "regulation".

Basically, the enterprise is regulated by plans, which guide the sub-systems towards system objectives. The system is controlled, then, by feedback of information compared with standards contained in the plans; this is the regulation process known as the "cybernetic" process.

The implications of this concept for organisational design are significant. The concept of cybernetic control implies that a closed system'controls itself. In practical terms, this is the sort of system we want in a business sub-system. If it controls itself, in accordance with the plans given it, then less information needs to be passed, less centralised

control is necessary and so on. (Note that we are here
talking of the sub-system in terms of its information flow,
control procedures etc. Obviously, viewed as a social system
it is not closed, nor can it be.)

The other type of regulation process is "learning", which is
virtually identical in aim to the principle of flexibility
we are discussing. The difference between the two approaches
is one of degree. The traditional, principle recognises that
there is something which needs periodic review. The systems
designer would insist that somewhere in the organisation
system there would be a sub-system with the specific
objective of monitoring system performance and changing the
structure in the light of that experience.

## 2. SIMPLICITY

Simplicity and clarity are important for the very important
human reason that people like to know where they are. They
like to know where they fit into the organisation they work
for, what their role is, how their job relates to other jobs
and so on. A serious cause of conflict in the organisation
is frustration caused by the feeling that people are merely
minor parts in a very large machine which they do not
understand and do not know how to control.

I. SPECIALIZATION was originally known as the "division of labour"
and students of economics will be aware of the many economic
advantages and disadvantages resulting from the rigid application
of the ideas of early pioneers like Adam Smith.

Very briefly, the factors for the division of labour are:

(a) By concentrating on one small part of a job only, by doing
the same job every day, a specialist is created.

(b) Specialist workers achieve greater output and accuracy.

(c) Control is facilitated.

Factors against the division of labour are:

(a) Boredom can result.

(b) Jobs become insignificant.

(c) Workers use only a few of their abilities.

While traditional authors had many views regarding where the division of labour should start or stop, they all agreed that regardless of the extent of division amongst workers, ultimate control had to be centralised. The "scalar chain" and "span of control" (to be discussed) are of interest here.

Specialization has certainly survived to the present day (certain staff and functional departments are the best examples) but is not applied in the some dogmatic way for which it was justifiably criticised. Assembly lines still exist, it is true, but one generally finds that today, the accent is on specialist deeart-ments, not organisations.

Rigid structuring brought about by traditional specialization appears to be on the wane as well. The chief reason for this is undoubtedly that the pace of modern business can make a new department irrelevant by the time it is operational. The ability to adapt to change is essential for the organisation to survive, unlike those operating in the days of Smith.

It is important to remember that we are here discussing specialization and how it affects the organisational structure, for to say the seecialists are on the wane would be completely contrary to observable facts: Neither are we looking at the economic or social influences on the labour market and employment prospects for the specialists.

One can say that in general (with notable government organisations and others as exceptions) the organisation of today has used the best parts of the theory and discarded the worst - the objective being a fluid management structure working with a dynamic personnel within a progressive organisational framework.

Once, structure was determined by various principles and theories. Today, practical considerations and the exigencies of market situations make such policies a luxury of the past.

J. SHAPE OF THE STRUCTURE
1.
SCALAR CHAIN
The shape of the traditional organisation structure is that
of a pyramid. It takes the form of a hierarchy. Through this
hierarchy runs what is known as the scalar chain.
When Fayal first formulated this concept he felt it to be one
of the most important principles of organisation. As he saw
it, there must be a clear line of authority stretching from
the lowest level in the hierarchy to the highest. In his view
any communication going to or coming from the chief executive
(or any other executive for that matter) must pass through
the hands of every intermediate level on its way to its
destination. No-one must be by-passed.
This is still held to be true, as is seen by a quotation from
Kroontz and O'Donnell who state:
"A clear understanding of the scalar principle is necessary
for proper organisation functioning. Every subordinate must
know who delegates authority to him, and to whom matters
beyond his own authority must be referred. Although the chain
of command may be safely departed from for purposes of
information, departure for purposes of decision making
destroys authority and undermines managership itself".
The hierarchy, then, is seen as a series of job positions
tied together by authority.
The principle of unity of command is, of course, closely
related to the scalar chain. The problem with this apparently
obvious idea of "one man, one boss" is that it works best in
an enterprise whichis not subject to rapid change and which
does not depend on a highly advanced technology. In a system
which characteristically changes rapidly and which con-
tinually experiences technological innovation, it does not
work well at all.
For example, the change agents in the system (those people

who bring about, or act as catalysts for, change) may well
be subordinates with such highly advanced technical
specialisms that they cannot be given sensible orders
because their "superiors" simply do not understand what is
going on.

Furthermore, there are more and more situations in modern
industry where no one man knows or can know sufficient
about a project to be able to manage it on his own. In these
circumstances the "manager" will be a team.

As Hopemcn says in "Systems Analysis and Operations
Management":

"If you see the firm asmade up of information Flows and
decision centres, it is possible to visualise a exnomic
structure where the hierarchy loses its effect; where a
project controller will have many bosses, each with a
different decision area".

For these reasons, several new forms of organisation
structure have evolved in recent years, particularly for
producers of large, technologically adVanced, one-off
products, e.g. consensus committee management, project
management and matrix management.

(a) Committee Management

Until recently, a committee was normally seen merely
as a staff body, giving adv ce to whomsoever
instituted it. This is not the type of committee we
mean here.

In the sort of highly technological and complex
business we are discussing here it is often impossible
for one man to grasp all the relevant factors required
in managing the organisation. To overcome this there
has grown up a kind of executive committee which is in
effect a body of people acting jointly as a manager.

(b) Project Management

Project management is a rather more important newcomer.
The fundamental idea is to create a flexible organi-

sation structure which will change as current needs
change. To do this, the structure consists of a basic
semi-permonent structure of strategic planning and
functional management areas, and a superimposed
pattern of changing operational managers. Thus, against
a fairly conventional organisational background, h1ere
are a series of people who have responsibilities for
s ecific projects, and whose job will disappear when
the project is completed, when personnel will be
re-allocated. Of course, many such projects continue
for a long period of time.

This sort of flexible management appears in various
guises. In its most extreme form it is an organisation
which is identical with primary product deportmentotion.
At the other end of the scale is the situation where
the product manager is a staff man reporting to the
chief executive. In the middle is the so-called matrix
management structure.

A typical use of project management is the method known
as product or brand management used by many marketing
oriented companies.

The pure project-based organisation would look
something like Figure 1.

Here we see that the project manager is virtually
autonomous and has been given complete control of all
the resources and skills he needs for his projects.
Indeed, he has virtually a mini-tirm of his own.

This is identical with the large profit-decentrolised
Firms working under the traditional theory.

This indicates the main disadvantage of this type of
structure for a multi-project firm. For many firms,
the duplication of resources and facilities is often
too great to_prove e onomic.

Furthermore, as the functional specialists (Finance,
Marketing, etc.) on the top level are simply staff
departments, there is nowhere for the project
Functional stcft to go to when the project Finishes.
Nor is there CHy co-crdinatod effort at improving the
compnnv s funttioncl exportisv.

MD.

I I l I . __7

Finance Engineering Operations Marketing etc.

Project Project

A B

Finance Engineering Production Finance Production etc.

Mar eting Engineering Marketing

FIGURE 1.

On the other hand, because there is one man clearly responsible for each project, with line authority over every aspect of its, the project itself will receive a full measure of support.

The opposite type of structure would look like Figure 2.

MD

Project Manager

Engineering Finance Production Marketing etc.

FIGURE 2.

Here we see a completely traditional structure where the Project Manager is a staff man reporting to the Managing Director. In this situation he has no line authority whatsoever. All he can do is to act as a liaison officer dealing with all aspects of the project. Clearly, officially he makes no decisions; these are made by his boss,the Managing director. Nor can he force any of the functional managers to c act in a specific way. He must depend on personality, competence, persuasion and a subtle use of the power structure.

## NLMBER OF LEVELSQAHD SPAN OF_EQNTROL

The actual shape of the pyramid is controlled by two opposing
principles, namely the principle of minimum number of levels
in the hierorch and the principle of the span of control.
(a)
(b)

### Number of levels in the hierarchy

The more levels there are in the hierarchy, the more
difficult and lengthy become the communication lines.
Decisions which need to be taken at the highest level
take a dangerous length of time to be put into effect
at the lower levels, slowing down the organisation's
reaction to threat. Changes at the operating level
or also slow in reaching the ears of the top ranks,
equally slowing down reactions.
Furthermore, if there are a large number of levels
between an operator or supervisor and the chief
executive, there tends to be an exaggeration of the
"them v. us" feeling which is so dangerous to
co-operotion.

### Sean of control

The span of control principle, stated at its simplest
says that the number of people supervised by any
individual should be kept to a minimum - figures
between four and seven have all been offered as maxima
by various authorities.
Before going on to discuss this principle at greater
length, it must be said that these two principles
conflict. The reason for this should be clear. Take
the situation where you have 64 operatives. If the span
of control is eight, then you need eight supervisors,
each with eight men. These eight supervisors can be
supervised by one man. Thus, you need three levels
only. However, if you limit your span to four, you
need sixteen first-line supervisors each with four
men. To supervise that sixteen, you need another four,
and to supervise these highest four, you need one
more. You have thus got four levels.

3.
A THEORY OF ORGANISATION. PAGE 21.
There have been many attempts to define a standard
figure for a maximum span, beginning with Foyol's
belief in four. There is even a well-known formula
for working out the number of inter-relationships
which exist within a working group of any particular
size, based on the argument that the number of these
inter-relationships is what makes supervision
complicated. The formula, as worked out by Groicunas
15:

n

x : n (g e n-l)

where x : number of relationships and n : number of
subordinates.

Most modern theorists, however, refuse to offer a
specific figure, and it is interesting to see that
practitioners have no fixed ideas either. Indeed,
a survey, carried out as long ago as 1952, showed
that American firms were, in practice, ignoring the
guides even at the top level.

The American Management Associatidn surveyed 141
companies "with good organisational practices". The
number of subordinates reporting to the President (MD)
ranged from 1 to 24. The Presidents of 55 of the
companies had a span of 10 or more. The median for the
100 large companies (5 000 employees or more) was
between 8 and 9. The median for the remaining A
companies (500 employees or more) come between 6 and
7.

However, although no firm guide to an exact number of
subordinates can be given, the concept is important
if only because it makes managers consider the question
explicitly.

LIMITING FACTORS ON THE SPAN OF CONTROL
There are five main considerations likely to be of
influence:

(a)

The nature of the sueerior

(i) His ability (or willingness) to delegate
authority;
(ii) His ability to train and motivate his subordinates
successfully;
(iii) His ability to plan and clarify objectives. This
is especially true in the context of making
policy;
(iv) His personality (his "charisma");
(v) Even his physical fitness, and the amount of
energy he has.
(b) The nature of the subordinate
(i) His ability (willingness) to work without close
supervision;
(ii) His technical competence;
(iii) His personality, energy and health.
Note: This depends on proper selection and proper
training to a large degree.
(c) The technicolitx/comglexitx of the Brocess involved
The effect of technology on span of management was
demonstrated very clearly by a study carried out by
Jean Woodward between 1953 and 1957 in South-East
England. It showed:
Number reporting to:
1st Line Super-
Chief Executive visor
Unit and Small Batch 4 22
Large Batch and Moss 7 48
Process 10 12
FIGURE 1.

(d)
(e)
A THEORY OF ORGANISATION. PAGE 23.
The Figures shown here are median figures, and Joan
Woodward was able to show that the more successful
firms tended towards the median, whereas firms which
were unsuccessful did not. Significantly, the highly
technical process industries had larger spans at the
top level, but smaller spans at the lower level.
This is because there is more.delegation in this type
of industry. The role of the chief executive is
different, in that he does not make technical
decisions - these are made at lower levels.
Stobilitx of the entererise
Rapidly changing situations demand rapid and frequent
decisions at high level. Therefore, the number of
subordinates which the higher executives can handle
is fewer.
The amount of assistance Brovided
If the manager has specialist "staff" assistance from
outside his own department to help him collect and
analyse information for decisions, he can handle more
people.
REASONS FOR EXPANDING SPAN WHERE POSSIBLE
_____
(a)
(b)
By expanding the spun at each level the humber of
levels in the hierarchy is reduced giving better
communication, quicker decisions, and fastei reaction
shop-floor emergencies. Furthermore, the lowest levels
do not, perhaps, feel so much like cogs in a machine
if the hierarchy doesn't tower too high above them.
It forces the superior to slocken supervision. There
are several studies which show that there is a
correlation between relaxation of supervisidn 0nd
"productivity-with-moro1e high", especially at the
level of clerical operators.
There is one fascinating case study at a somewhat
higher level. While Robert Brook was president of
Sears, Roebuck, he carried out an exercise in which
he arranged his many stores into two groups. The

first group was of stores where the Store Managers
organised their stores in such a way that Up to 30
departmental heads reported directly to the Store
Manager, i.e. the span was 30. The second group
was of stores where the 30 departmental heads report-
ed to another level of management below the Store
Manager, himself, i.e. where the top man's span was
about ten or fewer. The first group, with spans of
30, were found to give higher sales, profit and morale
than the more traditionally arranged group. Sur-
prisingly, the study also revealed that communications
between managers and subordinates, and vice versa, were
greatly improved.
(0) To force managers to delegate, and thereby fit their
subordinates for future higher roles.

K. i GENERAL CRITICISM 0F TRADITIONAL THEORYl
There was a time when management was neither a science nor an art not
anything but a series of unenlightened, ad hoc, trial and error
attempts to get things done. Taxlor introduced certain principles
of scientific management. The classical school (or traditionalists)
adopted Taylor's principles but sadly misinterpreted them.
The human relations approach (or the behaviouralists) were
critics of the classical approach. The "human relations" approach
began, therefore, as a reaction against what was seen as the
traditionalists' lack of humanity. It was a reaction against the
unenlightened practices and excesses of those managers who
misinterpreted Taylor's principles of scientific management;
these managers looked upon workers simply as extensions of the
machines and not as individual human beings.

I. THE BEHAVIOURALIST VIEWPOINT
The behaviouralists made certain claims which may be
summarised as follows:
(a) People are a vital component of any organisation,
both as job holders and as people in their own right -
- an organisation is a social thing as well as a

(b)
(C)
(d)

A THEORY OF ORGANISATION. PAGE 25w

work thing. The classicists, it is argued, do not recognise the non-work aspect of people, nor do they take into account the influence different organisational arrangements have on the behaviour of members. There is, in other words, a reaction between the way in which a structure is built and the people in it. The traditional manager, so it is said, does not consider this interaction.

There is a tendency for the classical approach to concentrate on the physical and technical capabilities of employees (perhaps with the addition of intelligence) to the exclusion of all others. For example, a man's emotions such as pride, 0 need for comradeship, the liking for a challenge, etc. are not considered in classical structuring.

Traditionally, following early motivation, it was believed that workers were similar to "economic man" in that they would always react in a way which would reflect their own individual interest. This was interpreted to mean that if you paid a man more he would work harder. Again, if you threatened him he would be more careful to do what you wished. This is known as the "carrot and stick" approach.

The basic belief of traditionalists, then, is_that individuals are passive instruments content to do as they are told rather than individuals who demand the right to help create their own environment and future. They do not take account of the wide range of interests most employees have, many of which do not conform to the company's needs.

2. AREAS OF DISAGREEMENT

(a)

Seecialisation

Those favouring the "human approach" are, in general, much less willing to advocate specialisation in order to obtain skill at the job. Efficiency in this narrow sense is not what they aim at. They argue that although (or because) specialisation reduces learning time and makes a job easier, the resultant jobs are insignifi-

cant; there is nothing in them to satisfy the highest
needs of any human being. Thus, people come to work
merely to gain the wherewithall to satisfy their basic
needs, and fill all others outside. This means that
their highest endeavours are never used in the work
situation.

In short, this school of thought dislikes the idea of
forcing a man to use only a few of his many abilities.

Unity of direction

The classical argument is that efficiency increases if
each unit has a single activity (specialisation) which
is planned and directed by the leader of the unit. But,
say the behaviouralists, this ignores the indiVidual's
need for psychological growth, and this is achieved
only when the individual is able to define his own
goals in relation to his inner needs. Thus, unity of
direction without genuine involvement in planning and
decision making will disturb the psychological make-Up
of the work force and so attack the efficiency it was
aiming to produce.

Scalar chain

The classical concept of authority running as a clear
line from top to bottom of the organisation is seen by
the human relations exponents as being a further
destroyer of the psychological health of the subord-
inate. As Argyris points out in his book, "Personality
and Organisation", this idea means that individuals
must be motivated to accept direction, control and co-
ordination from above. The impact of this is to make
them "dependent on, passive toward, and subordinate to
the leader". These are the characteristics of the child,
not the adult. We are treating our work force as
children.

Some researchers would go further than this. Argyris
claims that practising the classical concept of
authority is inadvisable and counter-productive. Writers
like Barnard, and Tannenbaum argue that it is
impossible that such authority does not exist.

(
x
.d)
A THEORY OF ORGANISATION. PAGL 27.
The classical definition of "cuthcrity" is the'iight
and power to command"t Barnard and Tannenbcum both
argue that even if the right exists, there is no power.
"The real source of the authority possessed by an
individual lies in the occeEtance of its exercise by
those who aresubject to it. It is the subordinates of
an individual who determine the authority he may
wield". (Note: 'Recognition of authority" would
reflect the_;ubordinotes' attitude more accurately).
In practice this is quite true. There are a myriad
ways in which a subordinate can prevent the exercise
of a superior's Formal authority, often without the
superior being aware of it - slow work, mistakes,
"lack of knowledge", "sickness", etc. Indeed, even if
the subordinate is discovered and sucked, the superior
has still not exercised his authority - he still has
not got the job done and the order still has not been
obeyed.
Sean of control
The principles that the span should be kept sMall
enough to ensure close control From above is also
attacked. (Note that here the school is attacking
an extreme view of the traditional school - many
traditionalists do not believe that the span should
be small.)
Where the span is small, it is said, supervision
must become tighter which of necessity lowers work-
force morale and increases the feelings of dependence,
submissiVeness and passivity talked of earlier. There
are several studies which claim to show that morale is
lowered by tightness of supervision, but unfortunately
some of which show that productivity can increase under
the same conditions. The link between morale and
productivity is a very tenuous one which has hot been
researched sufficiently to give a definitive answer.

