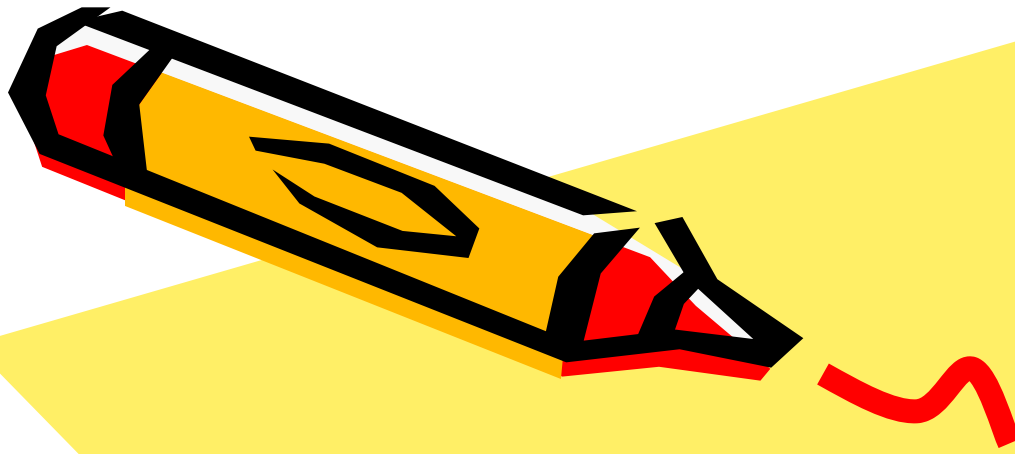




**POKHARA UNIVERSITY**



BBA I SEMESTER : PoM  
UNIT -I & II  
INTRODUCTION AND  
MANAGEMENT  
THEORIES



**LALITPUR, NEPAL**

**Course Instructor:  
Mr. B. G. Bhattacharya**

What  
is  
Management?



# Management defined



- **Dictionary:** "Management" characterizes the process of leading and directing all or part of an organization, often a business, through the deployment and manipulation of resources (human, financial, material, intellectual or intangible).
- **Peter Drucker:** The organization and coordination of the activities of an enterprise in accordance with certain policies and in achievement of defined objectives.



# Management defined



- **American Marketing Association:** Management is guiding human and physical resources into dynamic organizational units which attain their objectives to the satisfaction of those served within a high degree of moral and sense of attainment on the part of those rendering services.
- **Mary Parker Follet:** Management is the art of getting things done through others.
- **Henry Fayol:** To manage is to forecast and to plan, to organize, to command, to co-ordinate and to control.



# Basic Principles of Management



- A principle refers to a fundamental truth. It establishes cause and effect relationship between two or more variables under given situation. They serve as a guide to thought & actions. Therefore, **management principles** are the statements of fundamental truth based on logic which provides guidelines for managerial decision making and actions. These principles are derived: -
  - On the basis of observation and analysis i.e. practical experience of managers.
  - By conducting experimental studies.



# The Art of Business: Top 10 BBP



## 1. Decide what you do (and what you don't do)

- "Broaden your vision but narrow your focus"
- Strategy is about making choices

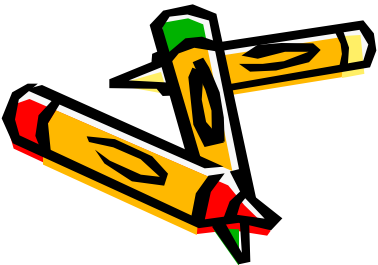


# The Art of Business: Top 10 BBP



## 2. Decide who you serve (and focus on them intensely)

- You can't be everything to everyone so at least be something to someone.
- GIBS.



[GIBS = Grapping Intelligence Based Serving]

# The Art of Business: Top 10 BBP



3. Decide what makes you different (and do it)





# The Art of Business: Top 10 BBP



## 3. Decide what makes you different (and do it)

"Whatever you do, don't play it safe. Don't do things the way they've always been done. Don't try to fit the system. If you do what's expected of you, you'll never accomplish more than others expect."

*- Howard Schultz : Starbucks*



[Starbucks = American Coffee Empire]

# The Art of Business: Top 10 BBP



3. Decide what makes you different (and do it)

"Think Different" ... *Apple Computers*



# The Art of Business: Top 10 BBP



## 4. Manage cash flow (very closely)

- “Your bank balance is your truth” - monitor it; know it; respond to it.
- Entrepreneurial happiness = a positive cash flow



# The Art of Business: Top 10 BBP



## 5. Manage employees (incentivize them for success)

“Take away my people, but leave my factories, and soon grass will grow on the factory floors. Take away my factories, but leave my people, and soon we will have a new and better factory.”

-- *Andrew Carnegie*



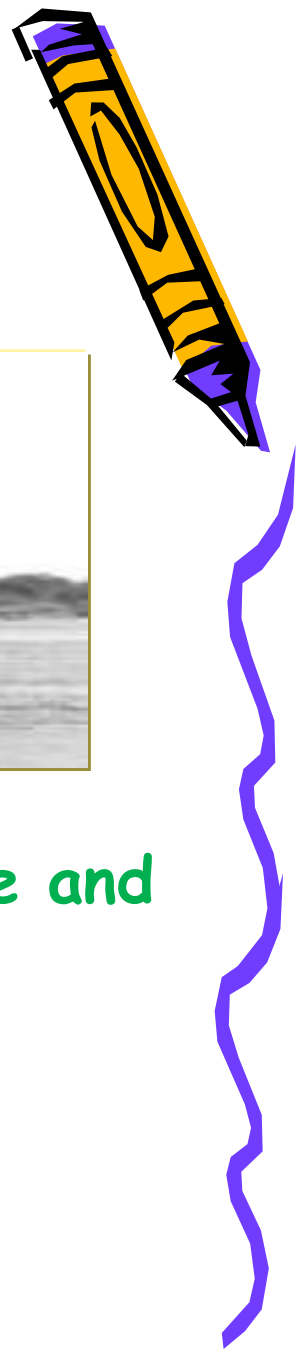
[Andrew Carnegie = Carnegie Corporation of New York]

# The Art of Business: Top 10 BBP



## 6. Manage customer expectations (under promise and over deliver)

- The surprise
- The comeback
- The sharing



# The Art of Business: Top 10 BBP



## 7. Set goals (and go after them)

**"The future you see is the future you get."**  
*-- Robert G Allen*



[Robert G Allen = Canadian-American financial writer]

# The Art of Business: Top 10 BBP



## 8. Expose yourself (tell the market what you do)

"An entrepreneur must have an intuitive 'aggression' to reach the market and be 'loud' in expressing his presence."

*- Jamshed Ji Tata.*



# The Art of Business: Top 10 BBP



## 9. Persevere (through the tough times)

“There is a very, very, very fine line between success and failure ... it is about being constantly hammered and coming back from the hard times and low moments.”

