## UNIT-IV

## TOPIC NAME: ORGANIZATIONAL SYSTEM AND EVALUATION

## ORGANIZTIONAL SYSTEM:

An organizational system is, quite simply, how a company is set up. A good organizational structure lays out both a hierarchy and the flow of communication in a company. It is important for every business, no matter its size, to implement an organizational system. There are many benefits to having a well-defined organizational structure, including improved efficiency, productivity and decision-making. Each structure has its strengths and weaknesses. Ultimately, these pros and cons depend on the type of business you run, your industry, the size of your organization and other factors. It is important to consider every kind of organizational system before deciding which is right for your company.

An organizational system is the structure of how an organization is set up. That structure defines how each division of a business is set up, the hierarchy of who reports to whom and how communication flows throughout the organization. Broken down even further, an organizational structure defines how each role in an organization functions. With a well-defined organizational structure in place, all employees knows what is expected of them and to whom they report. Business owners should think long and hard about which system to choose, as each organization has unique needs. An organizational structure that is right for one company will not be right for another.

## EXAMPLES OF ORGANIZATIONAL SYSTEMS IN BUSINESS:

There are four main types of organizational structures: functional, divisional, matrix and flat. Each system has unique features.

**Functional organizational structure:**

A functional organizational structure is a traditional hierarchy. Many companies, especially larger corporations, follow the functional structure. This system features several specialized divisions such as marketing, finance, sales, human resources and operations. Then a senior manager oversees all the specialized divisions. The reporting flow is clear. Each employee reports to their senior, including division heads, who report to the senior management. Senior management oversees the entire structure. Because the company remains split up into specialized divisions, employees tend to become specialized as well. This causes a clear path for promotion and growth. However, the divisions can have trouble communicating with one another. Because all departments report upwards, there is little horizontal communication between them, leaving little space for holistic, whole-company thinking, except at the top management level. This makes the functional organizational system slow to adapt to change.

**Divisional organizational structure:**

A divisional organizational structure divides the business up into teams based on the projects the employees are working on. This system includes many different types of teams, including legal, public relations, research and business development. Further, teams are created around specific projects. For example, a pharmaceutical company might have separate teams dedicated to each medication they manufacture. Each project team has a director or vice president and exercises a certain level of autonomy within the organization. The divisional structure allows employees to become deeply familiar with their team's work. However, divisions are often unaware of what other teams are doing, and do not communicate with each other. Employees may not be able to work effectively across divisions when necessary. Ultimately, this system can be challenging to manage due to its spread-out structure.

**Matrix organizational structure:**

A matrix system is a cross between a functional structure and a divisional structure. From a birds-eye perspective, the business is set up in a functional structure, with a traditional hierarchy and specialized divisions. However, when you look at those divisions up close, they are each set up in a divisional organizational structure. This means they are split up into projects and smaller

teams. The matrix type of organizational structure is quite complex and requires a lot of planning, not to mention strong systems of communication across the organization. However, when the matrix structure works well, it eliminates a lot of the issues that pop up with divisional or functional-only organizations. Communication can travel to the right people, which increase productivity and holistic thinking. Further, employees are exposed to other departments and projects, encouraging cross-collaboration. On the downside, the matrix structure can quickly become confusing for employees when there are too many managers, and it's not clear who to report to.

**Flat organizational structure:**

Flat organizational structure flattens much of the hierarchy and allows employees more autonomy over their work. Often, flat organizations are split up into temporary teams, although they usually do not have formal structures. There are still some top-down dynamics in a flat system. Often, there is at least some senior leadership steering the ship. However, this system is predicated on disrupting the traditional hierarchical structures of businesses. Many startups and tech companies tend towards a flat organization, as it encourages innovation and employee input. The thinking is that when employees are not tamped down by red tape, they will think freely and generate fresh, profitable ideas. This increases communication across teams and eliminates some of the communication issues that can happen when messages travel up a top-down structure. Unfortunately, a flat system is difficult to maintain as a company grows, and the need for more structured communication systems comes into play. Further, employees in a flat organization can become overwhelmed with doing too many different tasks, and do not have a lot of room to grow or be promoted.