However, it is a reasonable assumption from experience
that close supervision, especially over a very long
period of time, does not help the subordinate to grow.
In order to develop a man's potential he must be
allowed, to some extent, to go his own way, to make
his own mistakes, and to "carry his own con".
L-
This theory gives a great deal of weight to the relationship
between the organisation and its environment. The basic idea of
the contingency theory is that the nature of the organisation's
technology, its size, its legal incorporation, the character of
its markets, and other factors confront the organisation with
some opportunities as well as constraints and problems and
therefore determine the organisation structure. This idea is
on extension of the biologist's view of the odoptotion of living
forms to their environment.
A contingent relationship can be simply thought of as on "if-
then" functional relationship. The "if" is the independent
variable and the "then" is the dependent variable. In contingency
management the environment serves as on independent variable.
For example, if prevailing social values are oriented toward
nonmateriolistic, free expression and the organisation employs
professional personnel in a high technology operation, then a
participative, open leadership style would be most effective for
goal attainment. 0n the other hand, if prevailing social values
are oriented toward materialism and obedience to authority and
the organisation employs unskilled personnel working on routine
tasks, then a strict, authoritarian leadership style would be
most effective for goal attainment.
Although the environment variables are usually independent and
the management concepts and techniques are usually dependent,
the reverse can also occur. In some cases management variables
are independent and the environment variables are dependent.
For example, if a very participative, open leadership style is
instituted by top management, then personnel will respond by
exhibiting self control and responsible social values.

One of the first studies on Contingency Theory was done by Joan
Wood 0rd in 1958. She found that the differences in technology
accounted for differences in organisational structure( Further
studies were done by Paul Lawrence and Jay Lorsch.
Contingency Theory has had a profound impact on contemporary
organisational theory and design particularly as the classical
approaches to management can be incorporated into the contingency
framework.
Its most important advantages are in identifying the variables
that have a major impact on the overall design of the organi-
sation, such as size, technology, and the nature of the
environment, and then in predicting the differences 1n the
structure and functioning of organisations that arise because of
differences in these variables.
An important thing to remember is that for such contingency
relationships to be part of contingency management and serve as
effective guidelines for practitioners, they must be empirically
validated.

M. "THE ORGANISATION MAN"

We will now discuss the theorising of W.H. Nhyte, published in
his book "The Organisation Man". Whilst the book has suffered
the usual criticism of theory not based on research, it puts
forward interesting and controversial views on organisations
today and how they affect the individual.
thte writes about the organisation man as a person who is
neither an executive nor a blue-collar worker. He could be
described as a junior executive. These are workers who will
never reach the heights of management and yet are prepared to
diminish the importance of their home life (in suburbia) and
make it subservientto that of the organisetion. The typical
organisation man is found normally in large organisations but
he can also be found in small companies.

The Social Ethic
"Organisation man" believes in the social ethic, which is
a body of thought legitimising pressures of society against
the individual. The social ethic includes three main
propositions:
(a) A feeling that nothing can be achieved unless it is
rooted in a group. The group is the source of
creativity and at the same time security for the
individual.
(b) Only as a member of the group can the individual feel
a sense of belonging.
(c) Group aims can be met only by the application of
science.
Needless to say,the social ethic is a utopian ideal.
Basically, it holds that there is no real difference
between man as an individual and man as a member of a group.
Only by sublimating individual aims in the aims of the
group as a whole can achievement be brought about.
Associated with the social ethic is Scientism - the belief
that all aspects of society can be studied scientifically.
Even human happiness is seen as capable of being studied
scientifically so that the conditions leading to happiness
can be identified. 50 great has this passion for measure-
ment become that we are bombarded by a mass of pretise
facts.Whyte denies that the richness of human society can be
reduced simply to cold scientific theory. Let us see what
he says:
thte's Critigue
The sense of belonging to organisations has developed as
organisations themselves have grown. There is nothing
wrong in feeling secure in belonging to a group. Indeed
we belong to many groups and it is the breakdown in some
of these groups, such as the family, and the fact that
they have not been replaced, which has led to feeling of

insecurity in many individuals. What then does Whyte believe
is wrong about this emphasis on groups?
(a)
(b)
(C)
Firstly, he sees nothing wrong in an individual be-
longing to many groups; the rich social nexus can
benefit him as an individual. But the over-emphasis
on one group to the detriment of all others is not
so healthy. The group which has generally taken over
as the dominant one at the present time is the
organisation.
Secondly, there is the belief in the group as a
creative vehicle; yet as Whyte notes people think as
individuals,not as members of a group, and they create
as individuals as well. By concentrating an agreement
the group inhibits creativity, although it is a
suitable vehicle for carrying out agreements.
Thirdly, there is the emphasis on groups which don't
exist! There is a tendency to refer to groups when
they should more properly be seen as just collections
of people. It takes more than this to form a group.
But over-emphasis on group belonging has a practical
value. By being inculcated in "group norms" ahd over-
come by the sense of belonging we are less able to
see any deviations from group norms as being desirable.
There is no feeling of hardship about this. We are
delighted to act as free-thinking'members in a demo-
cratic arrangement. We see benefits in the current
situation, but are they false? Is both the individual
and the organisation the poorer for the over-emphasis
on the individual as a member of a group?
The conclusions Whyte draws about the social ethic are
dampening. The most depressing features of the ethic are:
(a)
(b)
That people have begun to feel a moral obligation to
be gregarious and to seek pleasure in group rather
than isolated activities.
That people have an unwarranted belief that they are
pawns in the environment Of organisation systems.
No longer looking for ways in which they can adapt
the environment, they are happy to be swept along
by it.

(c) The belief in the rightness of the group and the
way the group is operating at any one time, i.e. there
is a tendency to inhibit innovation.
(d) Over-emphasis on the importance of the group as a
provider of a sense of belonging for the individual.
Research has shown that supervisors who concentrate
on creating a tightly-knit, happy group may create
a group with a sense of belonging but not much else!
Productivity and happiness don't necessarily go
together.

S U M M A R Y

A. l THE MEANING OF ORGANISATIONl
There are two definitions of Organisation:
1. A number of people united for a certain purpose.

The total of arrangements existing for securing
collaboration between the members of a group.
The organisational framework has two distinct parts:-
E Informal organisation or social systems; and
2. Formal organisation or management systems.

B. i ORGANISATION IS FORMAL OR INFORMAL!
Definition: Formal organisation is a set of stable social
relations deliberately created, with the explicit intention
of continuously accomplishing some specific goals or purposes.

,A THEORY OF ORGANISATTSN" Pubi BJs
Definition: Informal organisation is q sponfcnecus bonding
together or 1nd1v1duuls wlth commcn 1nteresfs but no SpEClTIC
common goals.

1. NECESSARY FACTORS IN FORMAL ORGANISATION
_____

(0) Stability.
(b) Deliberate creation, on purpose.
(c) Continuity of accomplishment.
(d) Specific goals.

2. COMPARISON BETWEEN FORMAL AND INFORMAL ORGANISATION
__._____._____._____. ____

Formal Informal
(0) Logical effort towards (a) No conscious common
goals. purpose.
(b) Deliberate creation of (b) Spontaneous creation of
group. group.
(c) Standard methods of (c) Nonustandord methods of
procedure. prodedure.
(d) Often written rules (d) No written rules but
custom and tradition.
(e) Patterns can be ' (e) "Ways-of-life" resist
logically changed. change.
(f) Too much logic ignores (f) Too little logic
human feelings. results in mal-functions.

3. THE COMPONENTS OF FORMAL ORGANISATION
Hierarchy is basic.
Information means control.
Staff and Line Roles are found.
Delegation is eSSential.
Unity of command is found.
Division of labour is used.
Co-ordination counts.

I. THE SOCIAL ASPECT 0F INFORMAL ORGANISATION
VOsUI-th-I

E.

F.

A THEORY OF ORGANISATION. PAGE 34.

Heolthx informal organisation promotes the aims of management. Unhealthz informal organisation results in rivalry and dissatisfaction.

Informal organisation:

1. Keeps lines of communication open.
2. Sets the work pace.

THE COMPONENTS OF INFORMAL ORGANISATION

Informal groups not necessarily according to rank.

Informal leaders.

. Special roles.

Rapid communication.

. A "belief-system".

Struggles for power.

EXCLUSIVE GROUPS

An isolated group of a few people with an intimate association Ls called a clique.

O&UI-thri

Cliques are made up on two bases - work interests and social interests (or personal interests). Cliques generally contribute taucrds the satisfactory running of organisations.

IDESIGNING A STRUCTUREl

Organising means Cleating a work structure by dividing and sharing out necessary work amongst personnel. When designing a structure FLEXIBILITY and SIMPLICITY are extremely important guidelines.

A THEORY OF ORGANISATION. PAGE 35.
Remember the concept of the Scalar Chain which runs the
hierarchy of the organisation. The Span of Control relates to the
number of levels in the hierarchy.
Limiting factors on the span of control are:
(a) the nature of the sugerior.
(b) The nature of the subordinate.
(c) the complexity of the erocess involved.
(d) the stability of the entererise.
(e) the amount of assistance provided.
Components of the structure are determined by the objectives of
the enterprise.
H. GENERAL CRITICISM 0F TRADITIONAL THEORY
1. BEHAVIOURALIST VIEWPOINT
Managers looked Upon workers as mere extensions of the
machines and not as individual human beings. The behaviour-n
lists mode the following claims: I
(a) An organisation must recognise the fact that
employees are human beings in their own right just
as much as they are workers. '
(b) Employees' emotions and aspiratione must always be
considered.
(c) The "carrot and stick" approach was to be discouraged
in favour of more modern forms of motivation.
(d) Workers are individuals who have the right to help
create their own environment and future.
2. AREAS OF DISAGREEMENT
(o) Specialisation leaves nothing in a job to satisfy
the highest needs of a human being.

(b) Unity of direction without involvement in planning
and decision making will erode the very efficiency
aimed for by management.
(c) Conventional organisation leads to workers being
treated like children, "dependent on, passive toward,
and subordinate to the leader".
(d) Where the span of control becomes smaller, supervision
becomes tighter and morale and independence suffer
accordingly.

I. CONTINGENCY THEORY
The basic idea of contingency theory is that the environment
of the organisation determines the organisation's structure.
It relies on the "ifhthen" idea.
This theory has had a profound impact on traditional approaches
to management.
Its most important advantage is in identifying the variables that
have a major impact on the overall design of the organisation.

J. THE "ORGANISATION MAN"
The "Organisation Man" idea is based on thte's work. It is
based on the social ethic which emphasises the importance of the
group and the impact of science. Whyte crtiticises this approach
strongly. Study his criticisms again.
Once you feel that you have understood and remembered the topics
covered in this lecture, try this:

_____

SELF-EXAMINATION QUESTIONS
(0) Quote Stinchcombe's definition of an organisation.
(b) What are the four main characteristics of a formal
organisation?
(0) What are considered as six elements of formal
organisation
(b) How does Roethlisberger differentiate between formal
and informal organisation?
(0) What is the chief criticism levelled at classical or
traditionalist theory?
(b) What criticism can be levelled against behaviouralists'
early research?
(a) Behaviouralists attack four specific tenets of traditional
belief: say what these tenets of belief are.
(b) Human relationists base most of their theories on the
findings of
(a) What appears to be the human relotiodists'
principal
tenet of belief?
(b) Upon what aspect of an organisation did the
y apparently
concentrate?
(c) What kind of organisation did they envisage?
What would be the aim of such an organisation?
(0) Research in group behaviour he
s produced five important
findings: what are they? '
(b) Give five reasons why role and stat
us are important to
a worker. _ .

A THEORY OF ORGANISATION. PAGE 38.
(a) Formal organisation has a ....... ethos; informal,
organisation has a ...... ethos (characteristic system).
(b) Give four examples of healthy social organisation.
(c) What can cause an unhealthy situation to arise?
List Pfiffner's six elements of an informal organisation.
ANSWERS T0 SELF-EXAMINATION QUESTIONS
(0) 'An organisation is a set of stable social relations,
deliberately created, with the explicit intention of
continuously accomplishing specific goals or purposes.'
(b) Four main characteristics:
(i) Stabilitx of posts or roles
(ii) Pureose, deliberately created
(ii Continuitx of accomplishment
(iv) Seecificitx as to goals or objectives.
(0) Elements according to Pfiffner (slightly modified):
(i) Basic hierarchy.
(ii) Information facilitates control.
(iii) Responsibility is delegated.
(iv) Unity of command exercised.
(v) Division of labour organised.
(vi) Cosordination is effective.
(b) Roethlisberger's differentiations:
(i) Formal organisation is the result of logical
Zi.e. based on reason) efforts towards achievement
of purpose.
(ii) Informal organisation is the result of spontaneous

social processes without planned purpose.
(Note: Or you could look at it this way -
- People are 'tailored' to fit into a
formal organisation.
- They drift together to form an informal
organisation.)
(0) Troditionalists criticised - they treated men as if they
were machines.
(b) Criticism of behoviourolists - they treated people as if
they were human beings, certainly, but exhibited a
tendency to regard them as human laboratory subjects, and
seemed to expect them to behave according to preconceived
theories.
(0) Tenets of traditional belief attacked were:
(i) the value of specialisation
(ii) unity of direction
(iii) limitation of span of control
(Note: This was a controversial point, even among
traditionalists.)
(iv) scalar chain of command.
(b) The behaviourists.
(Note: There is a subtle difference between pure behaviour-
alists and human relationists:
Behaviourolists are interested in behaviour as such -
not unlike a child at the 200, who, when you identify
an animal for him, says, 'Oh. What does it DO?'
Human relotionists, who are often do-gooders,
concentrate more on feelings than on behaviour).

_____

(a) Human relationists held that the right kind of organisa-
tional environment will stimulate people to exert them-
selves for overall goals.
(b) They concentrated on the creation of the right sort of
environment to lead the worker to identify himself with
the firm and its goals.
(Note: Their ideas are well-meaning, but often woolly:
it is as if they believed that a man in the right
environment couldn't dothe wrong thing.)
(c) They envisage a firm in which
(i) the objectives of the concern can be achieved while
satisfying at the same time the objectives of its
members.
(ii) absenteeism can be reduced by encouraging high
productivity.
iii) the stimulation of co-operation will have the
effect of avoiding destructive industrial strife.
(0) Getting more out of the workers by keeping them happy, in
their work.
(b) Herzberg would have reminded them that what motivates a
worker does not emanate from environment and administration,
however good.
(a) Group research findings:
(i) The importance of social considerations;
(ii) The cohesiveness of work groups and the control
that they exert;
(iii) Many people foolishly gauge the status of others
by the make of their car or the size of their office.
(iv) Too much emphasis on status raises barriers between
people; communication and co-operation are ruined.

(v) Expectations officially aroused may differ wildly
from reality experienced: this destroys trust.
(Note: The details of this section are very important: study them
thoroughly.
(b) Reasons for the importance of status and role:
(1) A person's formal (work) role inevitably differs from
his informal (social) role.
(ii) Conflict arises when a person is placed in an
unsuitable position: psychological tension results.
(iii) Many people foolishly gauge the status oF others by
the make of their car or the size of their office.
(iv) Too much emphasis on status raises barriers between
people; communication and co-operation are ruined.
(v) Expectations officially aroused may differ wildly
from reality experienced: this destroys trust.
(a) (i) A working or economic ethos;
(ii) a social ethos.
(b) A healthy organisation is one where:
(i) Good team spirit exists; this increases productivity.
(ii) A happy atmosphere arises from sound social relations.
(iii) Co-operation is the norm, whatever happens.
(v) In on emergency, informal leadership is accepted.
(c) Jealousy.

_____._____n_____
9. Pfiffner's six elements of informal organisation:
(i) They cross hierarchic boundaries - not all workers in
informal groups have the some rank.
(ii) Informal leaders are produced without volition.
(iii) Members of informal groups seem to drift, as it were,
into characterisitc roles.
(iv) Communication within the group is extremely rapid, much
more so than in a formal organisation of communication.
(v) The logic or reasoning behind managerial viewpoints does
not often coincide with that of a group.
(vi) A microcosmic struggle for power often goes on within a
group, and can destroy it.

PROGRESS QUESTIONS

What is an "organisation"?
Explain the differences between formal and informal, organisations
Provide a critical appraisal of traditional organisational theory
Name and discuss the six components of formal organisation
Name and discuss fhe six components of informal organisation
$4545de
N213: The above questions canlaeanswered from the text and will
provide valuable revision.
16 372

A RE-ASSESSMENT OF TRADITIONAL ORGANISATION THEORY.
. SYSTEMS THEORY
Let's re-stote what we mean by systems theory:
(1) General
Systems theory is applicable to all Fields of study and is
being employed because of its analytical strength in
virtually every branch of science. One of its more recent
uses is as a tool of managers.
(2) Definition
When we use the word "system" in everyday conversation,
we use it in one of two ways.
(a) sttem Comgosition
One way is to refer to a collection of things which
seem to hang together; things which are interrelated,
e.g.
(i) The solar system;
(ii) A system of rivers;
(iii) A gas distribution system.
These things with their interrelationships form a
kind of network.
(b) sttem Ogeration
The other way is to mean a collection of rules or a
procedure, e.g.
(i) A stock control system;
(ii) A system for betting on horses;
(iii) A selection system.
A system, then, has a composition and an operotion, i.e. a

structure, and a set of interrelationships. This is the
essence of the concept of a system - the interrelatedness of
its parts.

Anything which consists of parts connected together may be
viewed as a system. For example, a game of football is a
system, a pair of scissors is a system, a person is a system,
a house is a system and so on.

Anything, at some level of abstraction, can be seen as a
system. The football is a system of pieces of leather and
rubber; each side is a system of eleven men; the game is a
system of twenty-five men and a ball; the football ground is
a system, etc.

## 8. RE-ASSESSMENT OF TRADITIONAL ORGANISATIONAL THEORY

It is necessary to study the implications of 0 systems theory
for the traditional organisation theory. The following is a
series of comments from the systems viewpoint on the principles
of the Traditional Organisation Theory.

