

UNIT 3

ORGANISING

Definitions

Allen defines Organising as “ the process of identifying and grouping of the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing their objectives.”

Koontz and O’Donnell defines as “ Organisation is the establishment of authority and relationships with provision for coordination between them, both vertically and horizontally in the enterprise structure.

- Organising is the task of mobilizing resources
- A structure involving a large number of people engaging themselves in multiplicity of tasks, a systematic and rational relationship with authority and responsibility between individuals and groups.

Process of organizing

- the manager differentiates and intergrates the activities of his Organisation
- Differentiation - the process of departmentalization or segmentation of activities on the basis of some similarity
- Integration – Process of achieving unity of effort among the various departments

1. Establishing Enterprise Objectives
2. Formulating Supporting objectives, policies and Plans
3. Identifying and classifying the necessary to accomplish
4. Grouping the activities in the light of human and material resources available
5. Delegating to the head of each group the activity necessary to perform
6. Tying the groups together horizontally and vertically through authority relationship and information flows.

Principles of Organising

1. Objectives
2. Specialisation
3. Span of Control
4. Exception – the higher level have limited time, only exceptionally complex problem should be referred to them and routine matters be dealt by the subordinates at the lower levels
5. Scalar Principle / Chain of command – line of authority
6. Unity of Command
7. Delegation
8. Responsibility
9. Authority

10. Efficiency
11. Simplicity
12. Flexibility
13. Unity of Direction
14. Personal ability

Span of Management

Factors governing Span of Management

- Appropriate span of Management must be determined by the specific of the manager particular situation.
1. Ability of the manager
 2. Ability of the Employees
 3. Type of work
 4. Well defined authority & Responsibility
 5. Geographic locations
 6. Level of Management
 7. Economic Consideration

Orgn with Narrow span – superior with less number of subordinate to monitor

Advantages

- Close supervision
- Close control
- Fast Communication, between communication between subordinates & superiors

Disadvantages

- Superiors tend to get too involved in subordinate work
- Many levels of Management
- High cost due to many levels
- Excessive distance between lowest level and top level

Orgn with wide span - superior with more number of subordinate to monitor

Advantages

- Superiors are forced to delegate
- Clear policies must be made
- Subordinates must be carefully selected

Disadvantages

- Tendency of overloaded superiors to become decision bottlenecks
- Danger of superiors loss of control
- Requires exceptional quality of managers

Organisation Chart

“ An Organisation chart is a graphic of the various positions in the enter[prise and the formal relationships among them”.

- It is a blueprint of the company organization structure.
- George Terry “ An Organisational Chart is a diagrammatical form, which shows important aspects of an Organisation including the major functions and the respective relationships, the channels of supervision and the relative authority of each employee who is in charge of each respective function.

Characteristics

1. a diagrammatical presentation
2. represent the formal Organisation structure
3. it shows the main lines of authority in the Organisation
4. indicates inter-play of various functions & relationships
5. indicates the channel of communication

Types of organization Chart

1. **Vertical Chart** – lines of command proceeding from top to bottom in vertical lines

2. **Horizontal Chart** – Highest position shown in left

3. **Concentric or Circular Chart**

Contents of Organisation Chart

1. Basic Organisation structure & flow of authority
2. Authority & Responsibility of various executives
3. Name of components of Organisation
4. Positions of various office personnel
5. Total number of person working in an Organisation
6. Ways of Promotions and salary particulars

Pfiffner and Sherwood classifies into 3 categories

1. Skeleton – a graphical presentation of the framework
- arranged in levels connected by various lines representing different types of authority
2. Functional – consists of subunits wherein boxes represent divisions and sections
3. Personal Chart – some process of functional chart is used
 - but the boxes here contain personnel information
 - Eg- Job title, name of the position holder

Organisation Manual

An Organisation Manual is a small handbook or booklet contained detailed information about the Objectives, Policies, Procedures, rules, etc of the enterprise

- It often includes Job descriptions which are factual statements of job contents in terms of duties and responsibilities.

