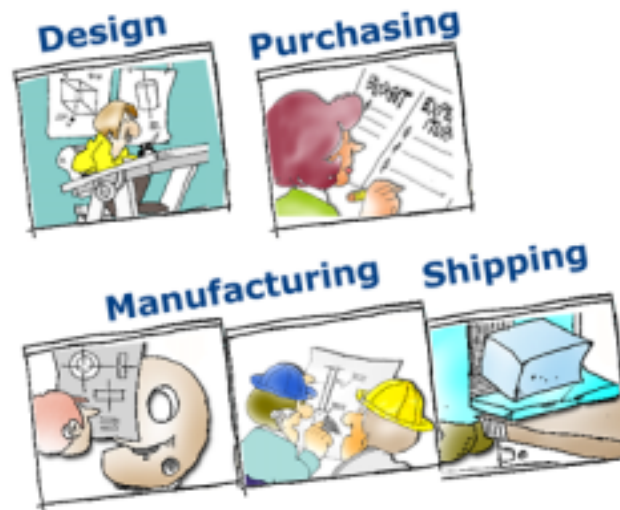


# Structural Part of Organizations

"Organizing" is a process, which every manager goes through, by assigning jobs and coordinating the work of various people in the jobs. As the organization grows, a number of groups, departments or divisions are established, each with a particular function.

## Centralization or Decentralization

A formal organization makes for stability in working relations because everyone knows what his job is and what other peoples' jobs are. Quite often, managers are forced to make decisions about centralizing or decentralizing their operations. This means centrally locating the operations or letting some of the operations move to geographically different locations.



A chain of grocery stores can be used to illustrate centralization and decentralization. If all food is purchased through one source, then that part of the operation is centralized.

On the other hand, if each store buys what it needs independently of the others, then the operation

It can be done by products, where one manager is in charge of all operations associated with one product. In some instances, where the market might be unique, one manager may be assigned to work with one or a group of particular customers. Finally, each major operation in the organization may have its own manager. For example, one manager may have the responsibility for all sales and another for all manufacturing.

## How Many Can One Manage

One question that often arises when organizing is "how many people can one manager supervise effectively?" There is no set number of workers and the decision as to how many is dependent on

three things, namely - the proximity of the supervised jobs, the complexity of the jobs and the variety of the jobs.

A supervisor might have no problem in supervising 30 or 40 workers digging a ditch in the same area, whereas it might be difficult to manage 3 or 4 scientists working on different projects in different locations.

## Decentralization of Authority

Actually when an organization decentralizes, it delegates more authority to others, since it is then impossible for one person to oversee all operations. So what we are actually talking about is the centralization and decentralization of authority.

If the majority of decisions concern costly actions, then the decisions will be made at a higher level of management and the organization is said to be centralized.

is decentralized.

## Departmentalization

To make managing easier and to allow for growth in a formal organization, the grouping of employees and their jobs is necessary. This grouping is called departmentalization and can be done in a number of ways depending on the function of the organization.

Departmentalization by geographical areas is very common and consists of putting all the operations in a territory under one manager.