**“Essential Principles of Management by Peter Drucker”**

[Based on a video, uploaded on Links/Week 2 & 3 in the eclass]

**You are going to watch a video about the essential principles of management, as outlined by Peter Drucker. While watching for the first time keep your notes on the keypoints so as to understand the general idea – in the second listening fill in the gaps of the following sentences with the missing phrases.**

According to the speaker, Peter Drucker points and explains that management is based on certain principles. First of all, management is about \_\_\_\_\_\_\_\_ **(1)** – employees must be made capable of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **(2)**; their \_\_\_\_\_\_\_\_\_ **(3)** must be maximized and their \_\_\_\_\_\_\_\_\_ **(4)** must be minimized (3). If a manager achieves this with his/her employees, he is a good manager. Employees’ ability to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **(5)** depends both on good management as well as on their \_\_\_\_\_\_\_\_\_ **(6)**, efforts and \_\_\_\_\_\_\_\_\_ **(7)**. Secondly, managers should define and exemplify the following three values: objectives, goals and \_\_\_\_\_\_\_\_ **(8)** so that all employees can \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **(9)**. Personal development and \_\_\_\_\_\_\_\_\_\_\_ **(10)** are two other key points for effective managers. Since people are the only \_\_\_\_\_\_\_\_\_\_\_ **(11)** in an organisation - investing in them through \_\_\_\_\_\_\_\_\_\_\_\_\_ **(12)** is something that must be built. Finally, the last principle is that \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **(13)**: good business results I happy customers. Managers who learn the above fundamental principles and apply them are more likely to be successful in \_\_\_\_\_\_\_\_\_\_\_\_\_ **(14)**.

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**“Types of Organizational Structures”**

[Based on a video, uploaded on Links/Week 3 in the eclass]

**You are going to watch a video about three different types of organizational structures: hierarchical structure, flat structure and matrix structure (description, advantages, disadvantages). While watching for the first time keep your notes on the keypoints so as to understand the general idea – in the second listening fill in the gaps of each structure-related paragraph with information about each organisation structure.**

Organisational structures – or how a business organizes its employees - are used as a means to organize job roles and \_\_\_\_\_\_\_\_\_\_ **(1)** depending on the size, \_\_\_\_\_\_\_ **(2)** and requirement needs of an organisation. Three key terms that will be used for the description of the different organizational structures are \_\_\_\_\_\_\_\_\_ **(3)**, i.e., the number of employees a manager has control of, \_\_\_\_\_\_\_\_\_ **(4)**, i.e., the route by which instructions and communication \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **(5)** and who answers to whom within a company / organisation and, finally, \_\_\_\_\_\_\_\_\_\_ **(6)**, i.e., the members of the \_\_\_\_\_\_\_\_\_ **(7)** that work for a manager.

A] Hierarchical structure

Its main features are the following: i) it has many \_\_\_\_\_\_\_\_\_\_ **(8)**, ii) the chain of command is \_\_\_\_\_\_\_\_\_ **(9)** (the communication goes through many layers) and iii) there is a relative narrow \_\_\_\_\_\_\_\_\_ **(10)** for the managers (there are many managers with relatively small number of \_\_\_\_\_\_\_\_\_\_\_ **(11)**). The previously mentioned points are some of the disadvantages of hierarchical structure along with the fact that within this framework communication can be slower through business: messages have to be passed through many layers and, mainly, get \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **(12)** to a point where the original message finally becomes less \_\_\_\_\_\_\_\_\_\_ **(13)**. To all these, the high cost for the \_\_\_\_\_\_\_\_\_\_\_ **(14)** must be added as a major disadvantage.

However, this type of organizational structure can definitely – by its nature – promote \_\_\_\_\_\_\_\_\_\_\_ **(15)** through promotion since there are many levels for a staff member to progress through and, thus, more chances for promotion (upward in the organisation or even by learning new \_\_\_\_\_\_\_\_\_\_\_ and taking new \_\_\_\_\_\_\_\_ **(16)**). Another major advantage of this structure type are the dimensions of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ **(17)** which are very clear: it is very obvious who manages and who their roles are). Consequently, targets can be clearly set and clear accountability can be given for their \_\_\_\_\_\_\_\_\_\_\_ **(18)**.

B] Flat structure

This form of structure is more common in smaller businesses which contain none or fewer \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **(19)** between upper management and staff depending on the size of the business. Here, we have a \_\_\_\_\_\_\_\_\_\_ **(20)** with more subordinates and a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **(21)**. The main advantages of the flat structure are: i) faster communication; because of the fewer management levels, communication is not that \_\_\_\_\_\_\_\_\_\_ **(22)** and there are not so many \_\_\_\_\_\_\_\_\_\_\_ **(23)** to respect the hierarchy; ii) the engagement factor: employees are \_\_\_\_\_\_\_\_\_\_\_\_ **(24)** and involved in the day-to-day business as there are less managers in between themselves and the owners and iii) it \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **(25)** due to the fewer managerial salaries that have to be paid. Its main disadvantages, on the other hand, are: i) there is very little \_\_\_\_\_\_\_\_\_\_\_\_\_\_ **(26)**, a factor that affects the employess’ motivation, ii) by having no clear boss \_\_\_\_\_\_\_\_\_\_\_\_\_ **(27)** may possibly occur due to the lack of clear hierarchy and \_\_\_\_\_\_\_\_\_\_ **(28)**) and iii) it is near enough impossible to implement due to the sheer volume of employees.