*-- Robbie Brozin, Nandos*



[Nandos = South African famous chicken brand]



# The Art of Business: Top 10 BBP



10. Always maintain your integrity (in everything you do)



# THE MANAGEMENT PROCESS & FUNCTION



- Management is a 'systematic process' where a chain of people work under a methodical chronological order following certain clear and well defined goals and objectives.

- The important functions of MANAGEMENT are:

- PLANNING, ORGANIZING, COORDINATING, COMMANDING, and CONTROLLING are the primary functions of management.
- STAFFING, COMMUNICATION, and DECISION MAKING are the supportive functions of management.



# THE MANAGEMENT PROCESS & FUNCTION



## PLANNING

- Planning is considered to be the central function of management because it sets the pattern for the other activities to follow.
- "Planning means defining goals for future organizational performance and deciding on the tasks and use of resources needed to attain them" (Richard Daft).



# THE MANAGEMENT PROCESS & FUNCTION



## PLANNING

Planning encompasses four elements:

- Evaluating environmental forces and organizational resources.
- Establishing a set of organizational goals.
- Developing strategies and plans to achieve the stated goals.
- Formulating a decision-making process.



# THE MANAGEMENT PROCESS & FUNCTION



## ORGANIZING

- Organizing is the managerial function of making sure there are available the resources to carry out a plan.
- "Organizing involves the assignment of tasks, the grouping of tasks into departments, and the allocation of resources to departments" (Richard Daft).



# THE MANAGEMENT PROCESS & FUNCTION



## ORGANIZING

- ❖ Managers must bring together individuals and tasks to make effective use of people and resources. Three elements are essential to organizing:
  - Developing the structure of the organization
  - Acquiring and training human resources
  - Establishing communication patterns & networks
- ❖ Determining the method of grouping these activities and resources is the organizing process.



# THE MANAGEMENT PROCESS & FUNCTION



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# THE MANAGEMENT PROCESS & FUNCTION



## LEADING

- ❖ "Leading is the use of influence to motivate employees to achieve organizational goals" (Richard Daft).
- ❖ Managers must be able to make employees want to participate in achieving an organization's goals. Three components make up the leading function:
  - Motivating employees
  - Influencing employees
  - Forming effective groups





# THE MANAGEMENT PROCESS & FUNCTION



## CONTROLLING

- ❖ The final phase of the management process is controlling.
- ❖ "Controlling means monitoring employees' activities, determining whether the organization is on target toward its goals, and making correction as necessary".(Richard Daft).
- ❖ Controlling ensures that, through effective leading, what has been planned and organized to take place has in fact taken place.



# THE MANAGEMENT PROCESS & FUNCTION

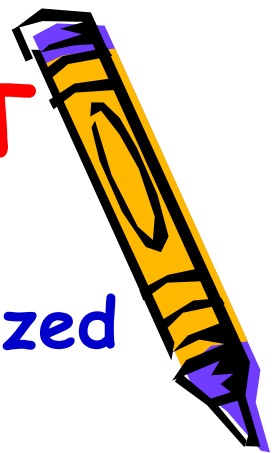


## CONTROLLING

- ❖ Three basic components constitute the control function:
  - Elements of a control system
  - Evaluating & rewarding employee performance
  - Controlling financial, informational, & physical resources.
- ❖ Controlling is an ongoing process. An affective control function determines whether the organization is on target toward its goals and makes corrections as necessary.



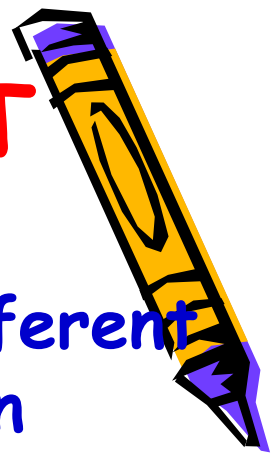
# THE SCOPE OF MANAGEMENT



- Management is needed in all types of organized activities.
- Management principles are applicable to all types of organizations, including profit-seeking organizations (industrial firms, banks, insurance companies, small business, etc.) and not-for-profit organizations (governmental organizations, health care organizations, education organizations, churches, etc.).
- Any group of two or more people working to achieve a goal and having resources at its disposal is engaged in management.



# THE SCOPE OF MANAGEMENT



- Obviously, a manager's job is somewhat different in different types of organizations, exists in unique environments, and uses different technology. However, all organizations need the common basic activities: planning, organizing, leading, and controlling.
- Management is also universal in that it uses a systematic body of knowledge including economics, sociology, and laws.
- This knowledge can be applied to all organizations, whether business, or government, or religious, and it is applicable at all levels of management in same organizations.



# TYPES OF MANAGERS

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# LEVELS OF MANAGEMENT



# MANAGERS & MANAGEMENT



According to *Ricky W. Griffin* definition of manager is as follows:

*" A manager is someone whose primary activities are a part of the management process. In particular, a manager is someone who plans, organizes, leads, and controls human, financial, physical, and information resources."*



# MANAGERS & MANAGEMENT

- The success or failure of an organization depends heavily on the ability of its managers to perform their tasks effectively.
- Managers can be classified in two ways: by their level within the organization and by the scope of their responsibilities.
- Most people think of three basic levels of management: top, middle, and first-line managers.



# MANAGERS & MANAGEMENT



## TOP LEVEL MANAGERS

- Top managers are responsible for the overall direction and operations of an organization. Particularly, they are responsible for setting organizational goals, defining strategies for achieving them, monitoring and implementing the external environment, decisions that affect entire organization.
- They have such titles as chief executive officer (CEO), president, chairman, division president, and executive vice-president. Managers in these positions are responsible for interacting with representatives of the external environment (e.g., important customers, financial institutions, and governmental figures) and establishing objectives, policies, and strategies.





# MANAGERS & MANAGEMENT



## MIDDLE LEVEL MANAGERS

- Middle managers are responsible for business units and major departments.
- Examples of middle managers are department head, division head, and director of the research lab.
- The responsibilities of middle managers include translating executive orders into operation, implementing plans, and directly supervising lower-level managers.
- Middle managers typically have two or more management levels beneath them. They receive overall strategies and policies from top managers and then translate them into specific objective and programs for first-line managers.



# MANAGERS & MANAGEMENT



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# MANAGERS & MANAGEMENT



## FIRST LEVEL MANAGERS

- First-line managers are directly responsible for the production of goods and services.
- Particularly, they are responsible for directing nonsupervisory employees.
- First-line managers are variously called office manager, section chief, line manager, supervisor.



# MANAGERS & MANAGEMENT



## RESPONSIBILITIES

In large organizations, managers are also distinguished by the scope of activities they manage.

**Functional managers** are responsible for departments that perform a single functional task. They supervise employees with specialized skills in a single area of operation, such as accounting, personnel, payroll, finance, marketing, advertising, and manufacturing.

**General managers** are responsible for the overall operation of a more complex unit, such as a company or a division.

**Project managers** also have general management responsibility, because they coordinate employees across several departments to accomplish a specific project.