### 1. Structure and Objectives of the Entererise

One of the principles of the traditional organisation
theory is:

"The shape and content of the structure must depend on the
objectives of the enterprise."

Certainly the systems man is not going to disagree with
this statement. Indeed, the stress on objectives is of
prime importance to him. Where the disagreement comes is
rather in the definition of what constitutes a department,
a subject which will be discussed under the "specialisation"
principle.

However, it is worth commenting here on the overall shape
of organisation structures. We know that any system may
be shown to be a part of a larger system, and that it will
itself have other systems (sub-systems) within it. These
systems and sub-systems form a hierarchy - the hierarchy of
systems.

Obviously, we are saying nothing new by stating that a business organisation takes the form of a hierarchy _ usually in the form of a pryomid. We know that firms operate at a number of levels, and indeed we often refer to "the hierarchy" not letting us do something we wish to do.

This usage indicates the way in which the traditional school explain the existence of the hierarchy. They see it as a command structure necessitated by the span of control concept. They see the hierarchy as based on authority, with the scalar chain running from top to bottom. In other words, hierarchies exist because that is the only way to exercise authority and the right to command.

But, if we see the firm as a system, we would expect to find a hierarchical form anyway, and obviously, if it is a general characteristic, it cannot spring simply from the need for authority relationships for we find it in systems where authority and commanding do not exist.

Why this is so is suggested hy J.C. Emery in his book "Organisational Planning and Control Systems", where he says:-

"The hierarchical character of organisation stems from the need to reduce the apparent complexity of the system .... it results from the factoring of global objectives into a hierarchy of more manageable sub-objectives."

If we take this view, then the deportmentalisation and decentralisation, and therefore the hierarchy, are all a result of the attempt to factor objectives The link between hierarchy and objectives, then, is rather more subtle (it is claimed) than the troditionalists suggest. A hierarchical shape exists in the structure because the system is Burgosive. It has an overall objective which must be split into sub-objectives in order to be attainable. This splitting determines organisational shape.

This also implies, of course, that to the proponents of this approach it makes much more sense to talk of levels or layers of planning than of authority levels, when

describing a structure.

## The Scalar Chain

The principle of the scalar chain indicates a belief that
the most important axis in the structure is the vertical
one, i.e. that the really important work of the business
happens vertically. Information flows upwards; decisions
and orders flow downwards. Position in the hierarchy
indicates importance; the higher you are, the "better" you
are. The most important decisions are made at the top of
the hierarchy, etc. These are some of the propositions
that may be said to follow from the idea of the scalar
chain and they are closely linked with the ideas of authority
and order giving.

Yet, as we saw earlier, authority as a key co-ordinating
feature is lessening both in importance and effectiveness,
if only because of social changes. But more important is
the fact that technical expertise of a highly developed
character is becoming more necessary. It has been recog-
nised for some years that the role of a first-line super-
visor has been decreasingly one of supervision and in-
creasingly one of speedily obtaining specialist help for
his men. In other words, the technically competent, high-
salary man is needed at the bottom of the hierarchy just
as much as at the top. A man whose importance and salary
indicate that he should be a "tap" man may spend his whole
working life making decisions at the "bottom" level.

## Unity of Command

This principle is, of course, closely related to the pre-
vious one. The problem with this apparently obvious idea
of "one man, one boss" is that it works best in an enter-
prise which is not subject to rapid change and which does
not depend on a highly advanced technology. In a system
which characteristically changes rapidly and which con-
tinually experiences technological innovation, it does not
work well at all.

For example, the change agents in the system (those people
who bring about, or act as catalysts for, change) may well
be subordinates with such highly advanced technical

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specialisms that they cannot be given sensible orders
because their "superiors" simply do not understand what
is going on.
Furthermore, these are more and more situations in modern
industry where no one man knows or can know sufficient
about a project to be able to manage it on his own. In
these circumstances the "manager" will be a team.
As Hopeman says in "Systems Analysis and Operations
Management":-
"If you see the firm as made up of information flows and
decision centres, it is possible to visualise a dxnamic
structure where the hierarchy loses its effect; where a
project controller will have many bosses, each with a
different decision area."
For these reasons, several new forms of organisation
structure have evolved in recent years, particularly for
producers of large, technologically advanced, one-off
products, e.g. consensus committee management, project
management and matrix management.
(a) Committee Management
Until recently, a committee was nqrmully seen merely
as a staff body, giving advice to whomsoever insti-
tuted it. This is not the type of committee we mean
here.
In the sort of highly technological and complex
business we are discussing here it is often impossible
for one man to grasp all the relevant factors required
in managing the organisation. To overcome this there
has grown up a kind of executive committee which is in
effect a body of people acting jointly es a manager.
(b) Project Management
Project management is a rather more important newcomer.
The fundamental idea is to create a flexible organi-
sation structure which will change as current needs
change. To do this, the structure consists of a basic

semi-permonent structure of strategic planning and
functional management areas, and a superimposed
pattern of changing operational managers. Thus,
against a fairly conventional organisational back
ground, there are a series of people who have res-
ponsibilities for specific projects, and whose job
will disappear when the project is completed, when
personnel will be re-ollocoted. Of course, many such
projects continue for a long period of time.
This sort of flexible management appears in various
guises. In its most extreme form it is an organisation
which is identical with primary product departmentation.
At the other end of the scale is the situation where
the product manager is a staff man reporting to the
chief executive. In the middle is the so-called
matrix management structure.
A typical use of project management is the method
known as product or brand management used by many
marketing oriented companies.
The pure project-based organisation would look
something like Figure 1.
Here we see that the project manager is virtually
autonomous and has been given complete control of all
the resources and skills he needs for his projects.
Indeed, he has virtually a mini-firm of his own.
This is identical with the large profit-decentralised
firms working under the traditional theory.
This indicates the main disadvantage of this type of
structure for a multi-project firm. For many firms,
the duplication of resources and facilities is often
too great to prove economic.
Furthermore, as the functional Specialists (Finance,
Marketing, etc.) on the top level are simply staff
departments, there is nowhere for the project
functional staff to go to when the project finishes.
Nor is there any co-ordinated effort at improving
the company's functional expertise.

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MD
Finance Engineering Operations Marketing etc.
Pfoject Project
A B
Finance Engineering Production Finance Production etc.
etc. Marketing Engineering Marketing
Figure 1

On the other hand, because there is one man clearly
responsible for each project, with line authority
over every aspect of it, the project itself will
receive a full measure of support.
The opposite type 6f structure would look like
Figure 2.

MD
Project Manager
Engineering Finance Production Marketing etc.
Figure 2

Here we see a completely traditional structure where
the Project Manager is a staff mdn reporting to the
Managing Director. In this situation he has no line
authority whatsoever. All he can do is to act as a
liaison officer dealing with all aspects of the pro-
ject. Clearly, officially he makes no decisions;
these are made by his boss, the Managing director.
Nor can he force any of the functional managers to
act in a specific way. He must depend on personality,

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competence, persuasion, and a subtle use of the power
structure.

Defined Resgonsibilitx and Authoritx gin Writing)

All schools of management thought would agree that
responsibility should be clearly defined, although the
insistence on writing it down may not be accepted.

To the systems proponent this is a key axiom, particularly
as he lays such great stress on the importance of clear
objectives. To him the definition of responsibility is
couched in terms of the objectives the manager hust meet.

The clear definition of authority is often not quite so
feasible, especially in the types of organisation mentioned
before, where flexibility and conflict are designed into
the system.

Paritx of Resgonsibilitx and Authoritx

The systems proponent does not believe that this principle
need exist. Of course, he is not saying that it should
never exist; only that in certain dynamic situations it is
neither necessary nor even desirable.

As we have seen, there are project managers and product
managers who have virtually no line authority at all, and
yet they have enormous reSponsibility. Although this
imposes an immense strain on the man involved, it has
compensating advantages. Authority, in the classical
sense of "right and power to command", is just not seen
as the important co-ordinating factor. The authority
of competence and merit is the mainspring of action.

Reseonsibilitx Absolute

The principle that reSponsibilityis absolute is fully
accepted by the systems proponent.

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## Delegation of Resgonsibility

"Authority should be delegated as low in the hierarchy as possible."

One of the guiding principles that classical theory offers is that decisions should be made at the point in the structure where all the information is first available. Clearly this is strongly held, too, by the systems school, and indeed forms a basic determinant of structure. "factoring" of the "global objective"). This fragmentation into sub-systems increases the problem of co-ordination. The more there are, the more difficult it is to co-ordinate. Therefore, the scope of each sub-system should be as comprehensive (or autonomous) as the information/aecision flow system will allow, because this will re3ult in fewer divisions, fewer interfaces and therefore less friction.

It is important to realise that the restriction on size is imposed not by the span of control principle, but by the capacity of the information/decision system. The restriction is imposed, in Fact, by how much information a manager can handle usefully to make decisions, which is affected not only by his own capability but also by the type of information available, the amount of information and how it is analysed, the number of relevant critical sources and so on.

On this theory, then, each sub-system within the system structure should be as complete and independent of the other sub-systems as possible; interactions between and among sub-systems should be kept to a minimum. Otherwise, of course, each sub-system must receive detailed information about every other sub-system.

That is to say that the systems approach tends strongly towards decentralisation of decision-making, particularly in the operations area, and towards product departmentalisation rather than functionalism as a primary division.

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## Sean of Control
"The smaller the span of control is, the better."
To a large degree questions about span of control or span of
management are inappropriate to the systems way of thought
because the concept is based on the questions of supervi-
sion of work, authority in the classical sense etc. The
systems analyst, in approaching the same problem, would
tend to ask a different set of questions, such as what
information channels feed into this particular decision
centre, how complex are the decisions to be made, etc.
In a very complex situation where a large number of sources
were necessary and detailed analysis needed to be carried
out, the span recommended would grow.

## Minimum Number of Levels in the Hierorchz
Again, the question tends to be inappropriate to the
systems manager in so For us it refers to authority levels.
However, the reason behind the principle (i.e. the communi-
cation difficulties caused by tall structures) is evi-
dently true.
It is worth restoting, though, that the systems analyst
does not see the organisation as a series of authority
levels, but rather as a number of layers of planning,
Within these, the organisation is a collection of flow
networks, e.g. the materials flow network, the manpower
flow network, the capital equipment flow network, etc.

## Sgecialisation
Traditionally, specialisation has been seen as Functionalism,
i.e. splitting Up the company into such departments as
Production, Marketing, Finance, etc. It is this type of
division of labour which is often attacked by the systems
school.
All "open" systems have the characteristic of "differen-
tiatior", i.e. they tend to become more complex, with
Specialist sub-units appearing. Large units tend to Split,
with each u? the fragments specialising in one port of the
old area.

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This is a basic problem of growth which inevitably causes
tstresses, if only because there are more interfaces. The
type of departmentalisation (specialisation) we choose will
have a major effect on the degree of interaction amongst
sub-systems. Friction will be lessened if units which
strongly affect each other are within the same department
or sub-system.

A systems manager is essentially a resource controller. He
controls the inputs to his system and allocates them to the
transformation process for which it exists. It is the flow
of inputs through a process to become outputs which is his
reason for existence. In virtually every case these sys-
tems flow across functional lines. As Hopeman says in
"Systems Analysis and Operations ManagementE-
"Functionalism separates; systems analysis integrates."

If we take stock control as an example, we can see what
this means. Almost every function has objectives within
the field of stock control, but they conflict. They differ
with regard to the quantity they wish to keep and the
variety of items stocked. Their wishes are shown in tabu-
lar form in Table 1.

Table 1

| | Finished Goods | Raw Materials | V a r i e t y |
|---|---|---|---|
| Marketing | | | |
| Production | | | |
| Finance | | | |
| Purchasing | | | |

_____._____.._____.

The problem is that all the functions control a part of the
material flow and can take decisions which affect it.
Unfortunately, they will normally make the decisions in the
light of their own objectives, not those of the firms. Thus,
by optimising in their own area, they cause sub-optimisation
in the firm as a whole.
The systems answer to this is the adoption of a department
which might be called the Material Flow Department, of
which there would be a manager of material flow.
Consider, too, the effect on decision-making of having the
market research section as part of the Marketing and Sales
department. In fact, the system which most needs its
help (the componyze corporate strategy group) is a secon-
dary user, and the research could be slanted towards what
may be entirely the wrong questions for the company's
future survival.
The argument here is that, traditionally, the wrong
criteria have been used for departmentolisation. Func-
tionalism leads to dysfunctional effects.
11. Seearation of Line from Staff
"Line should be separate from staff."
Recognising the difficulties imposed by the need for
specialist expertise, classical theory adopted the Staff
role from the army. The expert, though, must have stuff
authority only, because of the principle of unity of command.
He cannot be allowed to make decisions, except in the line
manager's name. The growth of what is called "functional
authority" recognises this problem of having the man who is
expert in a particular situation barred from making the
relevant decisions.
The systems school has recognised it even more clearly.

It suggests that separating line and staff does not solve
the problem of conflict at all. Nor can arbitrating bodies
like committees do so. The systems engineer would prefer
to abandon the concept completely. It would be replaced
by the type of manager we discussed when we talked of
project managers and product managers - people who com-
bined the style and functions of both line and staff per-
sonnel and who were trained essentially as decision-takers.

12. Flexibilitx

An organisation must be structured in such a way that it can
change direction to meet different needs. In systems terms
it must have the characteristic of "equifinality".

The problem is how to attain a structure which is flexible,
has equifinality, and yet is under control. The answer
depends on another of the system's characteristics, namely
"regulation".

Basically, the enterprise is regulated by plans, which
guide the sub-systems towards system objectives. The
system is controlled, then, by feedback of information
compared with standards contained in the plans; this is the
regulation process known as the "cybernetic" process.

The implications of this concept for organisational design
are significant. The concept of cybernetic control im-
plies that a closed system controls itself. In-practical
terms, this is the sort of system we want in a business
sub-system. If it controls itself, in accordance with the
plans given it, then less information needs to be passed,
less centralised control is necessary and so on. (Note that
we are here talking of the sub-system in terms of its in-
tormation flow, control procedures etc. Obviously,
viewed as a social system it is not closed, nor can it be.)
"1

The other type of regulation process is Learning", which
is virtually identical in aim to the principle of flexi-
bility we are discussing. The difference between the two
approaches is one of degree. The traditional principle
recognises that there is something which needs periodic

review. The systems designer would insist that somewhere
in the organisation system there would be a sub-system
with the specific objective of monitoring system perfor-
mance and changing the structure in the light of that
experience.

13. Claritx

It is accepted that clarity of structure helps efficiency,
though the systems approach, in insisting on a dynamic
system rather than a static structure, is obviously less
likely to achieve apparent simplicity and clarity than the
traditional approach.

OVERALL ORGANISATION SYSTEM

The result of these considerations is an organisation which
has a different shape from the traditional one. Figure 4 is an
attempt to present a model of what an organisation constructed
on systems lines would look like.

You will note the three layers of planning, i.e. corporate,
resource, Operations. You will note also that position on the
model used need not indicate status or rank, e.g. the manager
of project C might well be of much higher status than the orga-
nisation theorist reporting to the corporate strategy group,
and the resource group managers (functional managers) will
probably be of the same rank as the project system manager.
Pay will tend to differ because most users of this approach
believe in differential salaries based on objective achievement.
The facilitating systems are set up to cater for areas which
it would be uneconomic to divide amongst the operating divi-
sions; e.g. it would perhaps be more effective and economic
to have one large computer installation rather than several
small ones.

The standard production units are those which are
relatively static; where the products have been developed
reasonably for. Being in a systems organisation, the general
manager will control many of his own areas of staff SUpport
to control himself, i.e. he will have his own accountants,
market research staff, personnel officers etc ....... and
they will work directly for him and will receive only advice
(not orders) from their counterparts at the first and second
planning layers. The division would probably use product
managers.
Both the facilitating systems and the production systems would,
in fact, be virtually autonomous bodies, strongly decentralised
with profit being the main control factor. They may well treat
each other as outsiders, e.g. the head of the computer facility
will charge the production unit,tor its services at 0 rea-
sonable market price. The production unit, on the other hand,
if it can get the same service elsewhere ot'a lower price, is
permitted to do so. Indeed, a production unit will buy compo-
nents from the source which best suits itself, even though
someone in the same company is making the same item. In other
words, the systems approach uses to the full the ideas of profit
decentralisation worked out within the traditional framework.
I
The project systems are most likely, of course, to be designed
on the matrix model and will appear and dissolve us and when
there is a project which requires it, e.g. the development of a
new product, when the project team might be converted on com-
pletion into a production unit, with more or less no Change Of
personnel.

MD
RESEARCH SECTIONS
R & D
Market Research
Orgn. Theorists
Legal Advisors etc.
First
Planning
Layer
Corporate
Strategy
Group
Corporate
Finance
RESOURCE GROUPS OPERATING GROUPS
Second Materials Manpower Equipment Cash Systems
Planning System System System System Design
Layer Manager Manager Manager Manager Manager
W
Facilitating Standard Prolect
Systems Productlon System
System
. I_L'_V_q
Thlrd A g C A B C
Planning
Layer A

Figure 4.

A RE-ASSESSMENT OF TRADITIONAL ORGANISATION THEORY. PAGE 16.

The corporate strategy group is that part of the system whose
job it is to provide the adaptability of the system. It is
on the environmental interface, senses long-term changes in
the environment, and plans to meet the changes within the
system.
The resource groups will be seen as flow systems or networks.
They contain the functional executives of the firm whose job
is to control the allocation of resources, build up the com-
pany's functional expertise, and provide a reservoir of such
expertise when required for project work.
Note that where the word "manager" appears in the model, it
may or may not be a single manager; it could be a group or
specialists acting as a manager.
Notice too that one of the resource grbups is called "systems
design." Its job is to maintain a continuing audit of the
effectiveness of the organisation systems.
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s u M M A RiY.
This is not a true summary, but rather a list of what has been studied
in this extremely important lecture.
(A) Definition of Systems Theory
(B) Evaluation of the Traditional Principles of_0rganisation
in the light of Systems Theory:
These principles are discussed under these heads:
(0) Structure and Objectives of the Enterprise
(b) The Scalar Chain
(c) Unity of Command - Committee Management
-.Project,Management
) Defined Responsibility and Authority (in writing)
) Purity of Responsibility and Authority
) Responsibility Absolute I
) Delegation of Responsibility
) Span of Control

) Specialisation
) Separation of Line from Stuff
) Flexibility
) Clarity
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(
Overall Organisation System - an organisation constructed
on the systems theory approach.