Contents of organizational Manual

1. Introductory
 - Name of the Organisation
 - Nature of the Organisation
 - Objectives of the Organisation
 - Location of the Organisation
 - Purpose of the manual
2. Administrative
 - Organisation Structure – major division, departments, chain of command
 - Job descriptions
 - Organisation Chart
 - Policies of the Management
 - Rules & regulations
3. Procedural
 - Office procedures and practices
 - Specimen form to be used
 - Standard instructions regarding the performance of different jobs
 - Methods relating to accounting, budgeting, etc.

Types of Organisation Manual

1. Policy Manual
2. Company Organisation Manual – describes the duties and responsibilities of various departments
 - Outlines the formal chain of command and lines of promotion in the company
3. Operation Manual – describes the established standards, procedures and methods for various jobs.
4. Department Practice Manual – detailed information about the Organisation
5. Rules & Regulation Manual – prescribes rules regarding hours of work, timing, leave cafeteria, library, recreation, etc.

Departmentation

- As the process of grouping individual jobs in department. It involves grouping of activities and employees into departments so as to facilitate the accomplishment of Organisation Objectives.

Need & Importance of Department

1. Specialisation
2. Expansion
3. Autonomy
4. Fixation of responsibility
5. Appraisal
6. Management development
7. Administrative control

Choosing a basis for Departmentation

1. Specialisation
2. Coordination
3. Control
4. Economy
5. Attention
6. Human Consideration

Bases of Departmentation

1. **Departmentation by Functional Basis** – Grouping of activities in accordance with the function of an enterprise. Each major function of the enterprise is grouped into a department.

Merits

- It is a logical and time proven method
- It follows the principles of specialization
- Authority and responsibility can be clearly defined and fixed
- Since the top managers are responsible for the end results control shall become effective

Demerits

- This type of departmentation shall develop a loyalty towards the functions and not towards the enterprise as whole.
- Co-ordination of different function shall become difficult
- Only the departmental heads are held responsible for defective work

2. **Departmentation by Territorial basis** – A company may have separate departments to serve the southern region, northern region etc. It has the advantage of the intimate knowledge of local conditions.

Merits

- It motivates each regional head to achieve high performance
- Provides each regional head an opportunity to adapt to his local situation and customer need with speed and accuracy.

- It affords valuable top-management training and experience to middle level executives]enables the organization to take advantage of locational factors, such as availability of raw materials, labour, market, etc.
- Enables the Organisation to compare regional performances and invest more resources in profitable regions and withdraw resources from unprofitable ones.

Demerits

- May give rise to duplication of various activities. Many routine and service functions performed by all the regional units can be performed centrally b the head office very economically
- Various regional units may become so engrossed in short run competition among themselves that they may forget the overall interest of the total organization.

3. **Departmentation by Process basis** – is done on the basis of several discrete stages in the process or technologies involved in the manufacture of a product. A cotton textile mill have separate departments for ginning, spinning, weaving, dyeing and printing and packing and sales.

Merits

- Facilitates the use of heavy and costly equipment in an efficient manner.
- It follows the principle of specialization – each dept is engaged in doing a special type of work. This increases efficiency.
- It is suitable for Organisation which are engaged in the manufacture of those product which involve a number of processes.

Demerits

- Difficult to compare the performance of different process based departments

4. **Departmentation by Product basis** – suited for a large organization manufacturing a variety of products. For each major product a semi-autonomous department is created and is put under the charge of a manager who may also be made responsible for producing a profit of a given magnitude. Product dept is the logical pattern to follow when each product requires raw materials, manufacturing, technology and marketing methods and that are markedly different from those used by other products in the Organisation. Eg HLL manufacturing detergents, toiletries, Clearasil cream and soap.

Merits

- Relieves top management of operating task responsibility. It can therefore better concentrate on such centralized activities like finance, R& D and control
- Enables the top management to compare the performance of different products and invest more resources in profitable products and withdraw resources from unprofitable ones.

- Those who work within a department derive greater satisfaction from identification with a recognizable goal.