# MANAGERS & MANAGEMENT



## MANAGERIAL ROLES

- MINTZBERG'S observations and research indicate that diverse manager activities can be organized into ten roles.
- For an important starting point, all ten rules are vested with formal authority over an organizational unit.
- From formal authority comes status, which leads to various interpersonal relations, and from these comes access to information, which, in turn, enables the manager to make decisions and strategies.
- The ten roles are divided into 3 categories: interpersonal, informational, and decisional.



# MANAGERS & MANAGEMENT



## MANAGERIAL ROLES: INTERPERSONAL

- **The figurehead role.** Every manager must perform some duties of a ceremonial nature (e.g., the president greets the touring dignitaries, the sales manager takes an important customer to lunch). These activities are important to the smooth functioning of an organization.
- **The leader role.** This role involves leadership directly (e.g., the manager is responsible for hiring and training his own staff). The leader role encompasses relationships with subordinates, including motivation, communication, and influence.
- **The liaison role,** in which the manager makes contacts inside & outside the organization with a wide range of people: subordinates, clients, business associates, govt., trade organization officials, and so on.



# MANAGERS & MANAGEMENT



## MANAGERIAL ROLES: INFORMATIONAL

The processing of information is a key part of the manager's job. Three roles describe the informational aspects of managerial work:

**The monitor role.** This role involves seeking current information from many sources. For example, the manager perpetually scans his environment for information, interrogates liaison contacts and subordinates and receives unsolicited information.

**The disseminator role.** In their disseminator role, managers pass information to other, both inside and outside the organization.

**The spokesperson role.** In their spokesman role, managers send some of their information to people outside the organization about company policies, needs, actions, or plans.



# MANAGERS & MANAGEMENT



## MANAGERIAL ROLES: DECISIONAL

- The manager plays the major role in his unit's decision-making system. Four roles describe the decisional aspects of managerial work:
- **The entrepreneur role.** In his entrepreneur role, managers search for improvement his unit to adopt it to changing conditions in the environment.
- **The disturbance handler role.** This role involves responding to high-pressure disturbances. For example, manager must resolve conflicts among subordinates or between manager's department and other departments.





# MANAGERS & MANAGEMENT



## MANAGERIAL ROLES: DECISIONAL

- **The resource allocator role.** In their resource allocator role, managers make decisions about how to allocate people, budget, equipment, time and other resources to attain desired outcomes.
- **The negotiator role.** The negotiations are duties of the manager's job. These activities involve formal negotiations and bargaining to attain outcomes for the manager's unit responsibility.



# MANAGERS & MANAGEMENT



## MANAGERIAL SKILLS

- Regardless of the sort of goals they must meet or their level of authority, managers need to possess **conceptual, human, technical, diagnostic, and political** skills. The first three skills have long been accepted as important for management, the last two have received more recent attention.
- According to *Robert L. Katz*, managerial success depends primarily on performance rather than personality traits. He indicates that three types of skills are important for successful management performance: (next slide)



# MANAGERS & MANAGEMENT



## MANAGERIAL SKILLS

### Conceptual skills

- Conceptual skill is the cognitive ability to see the organization as a whole and the relationship among its parts.
- Managers need the mental capacity to understand how various functions of the organization complement one another, how the organization relates to its environment, and how changes in one part of the organization affect the rest of the organization.



# MANAGERS & MANAGEMENT



## MANAGERIAL SKILLS

### Human skills

- The manager needs human skills: the ability to communicate with, understand, and motivate both individuals and groups.

### Technical skills

- Technical skills are skills necessary to accomplish specialized activities (e.g., engineering, computer programming, and accounting).



# MANAGERS & MANAGEMENT



## MANAGERIAL SKILLS

The diagnostic skill is from *Ricky Griffin*, and the political skill is from *Pavett and Lau* :

**Diagnostic skills.** Diagnostic skills include the ability to determine, by analysis and examination, the nature of a particular condition. A manager can diagnose a problem in the organization by studying its symptoms. These skills are also useful in favorable situations.

**Political skills.** Political skill is the ability to acquire the power necessary to reach objectives and to prevent others from taking power. Political skill can be used for the good of the organization and for self-interest.

