

Unit II - Organising

Organising is the process of identifying and grouping the work and assigning the work to different departments along with responsibility and authority to do it. Organising and organisation both are different. Organisation is an institution where mgt. functions are performed. Organising is one of the functions of mgt. Organising is a process which involves the following steps:

- ① Determination of objectives: - The first step in the organising is to determine the objectives of the org'n and they must be communicated to people, to know the purpose for which the org'n has been created.
- ② Identification of work: - The second step in the process is to identify the total work to be performed. It helps to avoid duplication & overlapping of efforts.
- ③ Grouping of Activities: - (Departmentation): - Once the total activities are determined, it is necessary to group the related activities. This is called departmentation.
- ④ Creation of manager ship: - After departmentation entrust the responsibility of each dept. to a distinct manager. Each manager is responsible for directing, guiding, motivating and coordinating the efforts of individuals working under him.
- ⑤ Division of work in each dept.: In each dept. the work will be divided into small jobs and will be entrusted to a person who is best suited for its execution. (P.T.O)

⑥ Arrangement of physical facilities:- After assigning the work certain basic facilities such as raw materials, machines, tools, technology and other inputs, <sup>must be provided</sup> for proper functioning and execution of the assigned task.

⑦ Developing Relations:- It perform the task efficiently, it is necessary to define establish clear authority and relationship in the organisation, both horizontally and vertically. It leads to unity of command.

⑧ Co-ordinate various activities:- After getting the work done it is necessary to put together all the activities to know the final result.

⑨ Control and corrective action:- Compare the actual work done with the set standards and apply control techniques to locate and correct deviations.

### Importance of Organisation:-

① It promotes specialisation and division of labour.

② It avoids overlapping and duplication of work.

③ It clarifies authority - responsibility.

④ It facilitates coordination.

⑤ It facilitates mgt by exception. (It enables the top mgt to concentrate on crucial matters & leave the routine tasks to subordinates.)

⑥ Quick decision making

⑦ Provides facility for training, testing and development.

⑧ Prevents corruption.

(P.T.O)

## Principles of Organisation:-

- ① Principle of Delegation of Authority:- According to this principle each manager should be provided with adequate authority to get the work done by subordinates.
- ② Principle of Continuity:- Org'n is a continuous process. There can not be any break downs in the activities for the seasons of changes in the policies, guides etc.
- ③ Principle of Balance:- It means over loading and under ~~loading~~ loading of the departments must not be there. Work must be balanced to ensure overall effectiveness of the organisation.
- ④ Principle of flexibility:- The org. structure must be flexible to adjust and absorb the social, economic, political and technological changes.
- ⑤ Principle of Scalar chain:- It is called chain of command. The authority must flow from top mgt. to low level workers. It establishes clear line of command.
- ⑥ Unity of direction:- One head - one plan must be followed. All the activities which are having common objective should be handled by one person to avoid confusion.
- ⑦ Principle of exception:- According to this principle, the top mgt. should look after only exceptional matters like policy making, setting objectives etc leaving the routine matters to subordinates.

⑧ Principle of Simplicity: - eg: structure must be simple to maintain quality of work. There are for some of the principles to be followed for effective org:n. structure.

Forms of Organisations: - There are two types of organisation.

(i) Formal org:n. (ii) Informal org:n.

I Formal Organisations: - In this type the relations between employees are governed by rules and regulations of the organisation. The job each employee will be well defined bearing a definite measure of authority, responsibility & accountability. ~~Ex~~ Committees, project teams etc.

Advantages: - (1) It facilitates determination of objectives and policies.

- ② Coordination becomes very easy as objectives are specific.
- ③ It avoids concentration of power.
- ④ It leads to continuity and uniformity.
- ⑤ Failures can be located very effectively.

Disadvantages: -

- ① It restricts individual freedom. No creativity.
- ② Formal org:n tend to be dominated by higher level managers leading to frustration at lower levels.
- ③ It delays the decision-making process.

II Informal Organisations: - In this form of org:n the relationship bet: people are governed by personal attitudes, emotions, likes and dislikes etc. not by policies & regulations.

It is also called Grapevine Communication. It works with a surprising speed and is faster than the official channel. They will not appear on the org formal chart of the enterprise.