Demerits

- Results in duplication of staff and facilities
- Employment of large number of managerial personnel is required.
- Equipment in each product department may not be fully used

5. **Departmentation by Customer basis** – An enterprise may be divided into a number of departments on the basis of the customers that it services. For Eg. An educational institution may have separate departments for day, evening and correspondence course to impart education to full time students, locally employed students and outstation students respectively.

Merits

- It ensures full attention to major customer groups and helps the company to earn goodwill.

Demerits

- It may result in under utilization of resources and facilities in some department.
- There may be duplication of facilities

Authority

- Power to take decision
- Right to get orders and obey orders
- Power – Ability of individual to influence the action of other person
- Authority – right in a position to exercise discretion in making decision affecting others.
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Bases of Power

1. Legitimate
2. Expertness
3. Referrant
4. Reward
5. Coercive

Def “ Authority may be defined as legitimate right to give orders and to get orders obeyed. It denotes certain rights to take decision and get them executed by their subordinates.

3 types of Authority

Line authority – are those that have direct impact on the accomplishment of the objectives of the enterprises

- is the direct authority which a superior exercises over his subordinates to carry out orders and instructions.
- The flow of line authority is always downward, that is from a superior to a subordinate
- Creates a direct relationship between a superior and his subordinate
- Line authority is the direct authority which a superior exercises over his subordinates to carry out orders and inspections such authority delegated top those positions or elements of the organization which have direct responsibility for accomplishing the primary objectives.
- Line relationship performs the following roles
 - a. as a chain of command
 - b. as a carrier of accountability (subordinate is answerable to his superior)
 - c. as a channel of communication

Staff authority – Staff refers to those elements of the Organisation which help the line to work most effectively in accomplishing the primary objectives of the enterprises.

- are those that help the line person work most effectively in accomplishing the objectives.

Difference between Line and Staff Authority

S.No	Line Authority	Staff Authority
1	Right to decide and command	Right to provide advice, assistance and information
2	Contributes directly to the accomplishment of Organisational objectives	Assist line in the effective accomplishment of Organisation objectives
3	Relatively unlimited and general	Relatively restricted to a particular function
4	Flow downward from a superior to subordinate	May flow in any direction depending upon the need of advice
5	Creates superior and subordinate relation	Extension of line and support line
6	Exercise control	Investigates and reports
7	Makes operating decision	Provides idea for decision
8	Bears final responsibility for results	Does not bear final responsibility
9	Doing functions	Thinking function
10	Provides channel of communication	No channel of communication is created

Functional authority - is the right which an individual or department has delegated to it over specialized processes, practices, policies or other matters relating to activities undertaken by personnel in department other than its own.

- generally relates to laying down systems and procedures. For Eg. The personnel manager may lay down the grievances procedure to be followed in all departments
- granted to a staff specialist to issue instruction to line executives directly in a specific and limited area of operation.

Delegation of authority

- To delegate means to entrust authority to a subordinate
- Assigns some part of his work to his subordinate and also gives the necessary authority to make decision within the area of their assigned duties

Def . Koontz and O’Donnel, “ The entire process of delegation involves the determination of results expected, the assignment of tasks, the delegation of authority for accomplishment of these tasks, and the exaction of responsibility for their accomplishments.”

Types of delegation

1. General or Specific
2. Formal or Informal
3. Written or oral
4. Downward and sideward

Process of Delegation

1. Determination of results expected
2. Assignment of duties
3. Granting of authority
4. creating accountability for performance

Accountability – is the obligation to carry out responsibility and exercise authority in terms of performance standard established by the superior

- Once a subordinate is assigned a duty and given the necessary authority to complete it, he becomes answerable for the results. Thus accountability is a derivative of responsibility.

Principles of Delegation

1. Delegation to conform to desired objectives
2. Responsibility not delegatable
3. Authority to match duties
4. Unity of command
5. Limits to authority to well-defined

Merits

1. Basis of effective functioning
2. Reduction in managerial load
3. Benefits of specialized service
4. Efficient running of branches
5. Aid to employee development
6. Aid to expansion and diversification of business

Effective Delegation

1. Define assignments and delegate authority in the light of results expected
2. Select the person in the light of the job
3. Maintain open lines communication
4. Establish proper control
5. Reward effective and successful assumption of authority