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PROGRESS QUESTIONS

1. "The unity of comment as a principle of management no longer
has any value." Discuss.

2. Discuss the advantages and disadvantages of the matrix type
of organisation structure.

3. "Functionalism separates; systems analysis integrates."
How true is this?

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ORGANISATIONAL OBJECTIVES.

## A. OBJECTIVES ARE GOALS

All companies need established goals to guide the efforts of
each of their components. No organisation can grow and
change in an orderly manner unless it has such goals. In
fact, well managed companies establish objectives not only
for the company as a whole but for all levels of management.
They spell out divisional and departmental goals which serve
as specific guides for subordinate units. The absence of
firm objectives can result in the uneconomic commitment of
capital, poor utilization of people and mediocre operating
results over the long term.

We may speak of two categories of objectives - economic and
social.

ECONOMIC OBJECTIVES RELATE TO THE MARKET PLACE
Here the two crucial questions are -

1. What kind of business is the company in? and
2. What does the company intend to accomplish in that
business? T

Now, though these questions may seem simple eneugh to answer,
it is surprising how seldom they are actually asked. The
consequences of their not being considered can be fatal.
Let's look at an example cited by Louis A. Allen in
Management and Organisation:

"A highly specialized electronic components manufacturer,
during and immediately after World War II, accumulated a
healthy cash reserve.' With a dwindling military market for
its products in sight, the president decided that diversifi-
cation was in order. He and his staff looked around for
likely acquisitions. , First they Found a healthy, profitable
small chain store operation which made candies and chocolates.
The owner had recently died and the heirs wanted to sell.
The electronics company bought their interests.

At this time, air conditioning was getting considerable
attention. The electronics manufacturers found a small
plastic: company engaged in producing framing members,
cabinets and base plates for window air conditioners. -
Effective command of this enterprise was secured.
Next, a company manufacturing radiator grills and decorative
trim for automobiles was acquired.
Thus the available funds of the electronics manufacturer ware
exhausted. The company tried to digest and integrate its
acquisitions. This proved impossible. At the end of five
years each of the once profitable subsidiaries had lost both
market share and profitability. Finally the company dis-
posed of all three. Onlx at this Boint did the board of
directors sit down to decide what business the comeanz was
in. They decided that their facilities were best suited to
the rapidly expanding civilian electronics market. Once
this course had been firmly set, the company invested the
fund: it had salvaged in finding new markets, in designing,
manufacturing and marketing electronic components for tele-
vision, computer, data recording and other allied fields.
Its latest annual report shows a healthy profit and a
promising future."
C. ECONOMIC OBJECTIVES GUIDE OPERATIONS
If economic objectives are itemized, they can be used to
guide and channel the operations of a company on a day-to-
day basis.
The objectives, for this purpose, may be itemized as
follows:
t1. General Obzectives are stated in terms of
(a) Sales Volume.
(b) Market Share.
(c) Profit in Rands.
(d) Profit Margins.
(a) Return on Invested Capitol.

Examgle: A bed manufacturer may have the overall
objective - to purchase chain and steel at
favourable prices and to manufacture and
sell at a profit steel bed frames and head
boards.
Corollarx Objectives are then established -
(a) To increase sales volume from, for example,
10 000 to 12 000 units in 18 months,
(b) To increase market share from 3% to 6% in the
steel frame market,
(c) To reduce overheads by 3% in three years by
tailoring production facilities,
and so on.

D. IECONOMIC OBJECTIVES CAN CHANGE

Major changes are sometimes necessitated. What is likely
to provide the impetus for change?
1.
Declining markets n major upheavals such gs world wars,
the development of synthetics which replace the
company's present product etc. can result inta decline
in consumption.
Poor profit potential - the cost of inputs may increase
to the point where it is no longer profitable to con-
tinue producing a particular product.
These factors can change economic objectives to the extent
that the company leaves one mqjor field of endeavour and
establishes itself in another. The change-over is often
effected by merger or acquisition of a company already
established in the new field.

SOCIAL OBJECTIVES RELATE T0 EMPLOYEES, SHAREHOLDERS AND
THE GENERAL PUBLIC.
Social objectives encompass all aspects of the business which
do not refer to the market place.
The following are examples of specific social objectives.
1. To provide employees with good working conditions –
the objectives of the entire organisation and of its
component parts must be in harmony with the relevant
needs and desires of the great majority of its
employees. The objectives must be designed in such
a way that employees are highly motivated to achieve
them. The reward system must be such that employees
feel that salaries, wages and bonuses yield them
compensation for their efforts.
2. To provide shareholders with dividends and interest
payments which yield them equitable compensation for
their contributions.
3. To be a good neighbour in the community in which they
are located and to foster and promote activities
directed towards the fundamental improvement of these
communities.
5 U M M A R Y
A. OBJECTIVES ARE GOALS
No organisation should operate without establishing specific
objectives.
L every healthy organisation there exists an unending process
of exau'aing and modifying organisatianul objectives as well
as Cairwudeimlhm m' the method; of achieving them.

B. ECONOMIC OBJECTIVES RELATE TO THE MARKET PLACE.
Every organisation should establish -
1- What kind of business it is in.
2. What it intends to accomplish in that business.
C. ECONOMIC OBJECTIVES GUIDE OPERATIONS.
If economic objectives are to be used to guide operations
they should be itemized by -
1. Sales Volume.
2. Market Share.
3- Profit in Rands.
4- Profit Margins.
5. Return on Invested Capital.
D. ECONOMIC OBJECTIVES CAN CHANGE.
The economic objectives are not stable or unchanging.
factors which unfluence change are -
Two
1. Declining markets. and
2., Poor profit potential.
Thus, objectives must change to meet the requirements of
changing technologies, changed conditions, and the changes
of the needs and desires of those involved in the organisa-
tion or served by it.
E. SOCIAL OBJECTIVES RELATE TO EMPLOYEES, SHAREHOLDERS AND THE
GENERAL PUBLIC.
Social objectives cover all aspects of the business which do
not refer to the market place. I
Examples of social objectives are given in the body of this
lecture.

PROGRESS QUESTIONS
Write a note on the need for objectives in an organisation
and outline what you consider to be tho objectives of an
organisation in which you have been involved.
_____._____
_____._._____
_____._____
Distinguish between economic and social objectives giving
examples of each.
_____
_____._____._____.____._____
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TYPES OF ORGANISATION
Various attempts have been made to classify organisations from the
point of view of the kind of structure adopted. In practice none of
these elemental types of organisations will ever be found in a pure
state; we rather tend to meet mixtures of them, adjusted according
to the needs of any particular business enterprise. This does not mean
to say, however, that it is useless to study the elemental types of
organisation as we may learn a great deal from any advantages or
disadvantages they may possess. The three elemental types of
organisation are:
A. LINE (OR MILITARY, OR DEPARTMENTAL) ORGANISATION.
B. FUNCTIONAL ORGANISATION
C.
LINE AND STAFF (FUNCTIONAL ORGANISATION) - COMBINATION
I shall examine these three types of organisation critically and in
some detail. If you happen to be working in a business organisation
yourself, it might be a good idea to compare the organisation of your
Firm with the models I am going to outline.
A. THE LINE ORGANISATION IS BASED ON THE DIVISION
OF THE BUSINESS INTO SEPARATE DEPARTMENTS
You will understand the meaning of this form of organisation
if you compare it with the working of the High Command of an
Army.
The Army will be divided into Army groups, they in turn into
divisions, the divisions will consist of regiments, the regiments
of companies and the companies of platoons.
In a "line" organisation each subordinate is responsible to one
superior only and the person in charge of any group, whether
it is a division 0 a platoon, has complete and sole authority
and responsibility for everything taking place within his group.

In modern parlance, "line" members carry the authority, responsibility and accountability for getting the job done and are "executives" in the true sense.

I think that you will find it easier to remember the essential principles of this ystem of organisation if I illustrate it by means of a simple diagram.

GENERAL MANAGER

PRODUCTION WORKS SALES CHIEF ACCOUNTANT
CONTROL ENGINEER MANAGER SECRETARY
MANAGER

PROGRESS PLANNING BRANCH PUBLICITY &
& DESIGN MANAGERS ADVERTISING

r'__ll_'_-_'___-'_l__-____T-"_-_--'-_l__l__1

WORKS MAINTENANCE FOREMAN
SUPERINTENDENT FOREMAN ELECTRICIAN

FIGURE 1.

The diagram shows very simplified conditions, e.g. the small number of managers and other members of the staff, but it brings out the essential point that there runs a direct chain of responsibility from the youngest office boy right Up to the General Manager. Note that officials who are in the same horizontal position, e.g., managers, have no authority over each other. Generally speaking they are of equal standing and their responsibilities and conditions of remuneration will be approx- imately equal. The higher up the ladder we come,the greater the amount of responsibility to be borne and the greater also the authority of the person concerned.

1. REQUISITES

If this system of organisation has been adopted:

(a) Commands may be given to subordinates by their immediate superiors only.

(b) Commands may be received from one superior only.
(c) There exists a limit (known as the sean of control
to the number of subordinates which any superior is
weffectively able to control. The higher Up the ladder
a superior happens to be,the fewer subordinates he
is able to supervise. Although there does not exist
any hard and fast limit for the span of control, the
maximum of six has been suggested for the higher
ranks of management, while about 20 to 30 is the limit
for lower management.

THE ADVANTAGES OF THE LINE SYSTEM OF ORGANISATION ARE AS
FOLLOWS:
(a) Discipline is easily secured, as there is one person
responsible for it in each group.
(b) Duties and responsibilities are clearly defined, i.e.
it is impossible for any matter to be passed from hand
to hand. If any two departments disagree as to which
of them should handle any matter, the person who is
superior to both departments will decide as to who
should deal with it. '
(c) It is very simple to understand.

THE MAIN DISADVANTAGES OF THE LINE SYSTEM OF ORGANISATION ARE:
_____
(a) It relies too much on the skill, energy and power of a
very few people to maintain discipline. If they should
fail to come Up to the expectations, the organisation
might break down.
(b) It tends to be rigid and inflexible, i.e., difficulties
arise if any new department is to be added, as that
may disturb the existing span of control which is of
particular importance under this system.
(c) It promotes "red tape". Whenever an employee wants to
contact an employee of another department, the official
note has to go via the person to whom both are respon-
sible, i.e. any official communication say from an
employee in the Sales Department to somebody in the

Planning Department would have to pass through the
office of the General Manager. A glance at Fig. 1 will
explain to you why this has to be the case.
(d) It ignores the fact that specialists are required for
most businesses. Many executives do not truly fit into
the line organisation, e.g., the accountant is
concerned with all departments.
4. THE LINE SYSTEM OF ORGANISATION IS APPLIED VERY RARELY IN
PRACTICE.
For the reasons mentioned above we do not find often in
practice examples of a pure line organisation. Small
establishments engaged mainly in simple processes may
adopt, but more complex businesses would hardly find it
useful.
THE FUNCTIONAL TYPE OF ORGANISATION PROVIDES THAT FUNCTIONS WHICH
ARE COMMON TO ALL DEPARTMENTS SHOULD BE IN THE HANDS 0F SPECIALISTS
DOING THE SAME JOB FOR ALL DEPARTMENTS
You will appreciate the difference between the functional type of
organisation and the line organisation easily enough. In the letter
we have seen one person having to give all his attention to AEE
types of work in 95g department, while under the functional system
one person concentrates on QEE type of job in ALE departments.
Take the work of typists us an example. Under the line system each
department would have to have one person acting as typist and if
that should not be a full time job, then she would have to spend
the rest of her time doing something else. Under the functional
type of organisation, there would be a pool of specialised
typists doing nothing but typing in some centralised typing office
but working for all departments requiring their services.
We see then that this system of organisation is based on a large
degree of specialisation. Its originator, Mr. Frederick W. Taylor
on American efficiency engineer who First introduced this method of
organisation at the end of the last century defined in his "Shop
Management" a functional organisation as consisting -

"In so dividing the work of management that each man from
the assistant superintendent down shall have as few functions
as possible to perform".
He applied the division of functions not only in the higher ranks
of management, but also among the most junior members of the
management, the foremen.
Instead of the old-foshioned type of foreman who is mainly a shop
disciplinarion and acts as a kind of jack-of-all trades, he
proposed no less than eight functional foremen, each having a
separate function to fulfil and each entitled within the scope of
his function to give orders and instructions to the workmen.
Instead of having one superior, as under the departmental
organisation, each person may have up to eight superiors to whom he
will be responsible for different aspects of his work. Graphically,
this system of organisation might be illustrated as in Figure 2
and Figure 20.
N.B. This simple chart should indicate the nature of the functional
organisation. Each specialist deals with his work in all
departments. Clearly, in practice, this type of organisation
in its pure form would be most unrealistic.
GENERAL MANAGER
HEAD OF
PLANNING & WORKS CHIEF
PROGRESS MANAGER ENGINEER
DEPT.
FUNCTIONAL
FOREMEN
1 4 5 6 7 8
WORKERS
FIGURE 2.

TAYLOR SYSTEM
FINANCIAL CONTROLLER
FINANCIAL COST
ACCOUNTANT SECRETARY ACCOUNTANT
ALL DEPTS. FOR
WORK RELATING TO
ACCOUNTANCY AND
SECRETARIAL WORK
FIGURE 20.

## 1. REQUISITES

If the functional system of organisation is to work
effectively, the following principles will have to be
obeyed:

(a) The functions handed out to the various specialists
should be collectively exhaustive, i.e., there must
not be any aspect of the work hich is not somebody's
task to see to.

(b) The functions must be mutually exclusive, i.e., there
should be no overlapping of the functions of different
individuals.

(c) Each division of work should contain only matters
which are related to each other so that, e.g., a
person should not be simultaneously entrusted with
welfare work and the purchasing of raw materials.

2.

THE ADVANTAGES OF THIS TYPE OF ORGANISATION ARE AS FOLLOWS:
_____
(a)
(b)
(C)
Every member of the organisation is able to specialise
in some line in which he may then obtain greater
experience and efficiency. People having the right
background of traihing and experience may be chosen
for work for which they are specially suited.
It is possible to separate functions requiring mental
activity from those requiring physical exertion. The
same people will not necessarily possess both "brain"
and "brawn" and if you do not ask them to exercise
unduly those of their capacities which are weaker, they
are likely to be happier and more efficient members of
your organisation.
Each subordinate will get advice from a real expert
and will be told exactly how to do the job he may be
given, so as to complete it in the shortest possible
time.
THERE EXIST HOWEVER A NUMBER OF IMPORTANT DISADVANTAGES,
_____J_____L_____
NAMELY .
(a)
(b)
(d)
Discipline is likely to suffer as there are too many
people entitled to give orders and these orders may
sometimes conflict with each other.
As most orders will have to be handed out in writing,
there will be too much clerical work which-is both
costly and time-wasting in nature.
If subordinates are given such detailed instructions
as the working of the system requires, their
initiative may be destroyed and they tend to become
mere robots incapable of any independent thought.
The supervisors on their part may easily become too
specialised in their line and lose the broad approach
of their work which is necessary in every organisation.
These limitations are well realised by all managers and so
this system is also not used in practice in its pure state.

## C. LINE AND STAFF (FUNCTIONAL ORGANISATION) - COMBINATION
### 1. STAFF

Before proceeding to illustrate a combined relationships chart the term "staff" will be discussed. Much confusion exists regarding this relationship and so care must be taken, when answering examination questions, to show that you understand the term.

Writers on management, when they have come to combine the line and functional relationships, often refer to the functional relationship as a staff relationship.

The word "staff" in connection with organisation structure is not used in the sense of meaning weekly or monthly paid employees as opposed to hourly paid employees. Rather it has the same meaning as the words "General Staff" with reference to any army. The task of a staff member is to advise others; the line and to a lesser extent functional members carry out the work.

No doubt the controversry regarding the word "staff" arises from the fact that the functional executives advise as well as take responsibility for a particular function. However, since the prime responsibility of a specialist is the carrying out of his particular work he may rightly be regarded as a functional member. An exception is the Personnel Manager who advises workers but has no authority over them. "Line" members rely on "staff" for various services and expert advice.

### 2. ADVANTAGES OF THE USE OF STAFF AUTHORITY

(i) Allows for the use of increased specialism at higher levels, thus making exeert advice more freely available.

(ii) It frees the line executive from the work of detailed collection and analysis of facts prior to his decision making.

(iii)
(iV)

## TYPES OF ORGANISATION.

Staff positions are often used effectively as training grounds for young managers, where they can more quickly get a better overall view of the total firm than they might in a line unit. The results of their actions are less likely to cause speedy disaster. Being only advisory, the "expert" cannot become too powerful.

## 3. DISADVANTAGES

(i)
(ii)
(iii)

As the expert has no power to enforce the decisions which he feels should be made, there is a danger that the best advice may be ignored.

On the other hand, lack of authority in this sense can tend towards refusalto accept responsibility for the outcome of his recommendations. The man with staff authority can always say afterwards "well, it's not my fault it didn't work. 122 accepted it, and ygg gave the orders".

In a very real sense what he says is true, for another of the accepted principles of organisation is that "resgonsibility is absolute". The man who is responsible for a department is held accountable for its running even though he must take advice and cannot possibly know everything that is going on.

The staff situation can cause resentment, especially if such staff advice is coming from a centralised unit which is likely to be resented in any case.

There are several reasons why such advice is resented. Firstly, it may appear to undermine the line manager's authority, especially if the advisor has a strong, dynamic personality and if he enjoys the backing of higher managers.

Secondly, there is a regrettable tendency for outsiders to think in a vacuum, thinking only of their own area of expertise and ignoring the multitudinous other problems of the line. They are often said to live in ivory towers.