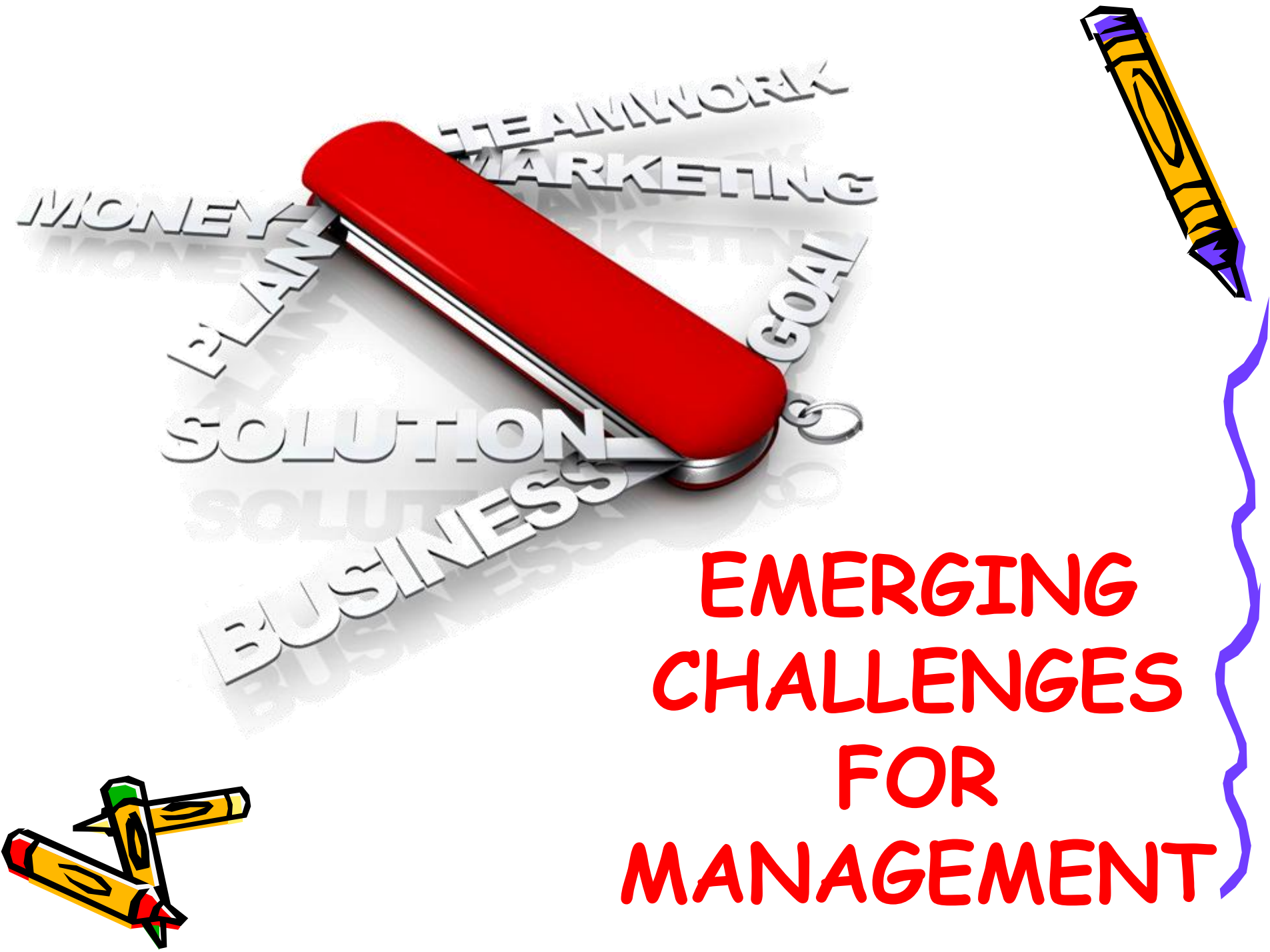


# MANAGERS & MANAGEMENT

## MANAGERIAL SKILLS

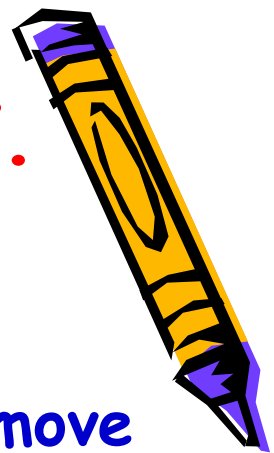
The extent to which managers need different kinds of skills moves from lower management to upper management. Most low-level managers use technical skills extensively. At higher levels technical skills become less important while the need for conceptual skills grows. However, human skills are very important to all managers.





**EMERGING  
CHALLENGES  
FOR  
MANAGEMENT**

# EMERGING CHALLENGES FOR MGMT.



## 1. ACHIEVING A STRETCH GOAL

Managers have to constantly motivate people, remove roadblocks from their path, and focus them on the things that are most important. It's a stretch goal, but you can achieve it — maybe even surpass it.

## 2. BRINGING OUT THE BEST IN YOUR EMPLOYEES

All employees have good days and bad days. Some of the causes are out of your control. But it's a creative challenge for the management that steps are taken to make as many days as possible "good days" for the workers.





# EMERGING CHALLENGES FOR MGMT.

## 3. DEALING WITH UNDERPERFORMING EMPLOYEES

Not all of your employees will do their best. Some will have personal issues that interfere with their work. A manager's challenge is to help employees cope with personal issues to a certain point, and then beyond that point the manager may have to ease them out of your organization. You'll be humane, but you have to balance the needs of the organization with the needs of the employees.

## 4. DEALING WITH OUTSTANDING EMPLOYEES

Some of your employees obviously outperform the others. That's good news for your organization, but it presents its own set of challenges. Outstanding employees need special treatment. So that they continue being exceptional, they need to be given special attention. They need recognition for their talents and efforts. They need encouragement, training and guidance.



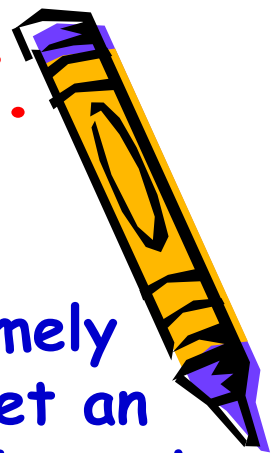
# EMERGING CHALLENGES FOR MGMT.

## 5. HIRING THE RIGHT PEOPLE

Hiring is easy, but hiring the right person is extremely difficult and challenging. The trick in hiring is to get an understanding of how an employee will actually perform the work — not just how the employee does in interviews. Interviews are seldom a good predictor of work and work habits, so going beyond the interview is crucial.

## 6. RESPONDING TO A CRISIS

No matter how much planning you do, things will go wrong. An employee will get sick at a critical time. A weather disaster will hit your facility and disrupt your plans. A crime will be committed — maybe a theft or even something that harms an employee. When a crisis hits, a manager have to be able to deal with it: calmly, quietly & being not effected by stress.



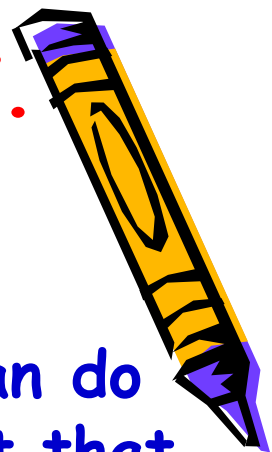
# EMERGING CHALLENGES FOR MGMT.

## 5. CONTINUOUS IMPROVEMENT

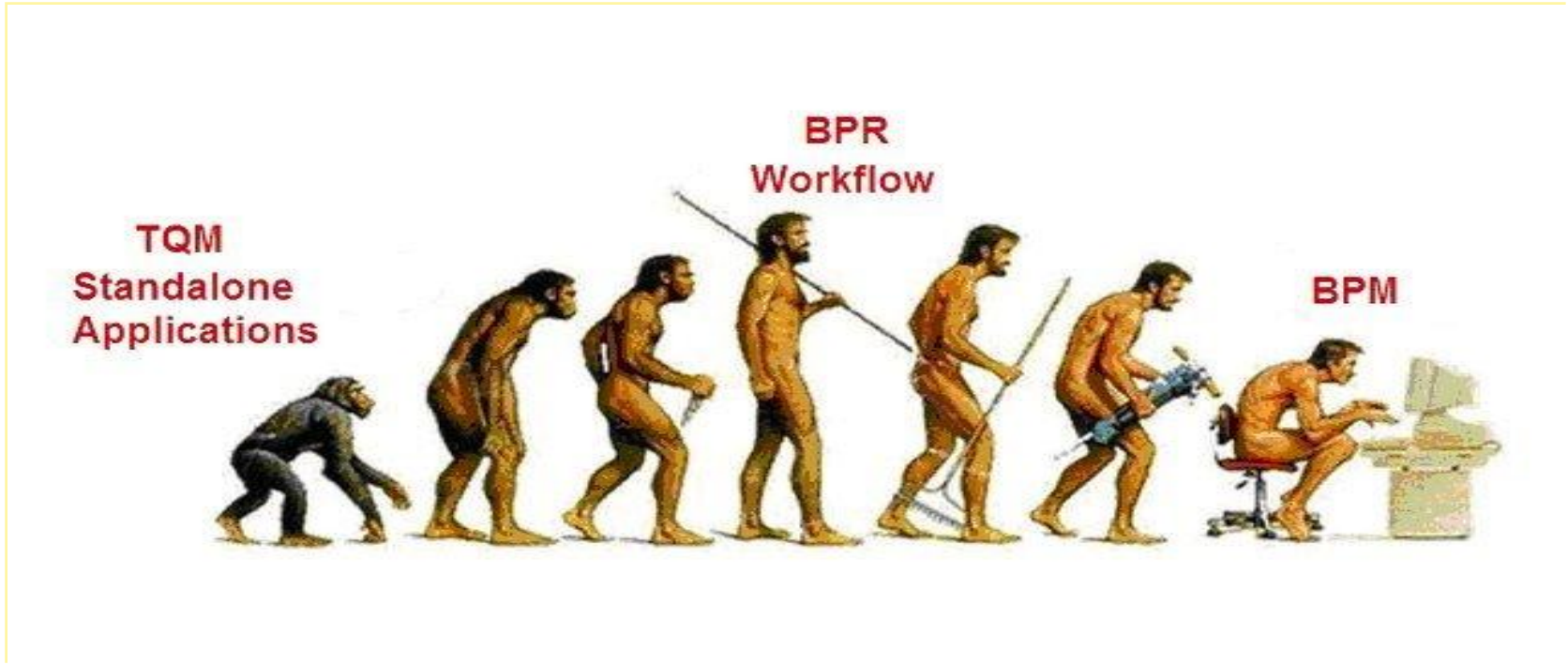
No matter how good your organization gets, it can do better. There's always some type of improvement that can be made: a change in a process, a better working environment, better employee motivation, more focus on the essentials. A continuous challenge for the manager is to always thrive for improvement.