### Advantages:-

- ① Informal org: provides support to the formal org.
- ② They contribute largely to the organisational goals.
- ③ They satisfy the social needs of workers such as friendship, love, care, concern etc.
- ④ As it operates in free environment; it promotes Creativity.

### Disadvantages:-

- ① They pressure the mgt: to fulfil their demands.
- ② Rumours can be spread very fast disrupting the work.
- ③ They do not operate in the interest of the organisation.

### Types of Organisations:-

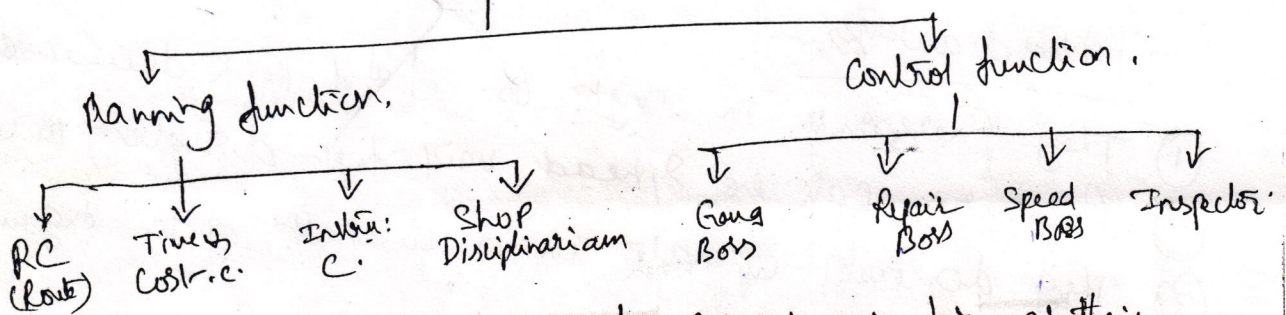
- (i) Flat and Tall Organisations:- Flat orgs are those which have relatively few or even one level of mgt:.  
Many orgs have adopted flatter structures to reduce levels of mgt: and to give their work force greater decision-making responsibility. A service org: with 3 equal partners and 30 employees is the best example of a flat structure. It will have their wider span of control.  
Tall orgs have many levels of mgt:.  
Tall orgs will have less span of control and focus on vertical communication. (P.T.O)

① Line and Staff organisations (Repe old Notes)

② Functional Organisation: - It is suggested by ~~functional~~ organisation F.W. Taylor. Taylor observed that one single foreman was overburdened with all the operations such as task setting, time recording, quality inspection disciplinary jobs etc. So he divided this job into eight functional foremen - four dealing with the planning task and four dealing with the implementation task. It ensures the division of labour.

Ex.:

Works manager.



All were in charge of workers as far as their functional matters were concerned. They have clear demarcation of their duties and responsibilities and hence they were not overlapping.

Merits :- ① Planned Supervision.

- ② Separates activities related to planning and control.
- ③ Facilitates large scale production.
- ④ Useful to single product or service concerns.
- ⑤ Discipline can be maintained.

Demerits :- ① workers will have more than one boss. It leads to confusion.

- ② very costly
- ③ more coordination
- ④ No clear line of authority.

③ Committee organisations: - A committee is formed when two or more persons are appointed to work as a team to arrive at a decision on the matters referred to it. Committees will be appointed when a problem is big and difficult to handle by a single person. Committees will be formed with a skilled, knowledgeable, experienced people. A time frame will be fixed for submitting its recommendations, to resolve the crisis. Ex: Finance committee, wages co., Selection Com. etc.

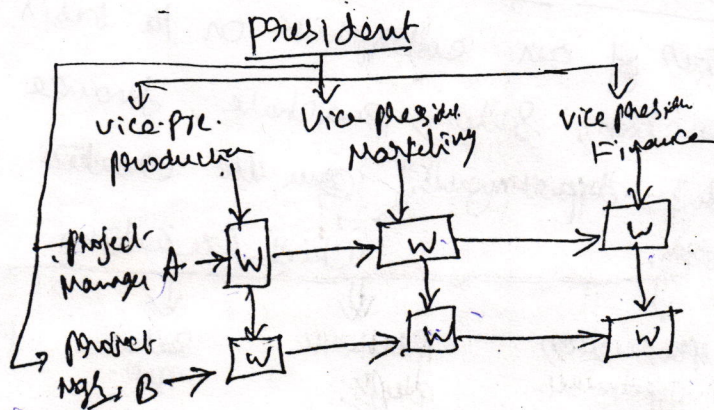
Merits: - ① It pools up the knowledge, skills & experience.