This conflict gives rise to a further basic principle
of organisation, which is that line should be clearly
separated from staff. This, of course, involves close
and detailed definition of areas of responsibility and
authority.
If you are asked a question which requires a line
and staff organisation chart you are advised to
reproduce a chart similar to the one which follows
pointing out that the functional relationships are
also regarded by some authorities on management as
staff relationships. Remember that within "staff"
departments 0 "line" chain can occur.
ELE. With Ell charts you should include footnotes
which briefly explain their nature.
LINEI STAFF AND FUNCTIONAL ORGANISATION CHART
Before we go on to discuss line, staff and functional
organisation charts, let us clarify exactly what an
organisation chart is!
It is, of course, a diagram indicating the allocation
of responsibility within a business. These may be prepared
by the management of a business toassist them in organising
a business, or to introduce changes (e.g. the beginning
of new functions or departments) as a business expands,
but you should note that they may also serve as a channel
of communication between management and staff. A chart may
be displayed on the premises or in a staff handbook to
indicate to each employee how he fits into the general
organisation and who is immediately senior to him and
responsible for him.
Note that the Assistant to the General Manager cannot be
regarded as a specialist and so he may be termed a "staff
executive". The other executives are specialists and they
are, therefore, "functional".

_____._____
BOARD OF DIRECTORS
ASSISTANT TO
GENERAL MANAGER
._.WORKS"--#.  CHIEF ACCOUNTANT
PRODUCTIOFZEtJemggsz/ ' SECRETARY
CONTROL 1
MANAGER MAINTENANCE FOREMAN SALES
FOREMAN ELECTRICIAN "geggggg _____
_____ BRANCH PUBLICITY
PROGRESS PLANNING WORKS MANAGERS
& DESIGN SUPERINTENDENT I
SALESMEN
FOREMAN FOREMAN FOREMAN
DEPTI'J DEPT. 2 DEPIT. 3
CHARGEHANDS CHARGEDHANDS CHARGEHANDS
OPERATIVES OPERATIVES OPERATIVES
KEY:
LINE RELATIONSHIPS
_____
_____ STAFF RELATIONSHIPS
FIGURE 3.
m

You will have noted that this system or organisation attempts to include all the advantages of the departmental and functional system of organisation while trying to steer clear of their most obvious defects. For this reason it is the system of organisation most widely to be found in practice.

D. MATRIX ORGANISATION

The most important type of project organisation lies somewhere between these two extremes of line and functional organisation. The matrix organisation is difficult to draw because its authority lines do not travel only up and down. They also travel horizont- ally. A matrix chart would look something like Figure 3.

Note that personnel in the various operating groups have at least two bosses, i.e. their functional superior and their project superior. Normally they will get "what to do" and "when" instructions from their project manager, and "how" instructions from their functional manager.

On the occasions when the expectations of these two people conflict, the staff member's responsibility is to draw the attention of both of them to the clash and get them to settle it. He has no superior commitments to either as they are both on the some level.

Clearly the likelihood of conflict between functional and project managers is very real, especially in the sensitive area of resource allocation. The functional managers are responsible for the optimum use of the resources they manage. This obviously clashes sometimes with the project manager's desire to achieve project performance.

This conflict is recognised and is often felt to be desirable because it forces decision disagreements into the open. The managers are expected to resolve the conflict at their own level and only in exceptional circumstances to refer the decision upstairs.

Remember that conflict exists in the traditional organisation structure as well, but is too often along the lines of empire building and self-aggrandisement and its solution is not oriented towards the good of the project.

Project Mgr.A
Project Mgr. 8
Project Mgr. C
-%
__.
Finance
Finance
Group A
Finance
Group B
Engineering
Engineerlng
Group A
Engineering
Group B

__ _
8C.
FIGURE 3.
Production
Production
Group A
Production
Group B
8C.
Marketing
I
Marketing
Group A
Marketing
Group B
6C.
TYPES OF ORGANISATION. PAGE 13.

The advantages of matrix organisation are well summarised by Claland and King in their book "Systems Analysis and Project Management" as follows:

(i) The project is emphasised by designating one individual as the focal point for all matters pertaining to it.

(ii) Utilisation of manpower can be flexible because a reservoir or specialists b maintained in functional organisations.

(iii) Specialised knowledge is available to all programmes on an equal basis; knowledge and experience can be transferred from one project to another.

(iv) Project people have a functional home when they are no longer needed on 0 given project.

(v) Responsiveness to project needs and customer desires is generally foster because lines of communication are estab- lished and decision points (for the project) are centralised.

(vi) Management consistency between projects can be maintained through the deliberate conflict operating in the project- functional environment.

(vv) A better balance between time, cost, and performance can be obtained through the built-in checks and balances (the deliberate conflict) and the continuous negotiations carried on between the project and the functional organisations.

5 U M M A R Y

A. LINE ORGANISATION is based upon the division of the business into separate departments.

1. ADVANTAGES

(0) Discipline is easily secured.

(b) Duties and responsibilities are clearly defined.

(c) 1? is simple to understand.

_____

2. DISADVANTAGES
(a) Relies too much on the skill of certain key persons.
(b) It tends to be rigid and inflexible.
(c) It promotes red tape.
(d) It ignores the fact that specialists are required
for most buSinesses.
For these reasons this system is hardly ever used in practice.
B. THE FUNCTIONAL SYSTEM provides that functions which are common
to all departments should be entrusted to specialists carrying
them out for all departments.
1. REQUISITES OF THE FUNCTIONAL SYSTEM
_____

(0) Functions must be collectively exhaustive and
mutually exclusive.
(b) Each function should contain related matters.
2. ADVANTAGES
(a) Every member of Organisation may specialise and
gain so in experience and skill.
(b) Mental and physical work may be saparated.
(c) Each subordinate will be assisted by experts.
OJ
DISADVANTAGES
(0) Discipline may suffer owing to abundance of
supervisors.
(b) Too much writing means higher costs.
(c) Subordinates lose possibilities of initiative.
(d) Too much specialisation not good For experts.
Not very Frequently usad in practice.

C. THE LINE AND STAFF ORGANISATION is a combination of the preceding types of organisation. All members of the organisation are either "staff", i.e., mainly engaged in planning and thinking, or "line", i.e. mainly engaged in carrying out the ideas of the others. Thisis the most popular type of organisation.

D. MATRIX ORGANISATION

The three types of organisation mentioned earlier in the lecture are the traditional types. More modern theorists have put forward the idea of Matrix Structures, of which the interdepartmental committee or task force is the classic example. Typically the organisational member is a member of two units, one of which is a more or less permanent posting, the second being usually a temporary unit. As a principle it is being applied widely in organisations such as engineering-oriented firms that do business in the form of a number of distinctive projects. (For this reason they are also called project structures). In these firms, technical personnel are located in the appropriate functional departments but are then assigned to one or more projects. On completion of these projects, they revert back to their respective departments, until the next assignment to a project. Typically these projects require the use of personnel from a number of technical disciplines, so they are really like miniature but temporary divisions and strive for self-sufficiency at least in tenchincal manpower. Thus the so-called matrix structure is a combination of the principle of specialised departments with the principle of self-sufficient, more or less autonomous units or divisions, in situations where a number of temporary divisions or autonomous units need to be created.

PROGRESS QUESTIONS
Compare and contrast the principles of functional and line
organisations.
Discuss the advantages and disadvantages found in using staff and
functional organisation.
How does matrix organisation differ from traditional forms?
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# AUTHORITY AND RESPONSIBILITY

## A. INTRODUCTION

Directing is that function of the manager which involves getting people to do necessary work, showing subordinates the way towards organisational objectives and inducing their movement towards them.

Success at directing, then, assumes that the manager has authority and is capable of motivating his subordinates to follow his leadership. These three concepts - authority, motivation, and leadership - will form the basis of our studies in this area.

## 8. SOURCE AND NATURE OF MANAGERIAL AUTHORITY

Louis Allen ("Management and Organisation") defined authority as "the sum of powers and rights entrusted to make possible the performance of the work delegated". In other words, authority is given to a man to enable him to do a job. If he has not got the power to get that job done, then it is ridiculous to say that he has the authority to do it; he has merely been given permission, not authority. It is self-contradictory, in this context, to say that a manager has authority to do something, but no power.

## 1. CLASSICAL THEORY

If we examine the one-man business, it is quite clear where his authority comes from, i.e. from himself. He has the authority to buy stock, convert it, sell it, put up buildings, hire assistants,etc. because he owns the'business. He makes the decisions, and his few staff do what he tells them to do because he is the owner.

When the firm gets bigger and the owners hires an assistant manager, this latter is given the authority to act for him. If the owner retires from active business life, then this deputy may be left in complete charge, again getting his authority From the owner.

Thus, in this line of argument, ultimate authority lies with,
and comes from, the owner. Our society believes in the right
to own property, so we can say that managerial authority is
founded on the institution of ownership of property.
This theory can be said to apply in large firms also, with
authority coming from the shareholders (owners), through the
board, down to every manager, supervisor and decision-maker,
It can even be made to apply to nationalised industries, with
authority coming from society (theoretically the owners),
through Parliament, to the manager.
According to this theory, authority is something which goes
with the job. As Wilfred Brown puts it ("Exploration in
Management"): "authority is an attribute of a role". It does
not matter who holds the position of manager; the amount of
authority is the same because it goes with the job. "The boss
is the boss because he is the boss."
However, we are today in a dynamic situation where such social
institutions as private property are being questioned. It is
being asked in some quarters why ownership should give authorit
why, in fact, the owner should have the right to expect obedien
from workers just because he owns the place.
Even apart from this social attack, there are logical grounds
for querying the theory. Peter Drucker pinpointed one grove
objection in 1954 when he wrote: "Management power today is
illegitimate power.It is not controlled by any social principle
accepted by society as a legitimate basis of social and politic:
power. But today, managerial power is independent of, and not
responsible to, the shareholders." What Drucker is saying is
that a complete split has developed between managing and
ownership. In the large firms, it is simply not true any more
that the shareholders elect the board: most of them do not
even know who is on the board. Only a small proportion of
them actually interest themselves in the running of their
company. Consequently, its managers are not controlled by
them. Within very wide limits, company management can do as
it pleases - or it could do, if its power were not re-
stricted in another way.

The questioning of authority is potently active in the in-
dustrial field. In the U.K., a group of toilet cleaners at
Fords threw the entire organisation into peril; an engineer-
ing firm was brought to a halt because the price of a cup of
tea in the canteen went Up; almost every day we hear of some
new refusal by workers to accept the authority of managers.
The blatant truth is that management no longer has the power
to enforce its wishes against organised labour. In other words,
the formal authority that it exercised is disappearing.

## 2. THE "CONSENT"fQR "ACCEPTANCE" THEORY

The realisation of the strength of organised labour has led
to an entirely opposite theory of authority, which is known
as the "consent", or "acceptance" theory. According to
this theory, authority comes not from above, but from below.
The exponents of the "consent" theory reason this way: An
individual may possess apparent formal authority, but such
possession is meaningless unless the authority can be
effectively used - and it can be used effectively only if it
is acceeted by this individual's subordinate. Formal authority,
in fact, is only nominal; It becomes real only when accepted.
If this is true, then, as Tannenboum claims ("Leadership and
Organisation"): "The real source of the authority possessed
by an individual lies in the acceptance of its exercise by
those who are subject to it. It is the subordinates of on
individual who determine the authority he may wield."
In other words, you may well receive the right to give orders
from above (and even that is questioned) but only your
subordinates can give you the power to get them obeyed. In
practice, this is quite true. There are myriad ways in which
a subordinate can prevent the accomplishment of a superior's
plans, often without the superior's being aware of it. Slow
work, mistakes, "lack of knowledge", "sickness" - all of these
can thwart the boss. In fact, even if the subordinate is
discovered and sucked, the superior has still not got his own
way for his order has still not been obeyed. So, the superior
may often be subordinate.

With this theory, we have created a rather different concept
of what authority is. As Tannenbaum says: "The concept
'authority' describes an inter-personal relationship in which
one individual accepts a decision made by another individual,
permitting this decision directly to influence his behaviour".
It follows from this that an individual may have authority,
without having any formal status at all. This concept assumes
that authority is accepted from various directions, not
necessarily from the people we call managers and supevisors.
This, of course, explains the obvious authority a shop
steward has (or a trouble-maker) in a much more satisfactory
manner than the formal theory - that aurhority is vested in,
or conferred upon, a selected person.
(a) Barnard's theorx
According to the holders of the "consent" theory, when
a man receives an order he looks at it, and decides whether
or not to obey it. Barnard says (in "Functions of the
Executive") that there are four criteria which are used
in making this decision. An order will be obeyed if:-
(i) The subordinate understands it;
(ii) The subordinate believes the order is consistent
with the purpose of the organisation, i.e. if
the order fits in with what he feels they should
be doingt
(iii) He feels it is compatible with his personal inter-
est, i.e. he is going to get something out of it,
or he would be hurt if he disobeyed;
(iv) He is physically and mentally capable of carrying
it out.
In some ways, then, Barnard sees it as quite a complicated
decision.
(b) Tannenbaum's theorx
Tannenbaum sees it as being even more complex. He says
that the decision to obey or to disobey depends on a
weighing up of all the factors in the situation. A man
will obey an order if the advantages at obeying it outweigh
any disadvantages which might be consequent Upon disobedienc
There are at least six advantages to be thought of, says
Tannenbcum, and several disadvantages.

(C)
The advantages are as Follows:-
(i) By obeying, the man would help towards the attain-
ment of company objectives (very like Bornard's
second_criterion).
(ii) By obeying, he may gain approval from fellow
members of the group; in settled circumstances,
there is always a pressure to conform.
(iii) Obedience often brings rewards - increased pay,
promotion, prestige and status. (See Bernard's
third criterion.)
(iv) Obeying is easier, sometimes, than accepting the
responsiblity of refusing.
(v) By obeying, he may be acting in accordance with.his
own moral standards; some individuals believe
that it is their duty to obey people in authority.
(vi) He may be swayed by the personality and leadership
qualities of the person who gives the order, i.e.
he may get satisfaction from pleasing his superior.
The disadvantages are obviously all the paraphernalia of
factory discipline - Falling foul of his mates, wage
deductions, demotions and, ultimately, losing his job
altogether.
Criticism of the theories
Now clearly, these theories, if taken literally, simply
will not hold water. We know that, for most orders, men
do not undertake an involved evaluation of pros and cons;
they do not make a conscious, analytical decision. After
all, we are trained from birth to obey.
Authority is often accepted where conscious processes
are not involved. Such acceptance does not entail a
conscious choice between acceptance and rejection; it
is a reflection of unconscious, habitual processes.
Furthermore, the theory_is contrary to the way we feel;
we feel inside ourselves that some people are bosses, and
some are not. There is a sub-theory of authority which
suggests that some people are like men's image of "the
leader" and so exert automatic authority which is, equally
automatically, obeyed. This is the theory known as the
"Ideocrotic Authority" theory:

Another important factor is what is called "social distance". How much authority management has depends, in practice, partly on the size of the gap which exists in class and education between management and workers; Admittedly, this gap is narrowing, which is presumably one of the reasons why managerial authority is declining, but it still exists.

In any case, if the theory were true, just as stated here, how would we ever get anything done at all? He would spend our entire lives wondering about whether to grant authority to the latest order-giver. If these criticisms are true, then this theory is no more universal than the formal theory.

Barnard himself recognised the strength of these criticisms, and tried to answer them by putting forward three reasons why orders may be obeyed apparently instinctively:-

(i) He said that most orders in normal organisations fitted in with the Four requirements he said were needed for obedience, and therefore were accepted habitually.

(ii) There is a group pressure towards conformity, and conformity usually includes obeying recognised bosses.

(iii) In any case, there is a "zone of indifference" for each individual, an area of types of order which he does not care whether he obeys or not.

Many writers feel that, by making these admissions, Barnard has weakened his argument completely, and admitted that there are large areas where managerial authority does not depend on acceptance.

This is particularly true when you think about the individual worker when he is not backed up by the union. The manager's weapons are so much stronger, in the final analysis, than the individual's, that the individual does not really stand much chance. There is often precious

little choice for the worker who is told to "obey or
collect your cards".
Furthermore, however, even if you accept Bernard's
qualifications as fair defence, and even if you see the
theory applying to groups of subordinates rather than to
individuals, there are still one or two other areas of
managerial authority which his theory does not explain.
For example, who grants the managers the right (and power)
to negotiate with, and even fight, the unions, and who
grants managers the authority to raise capital on the stock
market, put Up new buildings, or begin to manufacture a
new product? Finally, who grants the manager the right
to close down his factory, thus throwing the entire stuff
out of work?
Reluctantly then, it must be admitted that the consent theory
is not universal. Although it explains certain facts well, it
leaves other areas untouched.

3. THE "PULTIPLE SANCTIONS" THEORY
"Sanction", as a noun, is used in two ways. It con be a
reward or a punishment for following or not following some
command, or it can mean permission by someone in power. As
a verb it means to "ratify" or to "authorise". We use the word
here with all of these meanings. Thus; if we think of the
90 k.p.h. speed limit, it contains a punishment for going over
90, but it also permits you, or authorises you, to go at 90 or
any lesser speed. Similarly, the law says you will be im-
prisoned for assault if you use undue violence in defending
yourself. There is a punishment (i.e. imprisonment) and a
permission (i.e. to use as much violence as is necessary).
In the "multiple sanctions" theory of outhoritm we look at
those factors in business life which act as sanctions, i.e.
those things which, by telling us what we cannot do, imply
permission for what we 232 do.
The manager's authority, including both rights and power, comes
from all of these sanctions. The following figure shows a
breakdown of the factors which grant and which limit the authority
of o manager.

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AUTHORITY AND RESPONSIBILITY.
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AUTHORITY AND RESPONSIBILITY

Authority, in the classical sense of "the right and power to command" is seen by many as being the chief co-ordinating factor within the organisation.

Unfortunately it sometimes found that a person in authority abuses the very authority he has been given, either by:

(a) Requiring impossibly high performance levels from subordinates, or

(b) Adopting a dictatorial attitude towards subordinates.

Managements normally devise a system of safeguards against this malpractice which gives the humblest of employees the right to refer a problem to someone in charge of both the employee and delingquent supervisor, to obtain redress.

The question which arises at this point is whether to refer the complaint to the manager immediately in charge of the supervisor, or to a more senior member of the line personnel. There are obvious advantages and disadvantages in either course of action and all that can be said with confidence is that imeartial arbitration must be the result.