## WHY BUSINESSES NEED ORGANIZATIONAL SYSTEMS?

Organizational systems are important for businesses of every size. Having a solid, well-defined structure in place erases confusion and lays out simple processes for employees to follow. Each worker should know exactly who they report to. Without some type of hierarchy or structure in place, a workplace can become chaotic. Employees may not understand who is responsible for what, causing

important things to fall through the cracks. A solid organizational structure streamlines a company and keeps everyone on the same page.

An organizational system puts every person in their correct place, able to contribute their part to the company. Having a system improves overall efficiency, heightens productivity and provides clarity to everyone in the organization. Every department can work better when roles are clearly defined and objectives are shared. Further, the proper organizational system can improve decision-making, as information flows throughout the organization. Upper-level managers can collect information from all divisions, giving them greater insight into the entirety of a company's operations.

A solid organizational system eliminates many business problems, including the duplication of work and conflicts between positions. If a business has been well-thought-out, each employee has a distinct role, and roles do not overlap with one another. There is no "runaround" where nobody is sure who is responsible for a particular task or project. Because of this, cooperation is increased and employees feel a sense of pride in their work. Workers avoid the frustration of having ever-shifting roles and goal posts. They can focus on what they do best.

Choosing the proper organizational system can take your business to the next level. For example, if your business is product-based, a matrix or divisional structure will likely be ideal. These are project-based structures that focus on specialized teams. Small startups, on the other hand, may consider a flat structure to allow all employees to contribute their skills and expertise without the hierarchy interfering.

## EXAMPLES OF BUSINESSES WITH ORGANIZATIONAL SYSTEMS:

**Examples of the functional system**:

Functional organizational systems have historically been used by the military, universities and government entities. Over the years, functional hierarchies have become less popular, and many organizations have moved away from them. However, they are still in use by certain businesses. One example of how this type of organizational system might be used is in a traditional factory setting. The

factory manager oversees the different divisions of the factory, which are each specialized. Each division has its own manager, all of which report directly to the overseeing factory manager. Another example could be a retail store. A store manager oversees the operations from the top of the pyramid. Below are different departments. Perhaps there is one for inventory, one for customer service and one for marketing and promotions. Each has its own supervisor, and all report to the general manager.

**Examples of the divisional system**:

Divisional systems are popular with large, multinational corporations. For example, Johnson & Johnson has a divisional structure. Each of Johnson & Johnson's brands operates as its own company, with its own leadership and internal structure. All of those brands report to the parent company. Another example of a divisional organizational structure is General Electric. The CEO sits at the top, and beyond that, the company is split up into different groups. There are some operational groups, such as those for finance, legal, public relations and global research. Some teams are devoted to specific projects, including aviation, energy, health care and more.

**Examples of the matrix system:**

A matrix organizational system is complex, and therefore mostly adopted by large, well-established companies. One famous example of a matrix company is Starbucks. The world's largest coffee company uses a functional structure to split its business up into divisions, including HR, financing and marketing. These departments are located at the brand's corporate headquarters and report to the upper levels of management. The HR department, for example, creates policies that affect all Starbucks locations across the board. Next, Starbucks has separate divisions for each geographic region. These regions include the Americas, China and Asia-Pacific, Europe, Middle East, Russia and Africa. The Americas region, being the most popular for the company, is further split into four smaller divisions. Starbucks also has product-based divisions. For example, there is one division for merchandise like the Starbucks mugs and another for baked goods. At the lower levels of the organization, Starbucks has teams of employees, especially at the store level. This complex matrix structure serves the coffee giant

well, allowing the company to operate thousands of stores across the country successfully.