## CONCLUSION

Management is complicated. It requires skill and motivation. But most of all it requires commitment — the commitment needed to rise to these seven challenges.



# THE EVOLUTION OF MANAGEMENT THEORY



TQM = Total Quality Management  
BPR = Business Process Engineering  
BPM = Business Process Management

# Scientific Management Theory



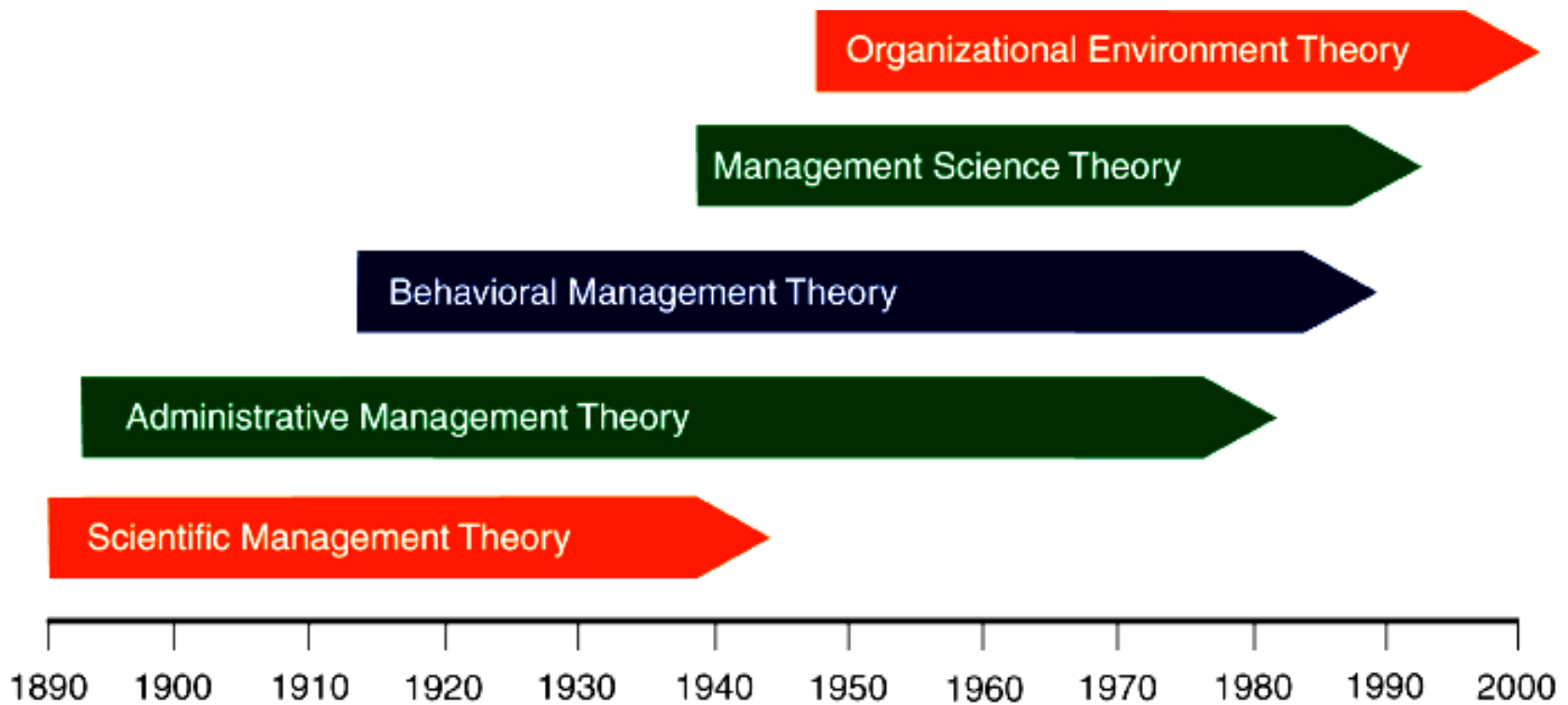
- Evolution of Modern Management

- Began in the industrial revolution in the late 19th century as:

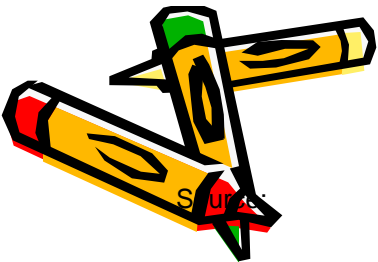
- Managers of organizations began seeking ways to better satisfy customer needs.
- Large-scale mechanized manufacturing began to supplanting small-scale craft production in the ways in which goods were produced.
- Social problems developed in the large groups of workers employed under the factory system.
- Managers began to focus on increasing the efficiency of the worker-task mix.



# The Evolution of Management Theory



The growth from Scientific Management Theory to Organizational Environment Theory



# Job Specialization and the Division of Labor



- Adam Smith (18th century economist)
  - Observed that firms manufactured pins in one of two different ways:
    - Craft-style—each worker did all steps.
    - Production—each worker specialized in one step.
  - Realized that job specialization resulted in much higher efficiency and productivity:
    - Breaking down the total job allowed for the division of labor in which workers became very skilled at their specific tasks.



# F.W. Taylor and Scientific Management



- Scientific Management

- The systematic study of the relationships between people and tasks for the purpose of redesigning the work process for higher efficiency.

- Defined by Frederick Taylor in the late 1800's to replace informal rule of thumb knowledge.
- Taylor sought to reduce the time a worker spent on each task by optimizing the way the task was done.





# Four Principles of Scientific Management



- Principles to increase efficiency:

1. Study the ways jobs are performed now and determine new ways to do them.

- Gather detailed time and motion information.
- Try different methods to see which is best.

2. Codify the new methods into rules.

- Teach to all workers the new method.

3. Select workers whose skills match the rules.

4. Establish fair levels of performance and pay premium for higher performance.

- Workers should benefit from higher output.