One of the principal tenets of traditional theory is that both authority and responsibility should be clearly defined, preferably in writing, so that everyone should know exactly what he is supposed and permitted to do. If everyone has a full and clear picture of his duties, and knows precisely in what areas he can give orders and take decisions, then there will be no need for extra co-ordinating activities becausc there will be no overlap of functions and none not covered.

In the same way, it is argued that there must.be strict parity between responsibility and authority. No one must be held accountable for any action unless he has the necessary authority to command all the facilities needed for success.

There are two major difficulties with these two, apparently obvious, statements:-

(b)

AUTHORITY AND RESPONSIBILITY. PAGE 10.

It is incredibly difficult to define responsibilities so totally that there are none left uncovered, especially when one remembers the amazing rate of change in all aspects of business today. We just do not know what the main problem areas will be within a short time of setting up the organisation.

It is equally difficult to draw up jurisdictional boundaries in such a way that there are no overlapping areas. How, for example, do you deal with resource allocation which impinges on each and every area of the firm? You may say that you will hold a manager responsible for the profita-bility of his production unit, but can you as truthfully say that you will (or can) give him authority in all areas affecting it? To do so he must be permitted to hire and fire all his own staff, buy or scrap all his own equipment, spend as much or as little as he wishes on advertising, etc. To make decisions over this breadth of territory he would have to be a genius. He obviously needs help. This help he obtains from what are called "staff" personnel.

C. FEATURES OF GOOD ORGANISATION

Experience has shown that there are Four main attributes of good organisation. They are:

1. RESPONSIBILITY IS PAIRED WITH AUTHORITY;
2. DELEGATION IS EFFECTIVE;
3. CO-ORDINATION BETWEEN FUXCTIWS IS ACHIEVED;
4. COVMUNICATION EXISTS BETWEEN FUNCTIONS.

Let us devote a little time to each.

1.

RESPONSIBILITY AbD AUTHORITY

To give a man authority without responsibility encourages
irresponsibility in him and resentment in others. Conversely,
to saddle him with responsibility, but to give him no
authority, ties his hands and extinguishes his value.
We must therefore stoblish clear lines of su ervision
(sometimes called "lines of authority"; down which
orders are given, and authority exercised, and 22 which
information is channelled by way of reports and requests
for guidance.
These lines must be clear and precise, and are best
defined in writing. Everyone must know to whom he reports,
who should be the some person from whom he receives
instructions; and as for as possible, there should be
only one such person. Only in this way can misunderstanding
be avoided.
Arrangements should be mode for this control/report
functional relationship to continue even in the cases
of absence for illness, leave, or duty, by the training
of "Stondin" executives who can take over in need. Thus,
a Production Manager controlling three Product Supervisors
should ensure that one of them at least is trained to
take over temporarily in an acting role. This not only
promotes the continuation of the control/report Function:
it also provides trained succession and an incentive to
promotion.
We are here dealing with the usual line relationships in
a company. You will understand that the staff (advisory),
and functional (parallel) relationships depend on other
factors, since normally people thus related are not in
authority one over the other.

DELEGATION

"The higher up the ladder you climb the less you have to
do; provided (1) you have some courage, (2) you have some
trust, (3) you have your office so organised that you
don't have to deal with more than three or four responsible

heads ...If big men are overwhelmed with detail it is
always their own fault". The Soul and Body of an Army -
Sir Ian Hamilton.
No man can do everything. He should be big enough to
contemplate the possibility of some error since no one is
infallible, but errors can be put right and the greater
the responsibility delegated, the greater the moral
effect and the fewer the errors.
That is one reason for delegation. There are additional
reasons:
(a) Free a manager to concentrate on major matters and
avoid unnecessary detail, whilst ensuring that there
is effective management.
(b) Enable certain matters or aspects of management to
be brought within the province of a specialist for
greater efficiency.
(c) Solve geographical separation by delegation.
(d) The more managers delegate work, the more opportunity
they have to seek and accept increased responsibilities
from higher management.
(e) Causes employees to accept responsibility therefore
trains people and can improve their self-confidence.
09erotional and Functional Delegation
Delegation may be ogerotional, i.e., where command of
the basic activities of the enterprise are delegated,
like manufacturing and distribution, or functional,
where services ancillary to the main activities of the
enterprise are delegated to specialists.
Functional delegation, however, gives gall the
reSponsibility for ensuring that all matters pertinent
to the particular specialist Function, are carried out
in accordance with the general policy of the enterprise
and the specific duties laid down For the functional

manager. It does not place the Functional manager in
charge of the operational manager. Nevertheless
management must ensure co-operation between the two
for the smooth working of the enterprise and the
acceptance by the operational manager of such advice as
the functional manager may deem advisable. This is effected
by Motivation or Leadership, and through managerial meetings
aimed at co-ordination.

Always remember there can be no true delegation of
responsibility without corresponding delegation of
authority.

In those aspects where functional and operational managers
meet there is always a danger point. If each manager is
"big" enough mentally to be able to take advice as well as
give it, to be reasonably tolerant as far as possible, and
to be tactful in approach, there should be little trouble.
But nevertheless it is on this point that the senior
executive should keep constant watch, using his own
personality to smooth over any signs of difficulty.

Efficiency depends upon appropriate delegation, which in
turn depends Upon the soundneSs of the structure of_
organisation, but even more so does the whole depend upon
the personalities of the staff upon whom the duties of
management devolve. It also depends very much Upon the
Leadership or Motivation from top level downwards
and this is something which cannot be delegated.

Problems associated with delegation

Managers are still responsible for the work they delegate
to others. They may have no confidence in the ability
of their subordinates.

Secondly a manager may feel threatened if his subordinates
become capable of doing his own work equally satisfactorily.
Thirdly managers may just be too disorganised to delegate
work efficiently!

## CO-ORDINATION

The Dictionary gives the following definition of the word "co-ordinate":

"To bring into such relation that all the things co-ordinated take part in a common action".

Co-ordination is bringing together, and is closely allied with co-ogeration which is working together; both are essential for the smooth working of any organisation.

Its essential characteristic is its aim for unity. Henri Fayol considered the main aim of all organisation was to ensure co-ordination. This view has been considerably modified by subsequent writers, but the importance of co-ordination has been increasingly stressed as an essential basic element of sound Management.

With increasing specialisation due to increased knowledge and research into all aspects of commerce and industry, the burden placed on management to ensure co-operation has increased enormously.

Delegation or division of responsibility takes a great burden off the executive, but to counter this he must assume responsibility for organising to ensure a co-ordinated whole. As an enterprise grows, delegation and specialisation are essential For greater efficiency, but it must be ensured at all levels that all sub-units co-operate and aim towards the one goal, i.e. the benefit of the whole unit, continuously and as a team.

Many procedures or techniques have in themselves strong co-ardinative forces. Budgetary Control is a good example of this for the master budget represents essential unity with the plans and targets for every section of Management completely integrated.

Communication also has a strong effect on co-ordination, and various methods considered later will all have their effect. Knowledge of the work, responsibilities and duties of others, all aid co-ordination for they enable each person to realise just how his duties depend on others and how others depend on him.

Sgecial action may be necessary to ensure co-ordination,
although it should not be needed if the organisation has
been properly planned and responsibilities properly
specified. Perhaps also it will still not be effective,
until it is fully realised that it is very much a basic
responsibility of all managers to ensure and work for
full co-ordination. Indeed if they carry out their
responsibilities in accordance with the declared Policy
of the enterprise and within the spirit of the schedules
of responsibilities, co-ordination will be automatically
ensured, for in no sense then can a manager work in a
vacuum, isolated from his colleagues.
Assuming the need for special action, these methods may
be used:
(a) Committees may be formed, Usually for advisory
purposes, consisting of executives from all the
areas between which co-ordination is sought.
(b) DeBartmental Meetings help to keep everyone advised
of the policy being followed and the progress
being made.
(c) Coey-Files, containing letters, memoranda, drafts
of plans, can be circulated between departments so
that everyone is "in the picture".
(d) Joint Training Programmes, in which executives from
various departments join, may-be a useful aid in
getting to know each other's problans and progress.
CWICATION
If co-ordination is one side of the coin of organisation,
communication is the other, For the former cannot be
achieved without the latter. Effective management at any
level becomes impossible without good communication.

What do we mean bx this? Simply, that everyone should
know what the policy is, what actions are being initiated,
what progress is being made, so that they are equipped
with both the knowledge and the Sense of Participation
needed to act and to decide.
Communication must be:
(a) Clear, simple, positive. It must avoid ambiguity,
or "woolly" thinking.
(b) Creative, since it is designed to improve morale and
to develop a unity of purpose.
(c) Effective, in ensuring that plans and developments
are known to all who should know.
(d) Two-ng, to provide not only instructions from above
but also "feed-back" reports, questions or suggestions
from below.
To achieve these ends, it must be deliberate top management
policy to encourage full cannunication at all levels of
business, with the single exception that confidential
matters should be restricted to specific lists of those
'"entitled to see".
This is NOT an easy task. The need for effective communi-
cation is at its greatest in times of stress, when the
overall situation may be fluid or confused, and executives
at full stretch, unable to find time to keep colleagues or
subordinates fully advised. Nevertheless, this is when the
effort must be made, and information pooled.

S U M M A R Y

A. INTRODUCTION

Success at directing assumes that the manager
(a) has authoritx
(b) can communicate the requirements for action,
(c) is capable of motivating his subordinates.
(d) to follow his leodershig.

THE SOURCE AhD NATURE OF MANAGERIAL AUTHORITY
w
c
There are various theories:
(0) the classical theory
(b) the "consent" theory
(c) the "multiple sanctions" theory.
The lost of these seems to be the most acceptable for oer
purposes.

AUTHORITY AND RESPONSIBILITY
y.
n
Authority means "the right and power to command".
With authority goes responsibility. Clear lines of supervision are
needed, as is delegation, co-ordination and communication.

PROGRESS QUESTIONS

What features would you consider to be essential in good organisation? Which, in your view, is the most important one? Why?

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_____._____------__-_-
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_____-_--__-_-_-
Increased worker participation is sometimes seen as dangerous because it lessens management's authority. How far do you agree with this?

AUTHORITY AhD RESPONSIBILITY. PAGE 19.
Compare the two principles "responsibility is absolute" and
"authority should be delegated as low as possible".
M
N
"The only measure of performance which is necessary to control a
subordinate division is its profit figure". Disucss.
R
16 37:1 '

RELATIONSHIPS AND RESPONSIBILITIES.
- THE SIGNIFICANCE OF AN ORGANISATION CHART
You must be careful not to say that an organisation chart is an
organisation structure; it is not, it is really nothing more than
an illustration of the basis on which responsibilities are divided
between various members of the staff, and may also indicate the
relationships between different posts within the organisation.
You must also be careful not to give the impression that you believe
that if a manager draws a chart, he has fulfilled that section of
his planning function relating to the setting up of an organisation.
Such a chart may be useful in demonstrating the frame-work of the
organisation to Boards of Directors or even to members of the staff
who appear in it, but it certainly does not establish a clear def-
inition of responsibilities of various occupants of the positions
and posts referred to in it. This can only be done by the drawing
up of a detailed schedule setting out the duties of each executive,
the person to whom each executive is responsible and the persons
who are in turn responsible to each executive.
. tORGANISATION STRUCTURES!
There are two other pitfalls which you should take care to avoid.
The first is to make reference to a typical organisation. There
is no typical organisation structure any more than there is a
typical industrial organisation; we can refer to a broad common
pattern of allocation of duties and responsibilities, but it must
be remembered that this may be modified to greater or lesser extent
in particular enterprises.
The second pitfall is to refer to the types of organisation structures
sometimes referred to as "line", "line and staff" and "functional", as
alternative types of organisation, whereas, almost every organisation
set up in practice is partly "line" and partly "staff", i.e., line
and staff. There are very Few undertakings today which can operate
on a line, or military type of organisation in which there are no
specialist executives performing functions which are virtually
ancilliary to the main operations of the business (e.g., a personnel
manager), and in which all authority is delegated in a direct chain
from senior to subordinate; On the other hand, it is ludicrous to

consider an organisation based upon the services of functional
experts only. In other words, the attempt to categorise organ-
isation structures into rigid groups, though it may assist the
understanding of the theory of these structures, is not true to
real life.
A more realistic approach to the task of describing structures is
to refer to the relationships between different executives on the
staff.

C. DIRECT RELATIONS

The relationship which exists in an organisation structure between
a senior and his subordinates,.or vice verse, is referred to as a
direct relation. In other words, the relationships illustrated in
an organisation chart by vertical lines are direct relations. In
more detail, the relationship is one of instructions or orders
being given by the senior, and of compliance by the subordinate.
The relationship between 0 works manager and departmental foreman
who works under him, or between the chief accountant and the book-
keepers, clerks and typists who work under him are direct relation-
ships.
There must be a clear line of authority running through the organ-
isation so that instructions can be transmitted effectively from
top management to the lowest level of workers. In this way unity
of ccmwnnd can be ensured.
The chain of superiors, ranging from the ultimate authority to the
lowest ranks, is known as the scalar chain, and it forms the frame-
work of delegation. This is the process by which authority opera-
tes from the man at the head of the organisation right down the
scale. According to this process, each man in the hierarchy recog-
nises the outhozity of the one immediately above him, thus helping
to create on efficient and integrated force.
This chain of authority should be kept wherever possible, but it
should not be so rigid that it is incapable of modification in
exceptional cn'es, where it might prove beneficial to the organisa-
tion.

._____

0- LATERAL RELATIONS
These are the relationships between executives or supervisors at
the same level of responsibility in the organisation. They are
relationships which become essential for co-ordinating and co-
operating in the tasks of the organisation as a whole because
each executive cannot devote his attention only to his direct
relationships with his subordinates; he must also keep in contact
with and aim to collaborate with his colleagues in the organisa-
tion. Indeed in many cases he can perform his own role effective-
ly only if this collaboration is exercised.
These lateral relations may be prescribed in a comprehensive
schedule of responsibilities and relationships in which case they
may be called formal lateral relations, but very often they arise
purely informally as a result of management in action. Lateral
relations can exist only when there is more than one executive of
a similar grade and may be illustrated on an organisation chart
by horizontal lines.
E. FUNCTIONAL RELATIONS
These relationships arise if the organisation employs one or more
specialist executives such as a personnel manager, or clerical
methods manager, because the executive in question is responsible
for providing a service to some or many different parts of the
organisation. He cannot be held responsible to a particular ex-
ecutive beneath the level of General Manager, because his services
are not restricted to the sphere of a particular executive. His
responsibility may be defined as being to the Managing Director
or the General Manager, but if the specialist function is perform-
ed by a department rather than by one individual, there will be
direct relationships between the members of this specialist depart-
ment. These relationships may be drawn on organisation charts by
means of diagonals, or dotted lines connecting up the Functional or
specialist executive to the different sections of the organisation
in which he plays a part.
The area of the responsibility or jurisdiction of a functional
executive may be more difficult to detine than that of other eXm
ecutives, but it is a commen rule in orqanisations which empicy

these functional experts, that the specialist concerned must be consulted before a decision is taken on any matter which may be considered within the scope of their responsibilities.

## F- STAFF RELATIONS

A relationship which is not found so frequently as the three types referred to above is that which arises when a senior executive or manager appoints a personal assistant. In a military organisation this type of relationship exists between a staff officer and a regimental officer. This personal assistant or staff officer in effect carries a responsibility which is derived only from his immediate senior. He has no formal relations with other executive members of the staff and has no authority or responsibility in his own right.

## 6- DEVISING AN ORGANISATION STRUCTURE

In devising an organisation structure, a manager will have to depend largely upon his personal judgment; there are no basic rules or patterns From which he can draw guidance, but the following points may be of interest in this connection:-

1. If an existing organisation structure is being re-modelled, the existing organisation should be used as a starting off point. The best results will probably be achieved by enlisting the co-operation of the existing executives rather than by making changes in responsibilities without consulting them. In the case of a new business, the grouping of responsibilities will be arrived at by formulating the aims and policy of the management.

2. No business is too small to profit from a formal demarcation of responsibilities. Such a demarcation may be made as soon as two or three managers or supervisors are brought into existence through the growth of the scale of operations, and in any event those who participate at any level at all in

the work of the organisation will appreciate a picture of the
way in which the management works. To say that he knows exactly
what his colleagues are doing, and that no precise definition
of the relationships between himself and his staff is called
For displays a lock of understanding on the part of a manager
of the motives behind the definition of responsibilities.
Organisation is one of the refinements of management, and
without the preparation of formal charts or schedules, 0 weak-
ness in organisation may develop without being realised.
In deciding what activities to delegate, and what he should
continue to perform himself, a Manager should take into account,
considerations similar to those applied to the theory of foreign
trade by the theory of comparative costs in economics. A manag-
er should retain for his own performance, those tasks which he
can perform relatively more effectively than the subordinate
members of his staff. He may, in fact, be able to discharge all
responsibilities better than the subordinate; he cannot continue
to discharge them all, however, and it is best to delegate
those which will suffer least by being performed by a less
efficient executive, namely those which the executive can per-
form relatively more effectively.
The organisation structure should be devised with the existing
personnel, if any, in mind and not purely on the policy and
production requirement of the business, without any reference
to personalities. More precisely, the procedgre is first, to
group and establish the relationships between the responsi-
bilities and supervisory functions which have to be carried out;
secondly, to determine which qualifications and experience will
be required to perform these tasks more effectively, and finally,
to allocate the tasks and responsibilities to the existing
personnel bearing in mind their qualifications and experience.
Finally, some attention must be paid to the span of responsi-
bility of the senior executives.
There is a limit (known as the "Span of Control") to the number
of subordinates whom any executive can effectively control.
The higher up the ladder of seniority the executive is, the
fewer subordinates he can supervise efficiently. There can,

obviously, be no hard and fast limit for the "Span of Control",
although the maximum of six subordinates has been suggested in
the higher ranks of management. This is merely a guide; con-
ditions vary tremendously.
It is not simply the supervision of, say, six subordinates
that is involved, but the problems of the relationships between
them, which increase out of all proportion as the number of
subordinates increases. It should be noted, of course, that
this term does 22: refer to the control exercised over opera-
tives, or over clerks in an organisation - it refers only to
the control by an executive over management or supervisory
subordinates responsible to him.
The problem arise From four factors, which are:-
(a) The span of attention, which can be defined as the range
of items which the human brain can collate and consider
at any one time.
(b) Interrugtion, since clearly the greater the number of sub-
ordinate managers or supervisors the greater the degree of
interruption, and the greater the consequent emotional
burden. There must be a limit to the number of discussions,
telephone calls, meetings, and interruptions of other
sorts to which any executive can be exposed if he is to
carry out his functions efficiently.
(c) Time, by which is indicated the fact that there is only a
certain amount of time that an executive can devote to the
problems brought to him by each subordinate. In addition,
the more subordinates, the more expensive time is wasted '
as they await their turn For discussion with their chief,
and the more danger there is that their own problems will
not be fully discussed, and morale therefore impaired.
(d) The nature of the resgonsibilities which an executive
carries should, as far as possible, be of a generally
homogeneous type. The greater the number of persons
responsible, the more danger there is that the executive
will be called upon to attempt to deal with widely diff-
erent problems, for which he may have no background at all.