C] Matrix structure

This type of structure has traditional\_\_\_\_\_\_\_\_\_\_\_ **(29)** like the ones found in the hierarchical structure (Finance, Marketing, \_\_\_\_\_\_\_\_ **(30)**) but it utilizes these skills and creates project teams (temporary or permanent, based on the nature of the project) across the functions of the business to work on particular projects. Its main advantages are: i) it utilizes the skills within the organisation and, consequently, brings people from other departments together to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **(31)**, ii) the rapid and effective communication within the team allow ideas to \_\_\_\_\_\_\_\_\_\_\_\_\_ **(32)** and iii) due to the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **(33)** a strong team spirit is being developed and the \_\_\_\_\_\_\_\_\_\_ **(34)** within the team is improved. However, there are certain disadvantages: i) staff members are split across two managers (project manager and the functional area manager) who may have \_\_\_\_\_\_\_\_\_\_ **(35)** and may be pushing more objectives onto\_\_\_\_\_\_\_\_\_\_\_ **(36)**, who might end up becoming confused about which objectives to prioritize (some objectives might end up not being achieved, in the end); ii) when the project team is formed it can take time to gel as a team – an ongoing issue arises if these teams are either changed or broken down.

D] Functional structure

Employees in this company structure – which works best for larger companies - are grouped by \_\_\_\_\_\_\_\_ **(37)**, skill, or related roles or similar \_\_\_\_\_\_\_\_ **(38)** used in a team environment to achieve the company’s goals. Functional structure is based on levels of \_\_\_\_\_\_\_\_ **(39)** that include different departments under the direction of designated leaders.

The advantages of this structure are the following: i) increased \_\_\_\_\_\_\_ **(40)**|; due to the \_\_\_\_\_\_\_\_ **(41)** skills of people in such companies , workload is processed more efficiently, leading thus to greater productivity; ii) skill \_\_\_\_\_\_\_ **(42)** – in the various departments which are composed of small teams experienced managers teach all members the same skills, leading this way to an enhanced skills set for all employees, iii) \_\_\_\_\_\_\_\_ **(43)** – bringing people of the same specialty together in such companies creates an environment of clarity and iii) minimization of \_\_\_\_\_\_\_ **(44)** costs – by organizing employess, according to business function, the completion of similar tasks and work to different departments is avoided.

The disadvantages, on the other hand, are: i) \_\_\_\_\_\_\_ **(45)** decision making – for companies that thrive on greater flexibility and creativity this form of structure may influence their ability to operate efficiently. Unavailable management feedback in \_\_\_\_\_\_\_ **(46)** projects may hinder the team’s overall progress, ii) competition between departments – the lack of cooperation between employees of different departments to achieve specific goals (*goal-oriented \_\_\_\_\_\_\_\_* **(47)**) might prompt competition between departments and iii) narrow scope – lack of guidance and information from managers may lead employess to work with limited knowledge of how their roles relate to the company’s \_\_\_\_\_\_\_\_ **(48)** or even how their work relates to other departments.

E] Divisional structure

Employees are \_\_\_\_\_\_ **(49)** based on products, markets and \_\_\_\_\_\_\_\_\_ **(50)** as opposed to their roles: a/ market-based divisional structure: separation by market, industry or customer, b/ product-based divisional structure: divisions are separated by product line, c/geographic-division structure: by region, territories, offering more effective \_\_\_\_\_\_\_ **(51)** and logistics.

The advantages of this structure are: i) greater accountability and \_\_\_\_\_\_\_\_ **(52)** – divisions have their own management groups to lead them. It is also easier for individual employess to be accountable for their actions. ii) gaining a \_\_\_\_\_\_\_\_\_\_ **(53)**, which can be achieved by giving to the managers the autonomy to make decisions within their scope and they can also quicky change direction in response to localized changes; iii) improved \_\_\_\_\_\_\_ **(54)** – by allowing for unique perspectives at different levels; iv) efficient increase of offerings and accommodation of expansion.

The disadvantages of this structure are: i) higher operating costs – a centralised \_\_\_\_\_\_\_\_ **(55)** is required to oversee the rest of the company, something that leads to higher overhead costs; ii) economies of scale – the economies of scale are the \_\_\_\_\_\_\_\_ **(56)** when an organisation produces goods or services in a large quantity. Here, though, the divisional structure prevents the organisation from getting the most out of the economies of scale as a single division does not produce enough to take great benefits out of the economies of scale; iii) encourages \_\_\_\_\_\_\_ **(57)** – separate division employees may feel encouraged to treat each other as competitive rivals instead as part of the same company, iv) fostering a silo mentality, i.e. \_\_\_\_\_\_ **(58)** to collaborate – it makes employees feel more isolated (both physically and psychologically), instilling a sense of \_\_\_\_\_\_\_\_ **(59)** within them.

F] Network structure

Here, more than one organisation combines to produce a good or provide a service. These organisations can either get into a \_\_\_\_\_\_\_ **(60)** for a particular venture or one organisation can hire others to handle one or more of its \_\_\_\_\_\_ **(61)** such as marketing, production, sales. The advantages of this structure are: i) a clearer focus – when all other functions of a company (except its \_\_\_\_\_\_\_\_ **(62)**) are assigned and dropped to another firm, it can have a clear focus on what it does best; ii) lower costs – due to outrsourcing we have lower costs and \_\_\_\_\_\_ **(63)** service, iii) flexibility – outsourcing helps a company to focus on changing their production techniques.

The disadvantages of this structure are: i) lack of reliability and \_\_\_\_\_\_ **(64)** – it is difficult for such a company to have control over its widespread network, ii) lack of secrecy – outsourcing to other firms has the danger these firms might work for your competitors, leading thus to a possible \_\_\_\_\_\_\_\_\_\_\_ **(65)** and iii) loss of control – outsourcing important work to external firms might lead a company to lose significant control over its operation since you make yourself as a company \_\_\_\_\_\_\_\_\_\_ **(66)** outside entities who can have power over you.