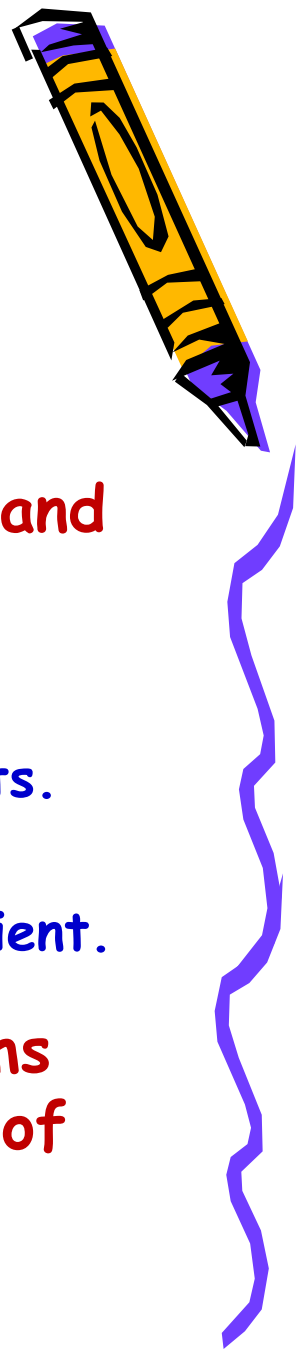
# Problems with Scientific Management



- Managers frequently implemented only the increased output side of Taylor's plan.
  - Workers did not share in the increased output.
- Specialized jobs became very boring, dull.
  - Workers ended up distrusting the Scientific Management method.
- Workers could purposely "under-perform."
  - Management responded with increased use of machines and conveyors belts.



# Frank and Lillian Gilbreth



- Refined Taylor's work and made many improvements to the methodologies of time and motion studies.
  - Time and motion studies
    - Breaking up each job action into its components.
    - Finding better ways to perform the action.
    - Reorganizing each job action to be more efficient.
- Also studied worker-related fatigue problems caused by lighting, heating, and the design of tools and machines.



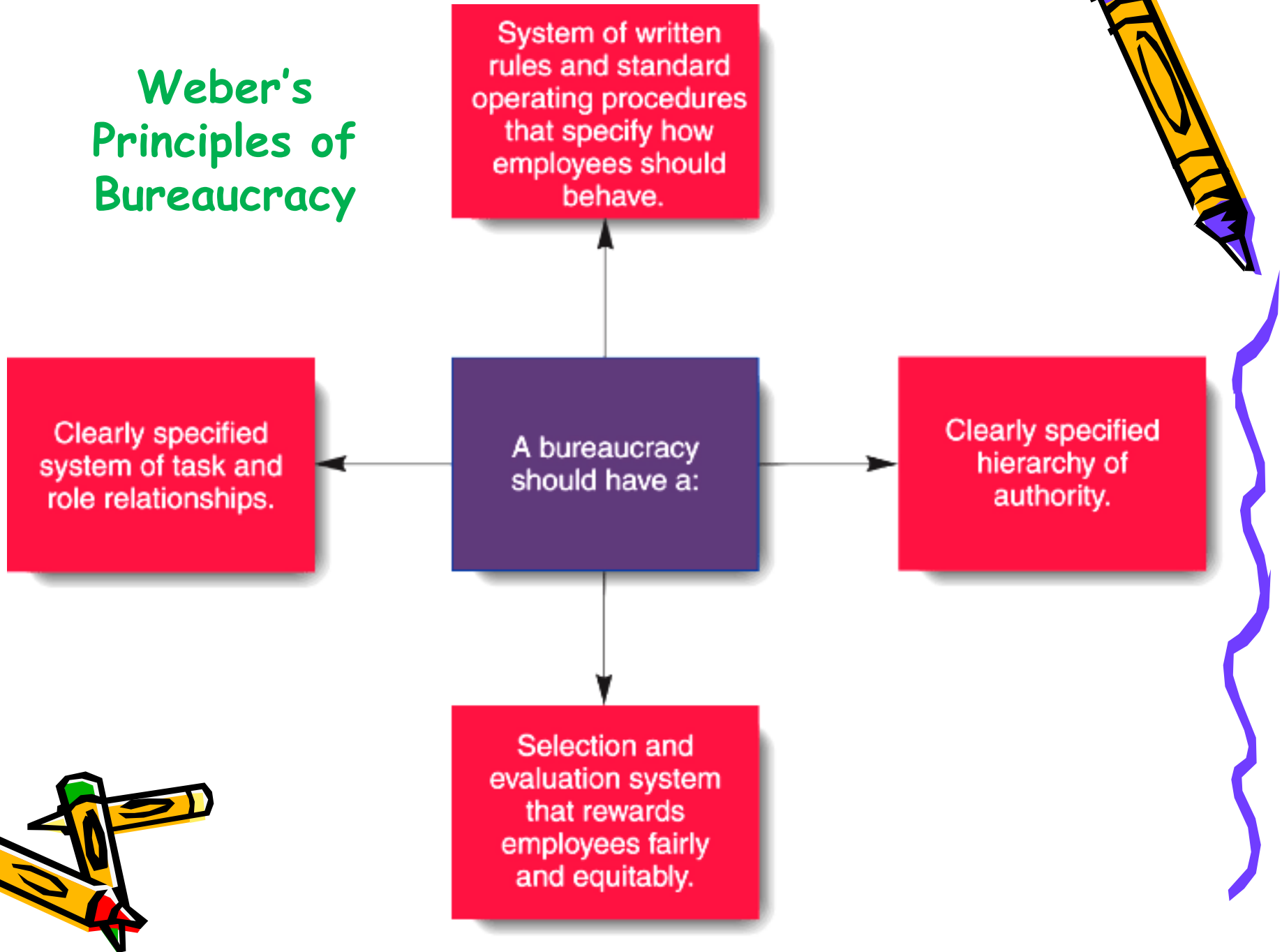
# Administrative Management Theory



- **Administrative Management**
  - The study of how to create an organizational structure that leads to high efficiency and effectiveness.
- **Max Weber**
  - Developed the concept of bureaucracy as a formal system of organization and administration designed to ensure efficiency and effectiveness.



# Weber's Principles of Bureaucracy



# Weber's Five Principles of Bureaucracy



- Authority is the power to hold people accountable for their actions.
- Positions in the firm should be held based on performance, not social contacts.
- Position duties are clearly identified so that people know what is expected of them.
- Lines of authority should be clearly identified such that workers know who reports to who.
- Rules, standard operating procedures (SOPs), and norms guide the firm's operations.



# Fayol's Principles of Management



- **Division of Labor:** allows for job specialization.
  - Fayol noted jobs can have too much specialization leading to poor quality and worker dissatisfaction.
- **Authority and Responsibility**
  - Fayol included both formal and informal authority resulting from special expertise.
- **Unity of Command**
  - Employees should have only one boss.