In general terms, the span of control will depend upon the
executive, the organisation, and the nature of the work in-
volved; but it is a factor which must be taken into account
at each stage of the planning of an organisation.

ISUPERVISIONI

In any business concern when the strategic planning has been done,
the production drawings and specifications issued, the methods
laid down, and the materials and machines provided
the actual job still has to be performed. When there are
more than two or three people concerned in the doing, then
someone must be responsible for seeing that the job is done.
This is supervision.

Supervision is part of management as we interpret it today,
and all levels from Managing Director down spend a varying
proportion of their time supervising. This has been simply
illustrated by the Following diagram From.E. Brech's
"Principles and Practice of Management".

Managing
Director
Works
Mana-er
Department
Han-oer
Foreman
Mana-eriol Skill
Chargehand
Technical Skill

_____

THE RaLE OF THE SUPERVISOR
The primary responsibility of the supervisor is the
control and oversight of the work of a group of employees
in an undertaking ..... He may in the course of his
day-to-day work be concerned with the planning and
allocation of work; the quantity and quality of production,
and avoidance of waste and keeping down costs; maintenance
of plant, conditions and methods of work, observance of
works rules, training of operatives, and generally
dealing with the problems and difficulties of the
employees under his control.
The degree of his responsibility for dealing with these
and other matters will depend on the policy of the
management and organisation of the firm. Within the
limits of his authority, however, his efficiency and
competence can materially affect the quantity, quality
and costs of production. He is the representative of
management on the shop floor and has to interpret the
decisions of management to the employee for whose
control he is responsible. He is in touch with them
throughout the day and is often regarded as "the boss"
..... he can influence significantly relations between
management and employees.
If we carefully examine the content of these two
paragraphs we must agree that supervision is concerned
more with people than with paper. It is a truism that
as persons differ, that we act from different motives,
move in different directions, etc. One of the principal
tasks then of supervision is to make Bersons react in
the same direction; and the first-line supervisor brings
out the worker's ability to work, emphasises the
difference between good and bad performance, and
highlights what the worker needs for peak performance.
One might say that today specialists are now employed
to carry out much of the work previously done by the
supervisors, but it would be nearer the truth to say
that they are employed to advise and assist supervision.
Inspiration, communication, co-ordination, integration,
or in other words the creation of an atmosphere in which
persons work with a wiil, effectively and with maximum
Jvr, r: t' : w 'rv"_zci'xs c? :Nhervision.

_____._____._____._

THE R6LE OF MANAGEMENT

Poor quality supervision can often be laid at the door of
senior and specialist management, the former for giving
inadequate support, the latter for the lack of advice and
assistance.

High quality supervision will invariably be found where
full support is given by higher management with sound
advice and assistance from the specialists, and in
connection with this we should expect to find the
Following covered:

(a) The duties and responsibilities of the supervisors
should be fully defined, and the necessary authority
given to enable these duties and responsibilities to
be adequately carried out.

(b) Supervisors should be "kept in the picture", not by-
passed, and "kept in the picture" in as detailed
a way as necessary to ensure they fully understand.

(c) Supervisors should be consulted before decisions are
finally token that affect them and their subordinates.
Innovations and changes should be frankly discussed.

(d) The status of the supervisors should always be main-
tained in relation to subordinates, and higher manage-
ment should ensure supervisors have the support needed
in relations with other departments and functions.

(e) Supervisors should be given full opportunity to pass
information upwards and downwards whilst higher
management must listen and take supervisors seriously.

(f) At all times should higher management's treatment of
supervisors be consistent, rewarded in line with
duties and responsibilities, and provided with
incentives for advdncement.

3. CONCLUSION.

Finally, consider this extract from P. Drucker's "The
Practice of Management", in which he says, in respect
of supervision:

"The job itself should make clear beyond doubt that its
holder is the legitimate successor to the master crafts-
man of yesterday - a master craftsman who, instead of
plying the trade of shoemaker or stonemason, practises
Management".

__-ooo--_

S U M M A R Y

An Organisation Chart may be regarded as a tool of management in
that it expresses the structure of a business in a concise manner,
so that the main outlines of the Structure of Organisation can be
taken in almost at a glance. It would not be true to say that
such a chart ii the structure of organisation; it merely illustrates
it.

It does permit, however, a ready grasp of the grouping of jobs
and departments within the establishment and the lines of demarca-
tion between them and also gives an indication of the types of re-
lationship between the incumbents of the various posts.

The three txges of relotionshies between posts are:-

(a)

(b)

Line or Direct. This type of relationship exists for example
between a chief inspector and his foremen, or between the fore-
men and the artisans working under them. It is a relationship
involving the issue of instructions on one port and compliance
on the other.

Lateral relotionshig. This is the relationship which exists
between executives and supervisors functioning at the same
level of responsibility and collaborating on points of mutual
interest.

(c) Functional relationshig. This exists when an executive, or an official with a standing equivalent to that of an executive has a specialised or functional authority over a group of activities not necessarily directly related to the production activities of the business, e.g., a factory medical officer. The functional executives operate, in other words, service departments.

(d) Staff relations. The Fourth type of relationship which is not found so Frequently as (a) to (c) is the staff relationship. These may also be of a functional nature, but the authority attached to them is derived immediately from a particular officer or executive who is in the direct line of authority.

No business is too small for the responsibilities of the staff to be allocated clearly, and us soon as there are two or three managers or supervisors, there is scope for an organisation chart. In preparing this organisation structure or chart, the manager will have to consider which functions he himself will delegate; he will also have to consider the staff he has available. It has often been said that a good staff can sometimes succeed with a bad organisation, but a poor staff may fail even with a good organisation. It the task in hand is the remodelling of an existing organisation structure, the procedure will be somewhat differentl There will already have been a demarcation of authority and responsibility, and the existing supervisory executives should be taken into the confidence of the manager to assist in drawing up the new structure.

ISELF-EXAMINATION QUESTIONS!

1. (a) What is an organisation chart?

(b)
RELATIONSHIPS AND RESPONSIBILITIES. PAGE 12.
What does it show?
What does it NOT show?
Define
(i) scalar chain
_____._____-_----_
(ii) unity of command.
_____._____-__-
What is the connection between the two?

RELATIONSHIPS AND RESPONSIBILITIES. PAGL lg.
Give a brief explanation of
(i) direct relationships
(ii) lateral relationships
(iii) functional relationships.
(a) What contributipn did F.N. Taylor make to organisational
structure?

(b) What Has his aim?
(c) Outline briefly two present-day modifications of
functional organisation.
Growth of an organisation demands changes in its structure.
Indicate four points which should be considered when devising
some change in on existent organisation.

_____._____
_____._____
What consideration should be given to the scope of senior
or top managers in defining their duties and responsibilities?
(Note: You should say a few definitive words about each
point mentioned.
Behavioural Research is pertinent here).

_____.-___
_____..____--

What task is specifically allotted to a consultant
brought in to advise on re-organisation of a concern?
List the main principles of organisation with which
he must comply.

3.
(in)
(b)
(c)
(o)
(b)
RELATIONSHIPS AND RESPONSIBILITIES. PAGE 17.
ANSWERS T0 SELF-EXAMINATION QUESTIONS
An organisation chart is a diagrammatic representation
of the manner in which the basis of the allocation of
responsibilities is determined.
It shows the relationships of the functions within the
organisation, and who bears the responsibility for
those functions.
It does not indicate the duties connected with the
responsibilities, nor does it show the relationship
between the holders of responsible positions.
(i) The Scalar Chain is the linkage of authority,
through delegation, which runs from the chief
executive right down to the lowest level on
the scale.
(ii) Unity of Command means that although authority mode
be delegated, as the Scalar Chain indicates, to
managers at different levels lower down in the
organisation, final responsibility and total
authority belong to only the chief executive.
(iii) 'Scoler chain' and 'Unity of commund' both mean
the some thing - that final responsibility and
authority belong only to the chief executive -
but 'scalar chcin' evokes a cleater visual
image.
A direct relotionshie exists between a manager or
senior and his subordinates: vertical lines on an
organisation chart, whether they go Up or down, indicate
this. While primarily the relationship is one of
command and compliance, it can develop into a co-
operative one Founded on'reliance and trust.
A lateral relationshie exists between managers or
seniors on the same level of responsibility and, to a
slightly lesser extent, seniority. The relationship
is based on co-ordination and co-operation in the
work, at that level, of the organisation.

(C)
(b)
(C)
RELATIONSHIPS AND RESPONSIBILITIES. PAGE 18.
Functional relationships are less cleor-cut because
responsibilities and their commensurate authority are
not only flexible but often amorphous. Relationships
between practical men and theorists sour easily: for
this reason, relationships tend to be ingrown, and
co-operotion is more readily achieved between the
specialists themselves.
F.N. Taylor's contribution to more scientific management
in the shape of organisational structure was his
recognition of the need for specialisation of function
in an organisation; he designed on organisational
structure embodying his ideas.
His aim was to lighten the load of management in such
a way that each manager had only one special function
for which he would be responsible.
Two present-day modifications are:-
(i) A decentralised organisation of function in which
0 large concern may establish branches in distant
localities, but while the various managers in the
branches would have authority commensurate with
their responsibility in each branch, their
counterparts at head office would have the final
authority.
(ii) A geographical grouping of specialists whereby
each group would preserve its identity irrespective
of the line manager at any level. They would, in
that case, be accountable to only the chief
executive, and thus independent of the influence
of any line manager.
When a manager is either faced with or contemplating some
change in on existent structure in an organisation, he should
(a)
discuss with his senior men the need for change and
enlist their co-operation is formulating the revised
aims and policies of the establishment.
he should endeavour to keep as many of his old hands as
possible if their reliability and loyalty to the
organisation have been proved over a period of time.

(C)
In deciding who is going to carry what new responsibilities
and the authority to be delegated to these men, he
should retain for his own performance the most difficult
tasks, to make sure that these are expertly done, and
that the subordinates do not carry a load to which their
strength is unequal.
He must delineate the areas of responsibility and new
limits with the utmost care so that each man carrying
new responsibilities knows exactly what he has to cope
with.
6. In view of the load of work Upon the shoulders of every
manager, consideration should be given in respect of
(a)
(b)
(c)
The sean of attention which he has to bring to bear on
the problems of the groups subordinate to him at any
one time. Behavioural researchers concluded that there
were at least 62 areas in which management should be
expert, but a span of 22 is about the most any manager
can adequately and effectively cope with.
Interruetions. A manager while he must, in the interests
of the organisation, always be accessible, cannot .
afford the time to be forever at the beck and call of
everyone at any hour. He must be screened from undue
interruption. This is why most managers employ a
personal assistant or a priVate secretary, one of whose
jobs is to protect him against constant interruption,
both telephonic and personal.
Time is limited for everyone in business, but for none
more severely than for a manager. His time for his
duties must not be left to chance, but must be organised
in such a way that certain times are allocated to the
doing of certain work as far as is humanly possible.
This precludes, too, any waste of subordinates or
business visitors' time waiting for him to put in an
unpunctual appearance.

(C)
(d)
RELATIONSHIPS AND RESPONSIBILITIES. PAGE 20.
The sEan of a manager's control should be neither so
wide nor so diverse that he is driven to make uninformed
or insufficiently knowledgeable decisions. The nature
of his responsibilities should always be within the
range of his own expertise or that of his immediate
advisers.
When, in the face of contemplated change, a business
consultant is brought into the concern to assist in
its reorganisation, his first specific task is that of
job analysis.
He must comply most strictly with the objective of the
organisation so that work can be co-ordinated to the
realisation of the aims of the concern.
There must be a clear-out separation of the functions
of the concern with no over-lapping, i.e. no manager
at any level should have two diverse functions, simply
because he is good at both, nor should any subordinate
be obliged to be accountable to more than one supervisor.
A clear line of authority must be established and
preserved.
Adequate authority must be vested in all those who
carry responsibilities.
The whole organisation should be flexible enough to
be able to face changing situations without buckling
and becoming impotent.

PROGRESS QUESTIONS
1. Compare and contrast the principles of functional and line relationships in an organisation structure.
2. As a business consultant you have been called in to investigate the organisation structure of a sole proprietorship which began operations five years ago to manufacture and distribute cosmetics. The business expanded rapidly and now employs a sales manager, a production manager and on acccuntcnt, and has separate design, stores, buying, inspection and maintenance departments. Detail briefly how you would set about your task.

NOTES ON QUESTION 2
A consultant called in at this stage in the expansion of a
business will have to exercise patience, and be exceedingly
tactful in questioning members of the staff if he is to
discover weaknesses in the structure or find ways of improving
Upon it.
The first task will be to find out exactly what duties each
employee is carrying out, and it is then a useful step to
prepare detailed descriptions of each of the jobs in question,
referring to the duties, the responsibilities carried by the job,
the conditions under which it is performed, and the relationship
of the worker performing the duty to other workers in the same
or in other departments.

The subsequent analysis of the resultant job descriptions will
indicate which kinds of work belong together and it may be
possible to re-ollocate certain responsibilities and duties in
this connection. The consultant would no doubt find it useful
to draw a number of diagrams from his job description sheets,
and also a complete organisation chart. Such a chart expresses
the structure of the business in a concise form and facilitates
revision of the organisation structure in sections where it
might be defective.

Finally, the consultant should check to see that the following
main principles of organisation are being complied with:-

(1) There is a clearly determined objective and all activities
contribute towards the attainment of this objective.

(2) The structure falls into clearly defined basic groups such
as finance, production, marketing and accounting. Although
there are alternative groupings of functions of this kind,
it is preferable that the organisation should be based on
a clear separation of them, no one executive being required
to perform two entirely different functions merely because
he happens to have abilities or training which fit him for
them both.

(3) There should be no overlapping or conflicting responsibilities,
and no employee should be in a position to receive orders
from more than one person, this person generally being his
immediate superior. '

(4) A clear line of authority, sometimes called the scalar chain
should run through the organisation, but it should not be
possible to by-pass, except under most unusual pressure or
emergency, any particular subordinate link in this line of
authority.

(5) Each member of the organisation should have whatever
authority is necessary to enable him to carry out his
responsibilities and duties adequately.

(6) The span of control should not be exceeded in any particular
area, i.e., no executive should be required to exercise
supervision over 0 number of subordinates which is unduly
large.

(7) The organisation structure should be sufficiently flexible
to make it possible to introduce adjustments when changed
circumstances make this desirable.

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AIDS T0 ORGANISATIONAL DESIGN.
There are numerous aids to the design of organisation. The following are some of the main ones:-

1. RECORDS

These give a background picture which can aid organisational change. Personnel records enable personnel to be accurately evaluated and this aids job selection.

2. ORGANISATION CHARTS

(a) The Vertical Chart: This is the traditional kind of chart. The superior is near the top of the page, the subordinates below.

(b) The Horizontal Chart, can be seen overleaf. It is simply a different way of presenting the same information.

Progress
Production Works
Control Superintendent
Manager Planning and
Design
Maintenance
Works Foreman
Engineer
Foreman t
General Electrician
Manager
Branch
Managers
Sales
Manager
t-- Publicity and Advertising
Chief Atcountant Secretory
Figure 2.

(c) The Concentric Chart: Again, simply another way of
presenting the some information.
G.M. : General Manager
P.C. : Production Control
W.E. : Works Engineer
S.M. : Sales Manager
C.A. : Chietc Accountant

_____.__
The Concentric Chart (Figure 3) consists of circles which
indicate echelon levels, with the general manager in the
centre. These charts eliminate the status implications in
'the other charts i.e. above and below, first and lost. The
distance from the centre indicates the relationship to the
general manager. Each sector shows different divisions and
there are no appendages to the organisation, i.e. no one is
at the bottom of the organisation.
No diagram can of course effectively convey the reality of
executive responsibilities. Organisation charts are on
endeavour to record formal relationships in an organisation;
they show some relationships, the main lines of communication
and the flow of authority and responsibility to all levels of
the management hierarchy.
(0) Advantages
(i) Constructing the charts needs careful thought by
senior executives.
(ii) People who wish to know about the enterprise e.g. new
entrants can see the broad outline of the organisation.
(iii) Charts can form the basis or organisational change
as they can be projected into the future to aid
evaluation of organisational planning.
(b) Disadvantages
(0) They do not show human relationships.
(ii) They soon become out of date.
(iii) Rigidity is brought into relationships as people tend
to keep within their charted area and become too
conscious about boundary lines.
(iv) They are costly to prepare, revise and store.
(v) Status problems are introduced.

E. ORGANISATION CHARTS
The remainder of this lecture is devoted to a number of Charts
illustrating the departmentalization which might exist in
(c) a Hote;
(b) a Manufacturer's Business;
(c) a large Shipping Company;
(d) 0 Departmental Store, and
(e) a Hospital.
You should study these charts carefully.