- ② It facilitates group decision.
- ③ It yields good results because each problem can be discussed in different angles.
- ④ It motivates all the members because no authority is vested in one person.

Demerits: - ① It is a time consuming & costly process.

- ② No quick decisions are possible.
- ③ Responsibility can not be fixed on a single person.

④ Matrix organisations: - It is also called project organisation. It is a combination of all relationships in the org. - vertical, horizontal and diagonal. It is mostly used in complex projects. It provides high degree of operational freedom, flexibility etc.



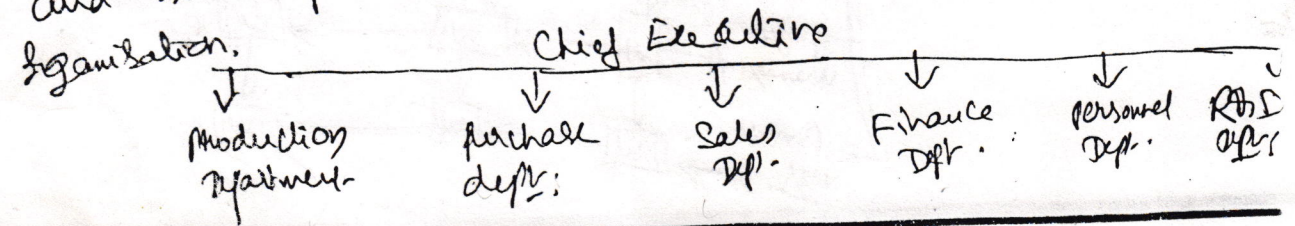
president - having 3 functional presidents for prod, M&G, Fin.  
 There are two project mgrs: for two locations A & B.  
 It shows that both the functional managers and project mgrs exercise authority over those working in the matrix.  
 The president coordinates the functional and project mgrs.

- Merits:-
- ① It offers operational freedom & flexibility.
  - ② optimum utilisation of resources is possible.
  - ③ effective supervision is possible.
  - ④ It holds an employee responsible for mgrs of resources.

- Demerits:-
- ① It calls for greater degree of coordination.
  - ② It violates unity of command principle.
  - ③ It is difficult to define authority and responsibility.
  - ④ Employees find it frustrating to work with two bosses.

⑤ Departmentation:- The process of classifying the org. on the basis of departments <sup>(of similar activities)</sup> is called departmentation. It is possible to fix the responsibility on the departmental head & its targets. It offers scope to introduce division of labour and ensure specialisation. The following are the basis of dividing responsibility within an org. structure.

① Functional Departmentation:- It refers to grouping the activities of an enterprise on the basis of functions such as production, sales, purchase, finance etc. More departments and sub-departments can be created based on the size of the organisation.



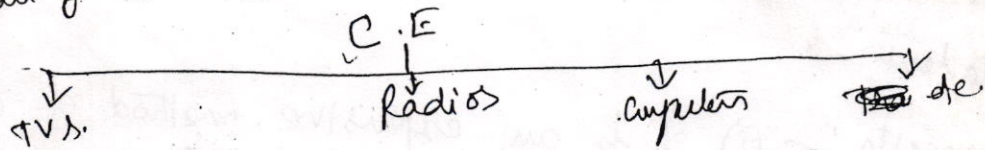


- Merits:
- ① It is simple & natural way of grouping activities.
  - ② It promotes specialisation & expertise in various functional areas.
  - ③ It facilitates coordination within the dept's as well as between the different departments.

Disadvantages:

- ① It leads to delay in decision making.
- ② It leads to friction among various departments.
- ③ People will learn work only in the particular dept. in which they have been appointed. So scope for ~~other~~ all-round development -

- ④ Product wise departmentation: - In this method, all activities related to one type of product are put together under one department under the control of a production mgr. Ex: An electronic Co. may have different departments dealing in television sets, radios and computers etc.