**Examples of the flat system:**

Flat systems are popular among startups and tech companies. One famous example of the flat system is Zappos. In 2013, the massive shoe company's CEO announced a new management structure called holacracy, a setup to encourage collaboration by eliminating workplace hierarchy. The company banned manager titles. It would no longer have job titles and there would be no bosses. Every employee would be in charge of their own work. The company hoped to spark innovation and creation by doing away with the red tape involved in hierarchy and decision-making. However, Zappos struggles to keep operations truly flat.

This is a struggle of many large companies that implement a flat structure. Many startups have spoken about the difficulty of maintaining a flat organizational structure when experiencing exponential growth. Studies find that employees find hierarchical structures comforting and practical. So, a flat organizational structure is perhaps a good option for a business that is in its early stages, to spur innovation and growth. However, larger companies move away from a flat system as it can become cumbersome to manage over time.

# EVALUATION:

Evaluation is a systematic determination of a subject's merit, worth and significance, using criteria governed by a set of standards. It can assist an organization, program, design, project or any other intervention or initiative to assess any aim, realizable concept/proposal, or any alternative, to help in decision-making; or to ascertain the degree of achievement or value in regard to the aim and objectives and results of any such action that has been completed. The primary purpose of evaluation, in addition to gaining insight into prior or existing initiatives, is to enable reflection and assist in the identification of future change.

Evaluation is often used to characterize and appraise subjects of interest in a wide range of human enterprises, including the arts, criminal justice, foundations, non-profit organizations, government, health care, and other human services. It is long term and done at the end of a period of time.

Evaluation is the structured interpretation and giving of meaning to predict or actual impacts of proposals or results. It looks at original objectives, and at what

are either predicted or what was accomplished and how it was accomplished. So evaluation can be formative that is taking place during the development of a concept or proposal, project or organization, with the intention of improving the value or effectiveness of the proposal, project, or organization. It can also be summative, drawing lessons from a completed action or project or an organization at a later point in time or circumstance.

Evaluation is inherently a theoretically informed approach (whether explicitly or not), and consequently any particular definition of evaluation would have been tailored to its context – the theory, needs, purpose, and methodology of the evaluation process itself. Having said this, evaluation has been defined as:

- A systematic, rigorous, and meticulous application of scientific methods to assess the design, implementation, improvement, or outcomes of a program. It is a resource-intensive process, frequently requiring resources, such as, evaluates expertise, labor, time, and a sizable budget.
- "The critical assessment, in as objective a manner as possible, of the degree to which a service or its component parts fulfills stated goals" (St Leger and Wordsworth-Bell). The focus of this definition is on attaining objective knowledge, and scientifically or quantitatively measuring predetermined and external concepts.
- "A study designed to assist some audience to assess an object's merit and worth" (Stuffle beam). In this definition the focus is on facts as well as value laden judgments of the programs outcomes and worth.

**PURPOSE**:

The main purpose of a program evaluation can be to "determine the quality of a program by formulating a judgment" Marthe Hurteau, Sylvain Houle, Stéphanie Mongiat (2009).

An alternative view is that "projects, evaluators, and other stakeholders (including funders) will all have potentially different ideas about how best to evaluate a project since each may have a different definition of 'merit'. The core of the problem is thus about defining what is of value." From this perspective, evaluation "is a contested term", as "evaluators" use the term evaluation to describe an assessment, or investigation of a program whilst others simply understand evaluation as being synonymous with applied research.

There are two function considering to the evaluation purpose Formative Evaluations provide the information on the improving a product or a process Summative Evaluations provide information of short-term effectiveness or long-term impact to deciding the adoption of a product or process.

Not all evaluations serve the same purpose some evaluations serve a monitoring function rather than focusing solely on measurable program outcomes or evaluation findings and a full list of types of evaluations would be difficult to compile. This is because evaluation is not part of a unified theoretical framework, drawing on a number of disciplines, which include management and organizational theory, policy analysis, education, sociology, social anthropology, and social change.