Organazing

- In previous parts of our course we saw that **specialized division of labor can greatly increase the work output of a group of people**.
- However, **unless the relationships between people and organizational units are clearly established and their work is coordinated, the efficiencies of specialization will be lost**.
- **Delegation is the primary process by which managers establish formal relationships among people in an organization.** Through delegation of authority and tasks, managers match people with work and decide which people will work together in a superior-subordinate relationship. Further we will discuss delegation and the nature of authority in organizations.

DELEGATION, RESPONSIBILITY, AND AUTHORITY

- **For plans to be implemented**, someone obviously **must actually perform every task required to attain the organization's objectives**. Management therefore must find an effective way to combine the key variables of tasks and people. Setting objectives and supporting them with policies, strategies, procedures, and rules makes a contribution to meeting this need. Motivating and controlling also play crucial roles in ensuring that people perform tasks effectively. However, **organizing is the function most visibly and directly concerned with systematic coordination of the many tasks of the organization and consequently the formal relationships among the people who perform them.**

Organizing

- Organizing is the process of creating a structure for the organization that will enable its people to work together effectively toward its objectives.

Organizing

- There are two major aspects to the organizing process.
- 1. dividing the organization into subunits appropriate to its objectives and strategies.
- 2. authority relationships. These relationships are the threads that link top management to the lowest levels of the work force and make possible the distribution and coordination of tasks.
- The means by which management establishes authority relationships is delegation. One cannot understand the organizing process without first understanding delegation and the related concepts of authority and responsibility.

Delegation

- **Delegation is the assignment of tasks and authority to a recipient who assumes responsibility for them.**
- Delegation is the means by which management distributes among its people the countless tasks that must be performed for objectives to be attained. **If an essential task is not delegated to another person, the manager must perform it personally.** This, of course, is clearly impossible in many cases because the manager's time and ability are limited. More important, as early management writer Mary Parker Follett observed, the essence of management is **"getting work done through others." Therefore, in a real sense, delegation is the act that makes one a manager.**

Delegation

- Though fundamental for successful organized endeavor, delegation is one of the most misunderstood and misapplied concepts in managing. Not fully understanding the necessity of delegation or what is required to make it effective has caused many a brilliant entrepreneur to fail just when his or her organization grew large. To even begin to understand how to delegate effectively, one must understand the related concepts of **responsibility and organizational authority.**

RESPONSIBILITY

- **Responsibility** is an obligation to perform tasks and to account for their satisfactory completion.
- By obligation we mean that an individual is expected to fulfill certain job requirements when he or she accepts a position with the organization. In effect the individual makes a contract with the organization to perform the tasks of the position in exchange for certain rewards. Being accountable means that the person is held answerable to the delegator for the results of the task to be performed.

RESPONSIBILITY

- *For example, upon accepting a job as an assembly-line worker at Sony a person might be assigned (delegated) the task of wiring circuit boards into television sets. By accepting the job and its rewards, the worker implicitly agrees to perform it in a manner satisfactory to Sony. To meet this responsibility, the worker would have to rewire a set, if he or she makes a mistake. Because the worker is held accountable for performing the task correctly, the worker must answer to a supervisor for any mistakes. The supervisor has the right to demand an explanation or that the job be done over if performance is poor.*

RESPONSIBILITY

- It is important to recognize that although delegation is wholly dependent on its acceptance, **responsibility cannot be delegated**. A manager cannot shed responsibility by passing it on to a subordinate. Although a person assuming responsibility for a task need not perform it personally, he or she remains accountable for its satisfactory performance.

RESPONSIBILITY

- *The head doctor of a surgical team delegates many important duties to nurses, for example. But, if the patient dies because the nurse gave him the wrong type of blood, the head surgeon is considered accountable and can be sued for malpractice. Similarly, if a sales representative does not attain her sales objective for the year and, as a result, the department does not meet its objective, the sales manager, not the representative, must answer to the head of marketing.*

RESPONSIBILITY

- In large organizations **top managers rarely speak to subordinates on lower levels** who actually perform most of the organization's specific tasks**. They are. nevertheless, responsible and accountable for them.**

RESPONSIBILITY

- *If a junior engineer at General Motors makes a design error that eventually requires the company to recall 100,000 autos, it is the vice-president of engineering who must explain why to the president. Perhaps the president will have to explain to the stockholders why he let earnings decline through this error. Even though the president of GM and that obscure engineer never met, the stockholders rightly hold the president accountable for everything related to GM's performance. Former President Harry S Truman indicated awareness of his ultimate responsibility for government with a now famous sign on his desk. It said:* ***"The buck stops here."***

DELEGATION, RESPONSIBILITY, AND AUTHORITY

- **The extent of their responsibility is one reason why managers, particularly those heading large corporations, are so highly paid.** But it is doubtful that even a $2 million a year salary would lure an intelligent person to a top post if there were no way that person could influence the performance of all those people on whom his or her own success hinges. This brings us to a most important concept: **organizational authority**.