# Fayol's Principles of Management (cont'd)



- **Line of Authority**
  - A clear chain of command from top to bottom of the firm.
- **Centralization**
  - The degree to which authority rests at the top of the organization.
- **Unity of Direction**
  - A single plan of action to guide the whole organization.





# Fayol's Principles of Management (cont'd)



- **Equity**
  - The provision of justice and the fair and impartial treatment of all employees.
- **Order**
  - The arrangement of employees where they will be of the most value to the organization and to provide career opportunities.
- **Initiative**
  - The fostering of creativity and innovation by encouraging employees to act on their own.



# Fayol's Principles of Management (cont'd)



- **Discipline**
  - Obedient, applied, respectful employees are necessary for the organization to function.
- **Remuneration of Personnel**
  - An equitable uniform payment system that motivates contributes to organizational success.
- **Stability of Tenure of Personnel**
  - Long-term employment is important for the development of skills that improve the organization's performance.



# Fayol's Principles of Management (cont'd)



- Subordination of Individual Interest to the Common Interest
  - The interest of the organization takes precedence over that of the individual employee.
- Esprit de corps
  - Comradeship, shared enthusiasm foster devotion to the common cause (organization).



# Behavioral Management Theory



- **Behavioral Management**

- The study of how managers should behave to motivate employees and encourage them to perform at high levels and be committed to the achievement of organizational goals.
- Focuses on the way a manager should personally manage to motivate employees.



# Behavioral Management



- **Mary Parker Follett**

- An influential leader in early managerial theory
- Held a horizontal view of power and authority in organizations
  - Suggested workers help in analyzing their jobs for improvements—the worker knows the best way to improve the job.
  - If workers have relevant knowledge of the task, then they should control the task.



# Theory X and Theory Y



- Douglas McGregor proposed the two different sets of assumptions about workers.
  - Theory X assumes the average worker is lazy, dislikes work and will do as little as possible.
    - Managers must closely supervise and control through reward and punishment.
  - Theory Y assumes workers are not lazy, want to do a good job and the job itself will determine if the worker likes the work.
    - Managers should allow workers greater latitude, and create an organization to stimulate the workers.



# Theory X versus Theory Y



## THEORY X

The average employee is lazy, dislikes work, and will try to do as little as possible.

To ensure that employees work hard, managers should closely supervise employees.

Managers should create strict work rules and implement a well-defined system of rewards and punishments to control employees.

## THEORY Y

Employees are not inherently lazy. Given the chance, employees will do what is good for the organization.

To allow employees to work in the organization's interest, managers must create a work setting that provides opportunities for workers to exercise initiative and self-direction.

Managers should decentralize authority to employees and make sure employees have the resources necessary to achieve organizational goals.



# Management Science Theory



- An approach to management that uses rigorous quantitative techniques to maximize the use of organizational resources.
  - **Quantitative management**—utilizes linear programming, modeling, simulation systems.
  - **Operations management**—techniques to analyze all aspects of the production system.
  - **Total Quality Management (TQM)**—focuses on improving quality throughout an organization.
  - **Management Information Systems (MIS)** provides information about the organization.





# Organizational Environment Theory



- Organizational Environment
  - The set of forces and conditions that operate beyond an organization's boundaries but affect a manager's ability to acquire and utilize resources.



# The Open-Systems View



- **Open System**

- A system that takes resources for its external environment and converts them into goods and services that are then sent back to that environment for purchase by customers.

- **Inputs:** the acquisition of external resources.

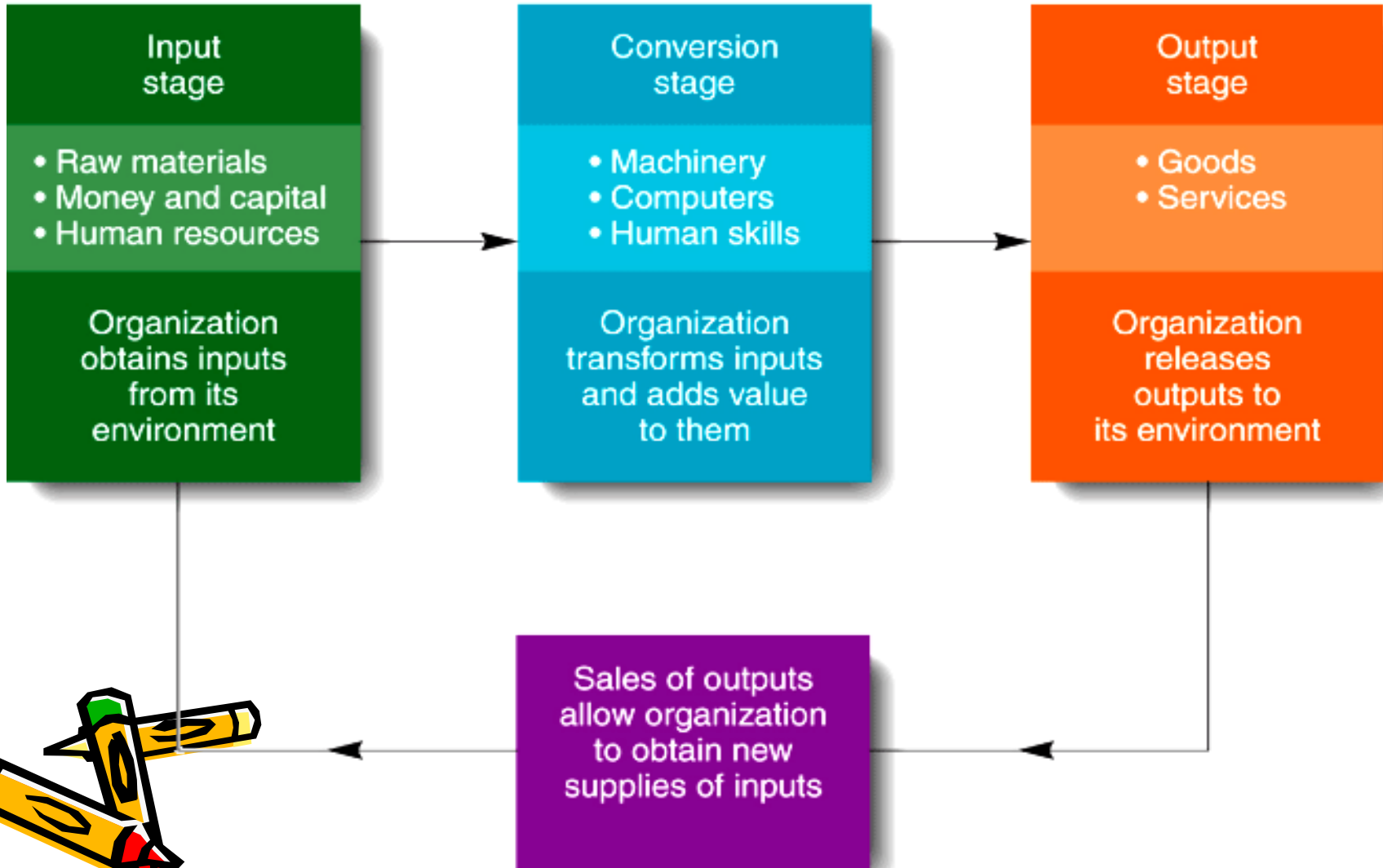
- **Conversion:** the processing of inputs into goods and services.