AuditorM
Ledger
Keepers
MSecretary
Accountant Cashier Steward I
%
Invalce Wages
Clerk Clerk
(Costs)
Purchases Residents
and
Visitors'
Accounts
ORGANISATION OF A HOIEL.
_._____._____.____.
DIRECTORS.
1
Manager
Housekeeper
Petty Cashier
Post Clerk
Chef Storekeepers Waiters Head Porter
Under. Cooks Washers Junior Pages
Porters
Chef
Linen and Chamber Cleaning
Serving Maids Staff
Maids
AIDS TO ORGANISATIONAL DESIGN. PAGE 5

ORbAN;VA71aN OF A MANUFACTURER'S BUSINESS.
GENERAL MANAGER
and
BOARD OF DIRECTORS
SECRETARY
Organisation
Staff Administration
Staff Auditor
_/
-'_'_#'#_,._ Professional Auditor
TECFNICAL MANAGEMENT COMMERCIAL MANAGEMENT
r-J-rg'i
Technical Works Drawing Store- Chief Chief Soles Chief CorreS-
Experts Manager Office keeper Accountant Cashier Manager pondence Clerk
Book- Invoice Collec- POY
Foreman Works Time keepers Clerks tors Clerks
Clerks Kee ers __L._
L___9p TWTT TTTTT
Cost Estimating Order Wages
l Clerk Clerk Clerk Clerk T
Skilled Labobrers Appren- ,TTTJ
Tradesmen tices X"'T_TT ! l l
S T A T I S T I C 5 Agent: Travellers Branch Adve;tising
Manager
Corres- Filing Typists Mess-
pondence Indexing enger
' Clerks Clerks
l
I
Warehouse & Packing &
Stores Clerks Forward Department
AIDS T0 ORGANISATIONAL DESIGN. PAGE 6.

AIDS TO ORGANISATIONAL DESIGN. PAGE 7.
LARGE SHIPPING COMPANY.
ORGANISATION CHART
3:
BOARD OF
SECRETARY
3%
g%
DIRECTORS
GENERAL
MANAGER
. lNHHLHVdBU
9N13318VH3
lNBNlHVdBO
ONITWVHLDIA
1N3N18Vd30
3NI8VH
1N3N18Vd30
ONISILEBAOV
lNENLUVdBO
HEONRSSVd
lN3HlMVd30
1H9138J
inaulquaa
SlNGODDY
FLEET or SHIPS
(47)
SlN39V
xN31380:!
x

Chief Accountant
Cashier Book-
keepers
ORGANISATION OF A DEPARTMENTAL STORE
W
GENERAL MANAGER
Asst.
General Manager
Advertising Provisions Her ware Staff Maintenance
Manager Manager Manager Manager Expenses
Goods
Inward:
Staff
Painters Carpenters
Secretory
Typists
Filing
Clerks
etc.

Secretary
Accountant Typists
Book-
keepers
& Clerks
Cashiers
ORGANISATION OF A HOSPITAL
———————.———————————.——————————..————
SUPERINTENDENT
Matron
Asst. Matron
I
Resident Surgeon
Housekeeper
Ambulance
& Emergen-
cy Staff
Nurses Dieti- Maids -Kitchen
cians
Staff
Maintenance Expenses
Electri- Carpen-
cians ters
Laun- Medical
dry Students
Painters
AIDS T0 ORGANISATIONAL DESIGN. PAGE 9.

BOARD OF DIRECTORS
f
REGIONAL BOARDS ------ BOARD COMMITTEES
CHIEF GENERAL MANAGER
DEPUTY CHIEF GENERAL MANAGER
General General General General General
Honcger Manager Manager Manager Manager
(Development, (Finance) (Computers) (Mortgages (Planning
Branches and and and
Agencies) Personnel) Marketing)
Chief
Secretary
Secretar
Chief Assistant Assistant Assistant
Accountant General General General
Manager Manager Manager
(Surplus (Personnel) (Mortgages)
Funds)
Chief Assistant
Surveyor General
Manager
(Branches
& Agencies) Mortgage Deeds Mortgage
Manager Admin. Accounts
Manager Manager
Mar sting Premises Business
Manager Manager Development
Manager
ORGANISATION CHART OF A BUILDING SOCIETY
16 375

INDUSTRIAL ORGANISATION DESIGN.
_____.
A. ALLOTMENT OF DUTIES IN AN ORGANISATIGV,
_____._____
1.
INTRODUCTION.
The duties or activities in on industrial organisation are allotted
to individuals by several different methods, of which the following
are the most important:-
(0) Bx Bersons. An executive or supervisor is given authority
over, and mode responsible for certain subordinates.
(b) Within thsical boundaries. An executive or supervisor is
given supervision over a room, a department or a production
centre.
(c) Bx eroduction. An executive or supervisor is given super-
vision over the manufacture of a particular item of product,
or a certain line of product.
(d) BX Brocess. An executive or supervisor is given supervision
over a particular manufacturing process or over a series of
such processes.
(6) BX eguiement. An executive is given supervision over a
particular group of machines or class of equipment.
The allotments given above are in the nature of vertical sub-
divisions where each executive's or supervisor's authority is
exercised within his determined sphere of control but subject to
higher line authority and to functional or expert staff advice.
THE LADDER OR BRIDGE OF FAYOL.
In addition to the vertical relations, there are horizontal rela-
tions which have received little attention. In this connection
there is a nearly unexplored field, where the vertical lines of
authority cross and conflict with the horizontal lines of relations.
This situation is made plain by a consideration of the Following
figure.

GENERAL MANAGER
WORKS MANAGER
SUPERINTENDENT C
DEPARTMENT HEAD D ------------
SUPERVISOR E ----------------
WORKMAN --------------------------
CROSS CONTACTS OR RELATIONSHIPS ILLUSTRATED
BY THE "LADDER" OR "BRIDGE" 0F FAYOL.
This diagram represents two lines of authority with the general
manager at the apex and in each case following through 0 works
manager, superintendent and so on to the operator. To perform
duties assigned to each line - assuming they are in the some
industrial organisation - there must be some contact, communi-
cation and relationships between individuals at each level of
authority in the two converging lines for the performance of
duties assigned to each line. Such cross relations may be
concerned with
(a) jurisdiction, that is, a determination of which line is to
do certain work;
(b) co-ordinotion of policies and operation methods necessary
to obtain uniform operating results;
(c) review of work which may occur where work is transferred
from one line of authority to another in order to complete
succeeding operations;
(d) division of overlapping duties. The points where vertical
authority and cross relations meet are indicated by the small
dots in the diagram.
In practice these relations are real and continuingland give rise
to Boints of Eossible Friction and conflict.

_____.____m_____._____._____
3- MAINTAINING INTERSECTING RELATIONSHIPS

_____ _____
intersecting relationships on a properly managed basis. His
solution is a recess of self ad'ustment.
(a) Contact should be initiated
(b) Before any action is taken
immediate line superiors.
B. INDUSTRIAL ORGANISATION DESIGN
1. INTRODUCTION.
_____

, it must be approved by the

2. A TYPICAL LINE OF INDUSTRIAL AUTHORITY

GENERAL
MANAGER
LINE OF
---- SUPERINIENDENT
AUTHORITY RESPONSE
FOREMAN FOR MAN
OPERATORS OPERATORS l OPERATORS '

Five levels of outhoritx are shown in this diagram. The left
hand arrow indicates the flow of authoritx and issuing of orders
from the general manager, level by level to the operators.
The right hand arrow indicates the line of resgonse whereby reports
and returns flow upward to whatever level they are directed. This
line of response should be open for operators to send suggestions,
make complaints and ask for adjustment of grievances.
3. CERTAIN CONTROLLING FACTORS. These are essential to avoid friction
in the operation of organisational lines of communication. They may
bn listed as:-
(0) Channels of communication must be definitely known.
(b) A definite, formal channel of communication is required for
every member of an organisation.

---

(c) The line of communication mu
st be as direct and short as
possible.
T(d) The complete line of communication should always be used.
(e) The competence of the persons serv
ing as communication
centres, i.e. officers,
supervisory heads must be adequate.
(f) I The line of communication sh
the time when the organisoti
hours.
ould always be open during
on functions, i.e. during working
(9) Every communication tronsmitt
ed along the line should be
authenticated.
4. TYPICAL DEGREES OF RESPONSIBILITY coupled with the general duties
of the several positions are shown in the Following table.
’ Performance
istrative ’ of a
definite
General
policies.
job
manage-
ment
5. DIVISION OF LABOUR IN AN ORGANISATION
This allocation of separate duties is necessary because of:-
(a) the volume of work to be done;

(b) the differences in the natures, capabilities and skill of
the men;
(c) the range of knowledge required in an organisation which is
so extensive that one individual can command only a fraction
of it.
There are, however, definite limitations beyond which work division
should not be carried out -
(d) no advantage is gained by sub-dividing work so minutely that
the resulting task is less than that which a man can perform
when working continuously;
(e) technology and normal practice make it impracticable to sub-
divide certain kinds of work, although the influence of thes
factors is subject to change;
(f) a job must not be divided and sub-divided and re-subdivided
until it becomes so fragmented that it loses all meaning for
those to whom the fragments have been allotted, for with the
loss of meaning in the work will go the workmen's interest
in doing it at all.
C. iCO-ORDINATION IN ORGANISATION
When duties and activities are sub-divided and allotted throughout-
a production organisation, means must be provided to have all of them
performed and all the product turned out on time; that is, everything
must be completed according to a pre-determined schedule. This process
of timing activities and re-uniting sub-divided work is called co-ordina
tion. The normal routine through which co-ordination is achieved is
the sxstem.
Co-ordinatian means to combine activitx into a consistent and
harmonious action.
The highest form of co-ordination in industry is that in which an
entire group accepts the objectives and policies laid down and
acquiesces in the disciplines which are necessary to achieve that
purpose, in short, where an entire group does the job it is paid
to do.
Many procedures or techniques have in themselves strong co-ordina-
tive forces. Budgetary Control is a good exunple of this, for the
master budget represents essential unity with the plans and targets
for every section of management completely integrated.

l S U M M A R Y

_____.

. ALLOTMENT OF DUTIES IN AN ORGANISATION

_____._____.

l.

Duties in an industrial or anisation ore allotted to individuals
by several different methods, i.e. by persons; within phySical
boundaries; by production; by process and by equipment.
These allotments are in the nature of vertical sub-divisions where
each executive's authority is exercised within his own sphere of
control but subject to higher authority.
The Ladder or Bridge of Fey 1 illustrates the cross contrasts or
horizontal relationships within an organisation. These may be
concerned with jurisdiction i.e. the bound of authority which has
been delegated; co-ordinution of policies; review of work;
division of overlapping duties.
Maintaining Intersecting Relationshigs.
Fayol's solution to this is a process of self-adjustment. He
pointed out that executives at any level may contact one another,
reach decisions and initiate action provided contact is initiated
with the consent of the immediate line superior,and that any
action taken is approved by the immediate superior.
and

B. INDUSTRIAL ORGANISATION DESIGN

1. Industrial organisation design recognises levels of authority and degrees of responsibility.
The line of authority goes from a higher to a lower level of authority, the line of response is in the reverse direction. The former is the channel through which orders flow from the general manager to the operators; the latter is for the flow of reports and returns to whatever level they are directed. It is also used for suggestions, complaints, etc.

2. Work division is the foundation of the approach to
_____._-_-_-
determine the relation of duties and the selection of individuals who are to perform these duties.
The allocation of separate duties is necessary because of the volume of work to be done, the differences in the skill of the operators and the range of knowledge
There are, however,
required in an organisation.
on should not be
definite limits beyond which work divisi
carried out.

C_ CO-ORDINATION

Co-ordinotion is the 0
allied to co-operation which is the act of work
ct of bringing together and is closely
ing together.
Both are essential for the smooth working of any organi-
sation. Its essential characteristic is its need for
good teom-work.
With increasing specialisation, the burden placed on management to ensure co-ordinution has increased enormously.
As on enterprise grows, delegation and specialisation are essential for greater efficiency, but it must be ensured at all levels that all sub-units coaoperate, their common aim the common objective.

SELF-EXAMINATION QUESTIONS
Draw a diagram of Fayol's Ladder, and briefly explain it.
M
M

(b)
(b)
(C)
INDUSTRIAL ORGANISATION DESIGN. PAGE 10.
State five ways in which vertical delegation of
authority may be determined.
_____.__-__-_-
What do you think the result of too rigid observance of
the lodder's steps would tend to be?
_____-_-_-_-_-
If the ladder principle were followed too closely, what
other aspect of the whole organisation might well be
adversely affected?
_____-_-__
What could quite possibly happen in this direction?
_____.___-_-___
_____.__-_-___-__
_____-_-_-_
How would it affect
(i) the manager himself?
(ii) the employees in general?

_____._____

(d) If you were the manager, how would you remedy this?
(Think! - because this is a beast of a question in
which the answers to b, c and d depend on
your getting (a) right.)

W

M

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m ___-_____

Exactly the same unhappy situation can easily arise in a big
office, for the some reason. What thsicol steps are
popularly token now-o-doys to prevent this?

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ME

What do you think the phrase, '0 process of self-odjustment',
means?

._____
_____, _ H

(a) What do you understand by the term, 'co-ordination'?
(b) Fill in the missing word:
(i) Co-ordination refers to
(ii) Co-operation refers to
(c) By what single means can co-ordinotion be made effective?
(0) Why is division of labour frequently necessary in
certain sections of an industry?
(b) When should work not be divided?
What one thing is essential to any form of communication
within any organisation?
_____._____–
----oOo----

_____.____._____i.
ANSWERS TO SELF-EXAMINATION QUESTIONS
1. GENERAL MANAGER
WORKS MANAGER A
SUPERINTENDENT B
DEPARTMENT HEAD C
SUPERVISOR D
FOREMAN E
WORKMAN F
U WORKS MANAGER
V SUPERINTENDENT
W DEPARTMENT HEAD
X SUPERVISOR
Y FOREMAN
Z WORKMAN
no-aoa-u
onouoouaoo
oooo-oooouoa
o-atuo-onoooao
Ionaooooooxoo)1o
oceoou-u-oooooonoo
This diagram represents two departments in one organisation, or
two products manufactured by the same firmo
Each of these two is in its turn divided into sections, and each
section is under the authority of one man, his designation being
indicated as from A to F on the one hand, and from U to Z on the
other. The authority at the very top is the general manager,
who bears the responsibility for the smooth working of the whol'
concerng Cross-relotionships are indicated by large dots.
2. (a) Delegation of authority may be determined by
(i) formal appointment of a general manager by the Board of
Directors
(ii) the need to have someone with special knowledge in a
certain job at a certain level
(iii) the personality and drive of an applicant for a post of
responsibility. i
(iv) the seniority of someone within the organisation itself
(v) the demonstrable qualities of leadership of an employee

(b)
3- (o)
(b)
(C)
(d)
4.
INDUSTRIAL ORGANISATION DESIGN. PAGE 14.
The creation, by the heads of any or even all the separate
sections, of little empires within the organisation.
Comnunicotion.
Rivalry or some feud between heads of sections con lead to the
delaying or to the withholding of some item of information which
all should have, thus causing disruption in the flow of work.
(Note: This nasty little practice is by no means uncommon,
and, indeed, has been observed to have been done.)
This would affect
(i) the manager, who might be kept in ignorance of the real
cause of perceptible disruption and thus is unable to
sort the problem out without loss of valuable time
(ii) the employees themselves, for whole section rivalries or
schismo can easily arise.
If I were manager, I would insist that all communication be
written; each recipient would be instructed to initial and
to date the receipt of the communication, and a reliable clerk
would be instructed to keep a record - there are many easy
ways in which this may be done - of all written communications,
checking up carefully on their circulation, noting relevant
dates of the passing on of the communication.
The latest attempt to stop "little empiresl being created in
large offices involves the design and layeout of on 'open plan"
office; 011 the clerical staff is herded into one area by
this meonse
(Note: This popular modern gimmick has many observable
drawbacks and disadvantages. While this is no port
of the present course, you might do well to think
about it when you have opportunity and time to do so;
port of your future job in the managerial field

_____._____

might well be to or
ganise a trouble-free office
staff.)
'A process of self-odjustment' is evasive jargon, and I regret
that I simply do not know what it means! _ unless it implies
that each man to whom authority on the 'ladder' principle has
been given adjusts himself to his place in the hierarchy,
establishes a good relationship with his
iors, and controls the group under him wi
kind or for any reason.
the parts may be.
(b) (i) things to be done
(ii) the people who do them.
(c) By proper control.
7.
(a) Division of labour may be necessary
(i) because of the volume of work to be done
(ii) because of the different skills to be applied in doing it
(b) Work should not be divided
of one man to do it alone;
which is impossible to split
such small portions that it
when it is well within the capacity
it may be of some technical kind
, and it must never be divided into
becomes fragmented, so that those
who do the ports of the job
cannot fit the parts together in
the mind, and thuse tend to lose all interest in doing the job
at all. '
Comprehensibility.
'--w000nnn

  PROGRESS QUESTIONSI
The duties in on industrial organisation are allotted to
individuals by several different methods. What are the
most important of these methods?

_"_____._._.____._____._____
2, What is meant by Work Division in
is it necessary.
xxx
xxx
xxx
----oOo----
8647

T H E R A P 1 D R E S U L T S C 0 L L E G E
_- _ 000 ___
MANAGEMENT
TEST GAJ2
(Time allowed : 3 hours)
_-_ 000 _._-
Notes:
1. Credit will be given for neatness and method.
2. Answer all of number specified questions.
3. Scale of marks is indicated at the end of each question.
4. Leave sufficient space at the head of your answer paper for
V001
(A
tutor's comments.
Answer each question on a separate sheet of paper.
Attach this entire question paper to your answers.
PLEASE FILL IN SHDENT DETAILS (N THE FORM AT THE EM) OF
THIS TEST AM) ATTACH IT TO Yul? ANSWERS.
___ 000 __-
(o) What are the various fields of management?
(b) Write a full account of the role of the director.
(25 marks)
discuss Organisational Objectives under the following
vadings:
:3 Economic Objectives as a guide to operations.
(D) Social Objectives.
(c) Change and Economic Objectives.
(25 marks)
(0) Explain the meaning of 'Orgonisation'.
(b) What is an informal organisation?
(25 marks)

4. Discuss the "Consent' or 'Acceptance' theory, pointing out the strengths and weaknesses of this theory.
(25 marks)

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TEST GAJ2.
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(Obtainable from your Programme of Studies)
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Your corrected script will be returned with a guide to the answers. 16 371

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