AUTHORITY

- If a person is expected to do something for the organization—assume responsibility for the satisfactory completion of a task—the **organization must supply the resources required**. **Management does this by delegating authority along with tasks**.
- **Authority is the limited right to use the organization's resources and channel the efforts of some of its people to perform tasks.**

AUTHORITY

- **Authority is delegated to a position, not to the individual who happens to hold the position at any time.** *This is expressed by the old military saying that you salute the uniform, not the person. When an individual changes jobs, he or she loses the authority of the old job and picks up that of the new. For example, even though a Procter & Gamble sales manager is on a higher level of management when promoted to brand manager, she could no longer issue orders to her former subordinates in the sales department.* <u>However, because delegation is not possible unless there is a person in the position, it is common to speak of delegating authority to the individual.</u>

AUTHORITY: Limits of Authority

- According to our definition, authority is the limited right to use resources and command people. Within an organization these limits are usually specified through written policies, procedures, rules, and job descriptions. Or they may be communicated orally to the subordinate. Persons going beyond these limits exceed their authority, even when doing so is absolutely necessary to perform delegated tasks. *A worker authorized to operate only a certain machine, for example, would be exceeding his authority by using one assigned to another worker if his broke down.*

AUTHORITY: Limits of Authority

- In general, the **limits of authority grow wider as one moves up the organization**. But even the authority of top managers is **limited.** The chairperson and president of a large, public company are accountable to stockholders. They must answer to those stockholders if expenditures seriously exceed the overall budget. Nor can top corporate officers give themselves a raise, a use of organizational resources, without the board of directors' approval. There also are many external limits to authority. Laws prevent managers from knowingly delegating duties that are likely to seriously harm workers.

AUTHORITY: Limits of Authority

- Much of a manager's authority is derived from the traditions, mores, cultural patterns, and folkways of the society in which the organization functions. People obey the orders of a superior partially because it is socially acceptable behavior to do so. These factors **limit authority as well as support it.** Managers cannot delegate authority that conflicts with laws or cultural values, at least not for long. This means, of course, that they cannot delegate duties requiring such authority and expect them to be carried out.

AUTHORITY: Authority and Power

- It is important to realize, however, that limits placed on authority, either by the organization or its society, often are widely exceeded in practice. To better understand this, let us briefly examine the difference between **authority and power**.
- Authority and power are often confused with each other. Authority is defined as a delegated, limited right, inherent in a position to use organizational resources. **Power, in contrast, is the ability to act or the capability to affect a situation.** One can have power **without having authority**.

AUTHORITY: Authority and Power

- *For example, because the treasurer has the right or authority to sign checks, he has the power or ability to transfer the firm's money to his own bank account. His authority, however, is limited to legitimate transactions. If the treasurer steals, the company's president has both the power and authority to fire him. However, if he plans ahead, a dishonest treasurer may have the power to escape legal authorities by fleeing to a foreign country in the company jet.*

AUTHORITY

- Authority, in other words, determines what a person occupying a particular position has a right to do. Power determines what he or she really can do. The ways in which power is used can have a positive or negative effect on the organization. Later we will learn that leadership is heavily dependent on power and people often use power to pursue organizational objectives more effectively.

AUTHORITY

- The number of people reporting directly to a manager is his or her **span of management**. If span of management is not limited appropriately, confusion results and the manager is overburdened. Potential confusion in authority can be reduced by following the principle of unity of command—a person should receive orders from and account to only one superior directly.

Obstacles to Effective Delegation

- Delegation requires effective communication. The manager has duties that must be performed by subordinates. To perform them properly, subordinates must understand exactly what the manager wants. Delegation also involves motivation, influence, and leadership. The manager must get subordinates to perform their tasks effectively. As in all communication and influence processes both parties are crucial to success.

Obstacles to Effective Delegation (Managers)

*1. The **"I can do it better myself fallacy."** The manager argues that because he or she <u>can do the job better</u>, he or she <u>should do it instead of the subordinate</u>. Two considerations may **make this a fallacy even if it is true**, which it often is not.*

*First, **spending time on a task a subordinate could perform means the manager may not be able to perform other duties as well.** The overall benefits could be greater if the manager concentrates on planning and supervision and deliberately allows the less important duty of the subordinate to be performed less than perfectly.*

*Second, **unless the manager allows subordinates to attempt new tasks and added authority, they will be unable to develop their skills.** Thus, by insisting on doing things themselves, managers may fail to meet their responsibility for training and grooming subordinates for promotion to management.*

Obstacles to Effective Delegation (Managers)

2. ***Lack of ability to direct.*** *Some managers become so involved in day-to day operations that they neglect the broader picture. Unable to grasp the long-range perspective of the work flow, they do not fully realize the importance of distributing work among subordinates.*

3. ***Lack of confidence in subordinates.*** *If managers act as though they lack confidence in subordinates, subordinates will in fact tend to lose confidence. They will lose initiative and feel a need to ask frequently if they are doing things correctly. This, of course, sets up a vicious cycle by aggravating the lack of confidence that made subordinates feel insecure in the first place.*

Obstacles to Effective Delegation (Managers)

4. ***Aversion to risk.*** *Since managers are accountable for a subordinate's work, they may fear that delegating the job will cause problems the managers must answer for.*

5. ***Absence of selective controls to warn management of impending difficulty.*** *In conjunction with delegating added authority, management must create effective controls to supply feedback on subordinates' results. Feedback from controls helps guide the subordinate toward attaining goals. It also gives the manager the security of knowing that a problem will be caught before it blows up into a disaster. If controls are not effective, management has good cause to worry about delegating added authority to subordinates.*

Obstacles to Effective Delegation (*Subordinates*)

- *1. The subordinate finds it easier to ask the boss what to do rather than figure out the problem.*
- *2. The subordinate fears criticism for mistakes. Since greater responsibility increases the chances of making an error, the subordinate avoids it.*
- *3. The subordinate lacks the information and resources needed to do the job successfully.*
- *4. The subordinate already has, or believes he or she has, more work than he or she can do.*
- *5. The subordinate lacks self-confidence.*
- *6. The subordinate is not offered any positive incentives for assuming added responsibility.*