- **Output:** the release of finished goods into the environment.



# The Organization as an Open System

## ENVIRONMENT



# Other System Considerations



- **Closed system**

- A system that is self-contained and thus not affected by changes occurring in its external environment.
- Often undergoes entropy and loses its ability to control itself, and fails.

- **Synergy**

- Performance that results when individuals and departments coordinate their actions
  - Performance gains of the whole surpass the sum of the performance of the individual components.



# Contingency Theory

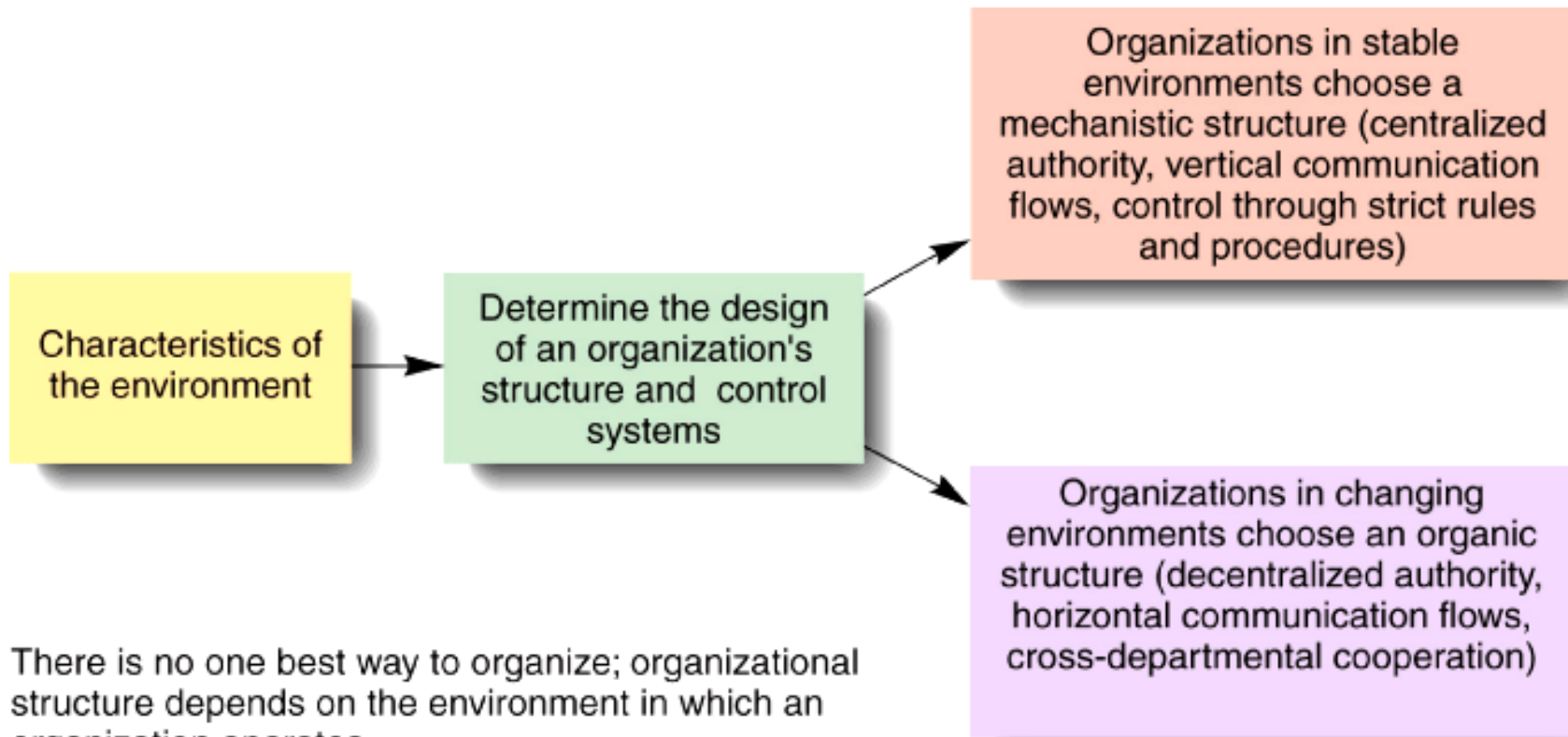


- Contingency Theory

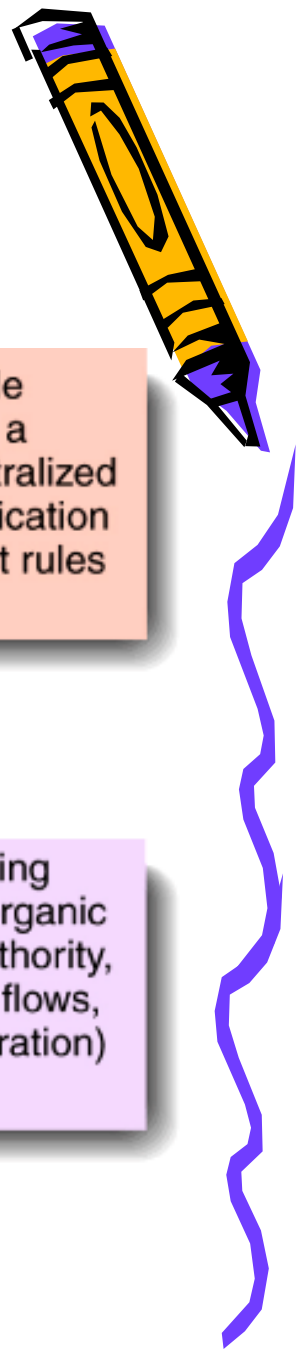
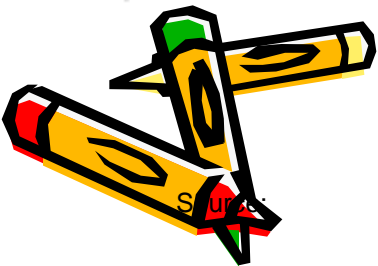
- The idea that the organizational structures and control systems manager choose depend on—are contingent on—characteristics of the external environment in which the organization operates.
- Assumes there is no one best way to manage.
  - The environment impacts the firm and managers must be flexible to react to environmental changes.
- In rapidly changing organizational environments, managers must find ways to coordinate different departments to respond quickly and effectively.



# Contingency Theory of Organizational Design



There is no one best way to organize; organizational structure depends on the environment in which an organization operates.



# Mechanistic and Organic Structures



- **Mechanistic Structure**
  - Authority is centralized at the top. (Theory X)
  - Employees are closely monitored and managed.
  - Can be very efficient in a stable environment.
- **Organic structure**
  - Authority is decentralized throughout the organization. (Theory Y)
  - Tasks and roles are left ambiguous to encourage employees to react quickly to changing environment.



Thank You