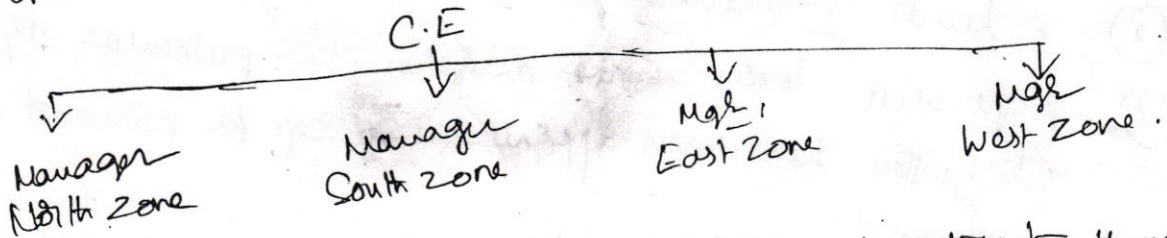
Merits:

- ① It ensures better customer service.
- ② Unprofitable dept. can be easily identified.
- ③ Effective control & can be exercised.
- ④ It is flexible as a new product division can be easily added.

Disadvantages:

- ① It is expensive because duplication of service functions in various product divisions.
- ② Same mgr. has to deal with different customers and salesman for different products.
- ③ It is difficult to apportion general expenses of the orgn.

(c) Geographical Departmentation: - When several activities of an enterprise are geographically dispersed in different locations it is called Geo. dept'n. All activities relating to a particular zone & area will be entrusted to one zonal manager.



Merits: - (1) It enables an enterprise to cater to the needs of local people in a satisfactory manner.

- (2) It facilitates effective control.
- (3) It facilitates effective coordination of activities within an area.
- (4) It assists in the development of all-round managerial talent.

Demerits: - (1) It is an expensive method of creating departs in different regions.

- (2) It leads to duplication of activities.
- (3) Coordination among various territorial divisions may become difficult.

(d) Customerwise dept'n.: - An org'n can be divided into a no. of departments on the basis of no. of customers. big dept's for large no. of customers and smaller ones for small no. of customers. It ensures full attention to different types of customers, their tastes and requirements. But coordination with other depts becomes difficult.

Customerwise

Heavy user      Light user

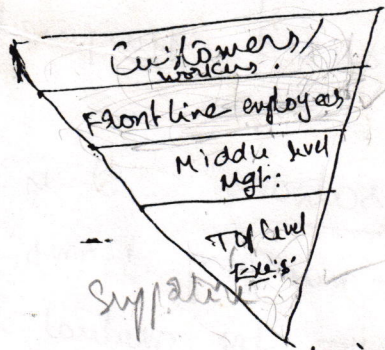
(5) Equipment-wise Dept'n :- If dept'n is done on the basis of equipments such as milling, grinding, drilling etc it is called equipment-wise dept'n. The main advantage of this method is that it avoids duplication of work. Specialised people can be engaged to work on specialised equipments.

(6) Cellular Organisations :- It is a form of org. consisting of self-managing firms or cells. These cells will be held together by mutual interest. Each cell shares common features and purposes with its sister cells, but it is also able to function independently. The idea is an extension of the principles of group technology.

(7) Boundaryless Organisations :- It is an org. structure that is not defined by or limited to the horizontal, vertical, & external boundaries which are predefined. There will be a break down of internal barriers that separate different levels of mgt. hierarchy, different functions and different departments. It also breaks the external barriers between the org. and its suppliers, customers and even its competitors. It is a creation of cross-functional teams and empowering employees.

(8) Inverted pyramid structure :- The traditional business is styled in the form of a pyramid with the chief executive

offices at the top, senior executives underneath and so on. In the inverted pyramid mgt: customers have the most important role in driving the business. It also gives the <sup>same importance to</sup> front-line employees, as they are closest to the workers.



Inverted pyramid again structure.

once the inverted pyramid idea is accepted, the role of mgt: needs to undergo a change. From a commanding role, it should become a supporting one.

- Merits:
- ① workers will be given first preference.
  - ② It is easy to understand their preferences.
  - ③ Frontline employees will be given more authority & responsibility because they are closest to the workers.
  - ④ It leads to prompt and quick decisions.
  - ⑤ It ~~will~~ motivates the employees as they are placed in a better position than the top mgt:.

- Demerits:
- ① Top mgt: authority is undermined.
  - ② No clear authority and responsibility levels. So it confuses the workers.
  - ③ Frontline supervisors can not make strategies etc. even though they have given more importance.

Virtual organisations: - (connected through networks).