

# Part 3:

## ORGANIZING EFFECTIVELY AND HRM

# Organizing

***The deployment of organizational resources to achieve strategic goals***

- Division of labor
  - Lines of authority
  - Coordination
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- All organizations wrestle with structural design and reorganization
  - Organizing is important because it follows from strategy

# Organizational Vertical

## Structure

### Organizing Structure Defines:

- ❶ The set of formal tasks assigned to individuals and departments
- ❷ Formal reporting relationships
- ❸ The design of the systems to ensure effective coordination

# Organizing Concepts

***Work Specialization*** is the degree to which organizational tasks are subdivided into individual jobs; also called division of labor

***Chain of Command*** is an unbroken line of authority that links all individuals in the organization and specifies who reports to whom

# Authority, Responsibility, and Delegation

- ✓ Authority is vested in organizational positions, not people
- ✓ Authority is accepted by subordinates
- ✓ Authority flows down the vertical hierarchy
- ✓ **Accountability** is the mechanism through which authority and responsibility are aligned
- ✓ **Delegation** is the process managers use to transfer authority and responsibility down the chain



# Line and Staff Authority

***Line departments*** perform primary business tasks

- Sales
- Production

***Staff departments*** support line departments

- Marketing
- Human Resources
- Accounting
- Research

# Span of Management

*The number of employees reporting to a supervisor*

- *Tall Organizations* have more levels and narrow span
- *Flat Organizations* have a wide span and fewer levels

# Less Supervision/Larger

- ✓ Work is stable and routine
- ✓ Subordinates perform similar work
- ✓ Subordinates are in one location
- ✓ Highly trained/require little direction
- ✓ Rules and procedures are defined
- ✓ Few planning or nonsupervisory activities
- ✓ Manager's preference



# Centralization and Decentralization

- **Centralization** – decision authority is located near the top of the organization
- **Decentralization** – decision authority is pushed downward to all levels

# Departmentalization: Functional and Divisional

- **Vertical Functional Approach**

- Grouping of positions into departments based on skills, expertise, work activities, and resource use

- **Divisional Approach**

- Grouping based on organizational output
  - Product, Program, Business (self-contained unit)
  - Geographic or Customer-Based Divisions

***Geographic or Customer-Based Divisions group activities by geography or customer***

# Departmentalization: Matrix and Team Approach

- **Matrix** combines functional and divisional approaches
  - Improve coordination and information
  - Dual lines of authority
- **Team approach** is a very widespread trend
  - Allows managers to delegate authority
  - Flexible, responsive

# Organizing for Horizontal Coordination

- Companies need more flexibility than vertical structure can offer
  - Meet fast-shifting environment
  - Break down barriers between departments
  - Need integration and coordination
- Lack of coordination and cooperation can cause information problems
  - Growing global challenge

# Task Forces, Teams, and Project Management

**Task Force** – a temporary team or committee formed to solve a specific short-term problem involving several departments

**Cross-functional Team** – furthers horizontal coordination by including members across the organization

**Project Manager** – person responsible for coordinating activities of several departments for the completion of a specific project



# What is Human Resource Management

The process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness concerns.

# Innovations in HRM

- ***Becoming an Employer of Choice***
  - Organizations that are highly attractive to potential employees because of HR practices
- ***Using Temporary and Part-Time Employees***
  - Contingent workers are not permanent, maintain flexibility, and keep costs low
- ***Promoting Work/Life Balance***
  - Critical retention strategies

# Finding the Right People

Using the *matching model*, the organization and the individual attempt to match the needs, interests, and values that they offer each other

# Human Resource Planning

- What new technologies are emerging?
  - What is the volume of the business likely to be in the next 5 to 10 years?
  - What is the turnover rate?
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- What types of engineers will we need?
- How many administrative personnel will we need to support additional engineers?
- Can we use temporary, part-time, or virtual workers?

# Recruiting (talent acquisition)

- ***Assessing Organizational Needs:***
  - Job Analysis
  - Job Description
  - Job Specification
- ***Realistic Job Previews*** – provide pertinent information; positive and negative



# Managing Talent

- ***Training and Development***
  - On-the-Job Training
  - Corporate Universities
  - Promotion from Within
  - Mentoring and Coaching
- ***Development*** involves teaching broader skills
- ***Performance Appraisal***
  - Evaluating performance, recording assessment, and providing feedback

# Performance Appraisal

- ***Assessing Performance Accurately*** – system should evaluate relevant performance
- ***360-degree Feedback*** – uses multiple raters, including self-rating to appraise employees and development (eg. include subordinate, peers & customers)

# Performance Evaluation Errors

- ***Stereotyping*** – placing an employee into a class or category based on a few characteristics
- ***Behaviorally Anchored Rating Scales (BARS)*** – rating technique that relates an employee's performance to specific job-related incidents

# Compensation

- **Compensation** – all monetary payments and all goods or commodities used to reward employees
- **Wage and Salary Systems**
  - Job-based pay
  - Skill-based pay
  - Competency-based pay
- **Compensation Equity** – fairness and equity
- **Pay for Performance**

# Benefits

- Social security, unemployment compensation, and workers' compensation are required by law
- Cafeteria-plan benefits packages allow employees to select benefits for themselves
- Companies are dropping employer-sponsored coverage due to the new health care law



# Rightsizing the Organization

- Reducing the company's workforce to the "right" size; also called downsizing
- Make company stronger and more competitive
- HR must effectively and humanely manage the process
- Many organizations use communication and provide assistance to address emotional needs

# Termination

- Employees leave voluntarily, retire, are rightsized, and are fired for poor performance.
- Poor performing employees can be disruptive and cause problems for morale.
- In Malaysia, termination due to employees misconduct can only be done through domestic inquiry.

Thank you