

## **7.1 INTRODUCTION**

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Organising means 'identifying and grouping different activities in the organization and bringing together the physical and financial and human resources to establish the most productive relations for the achievement of organizational goals'.

Organizing is the function of management which follows planning. It is a function in which the synchronization and combination of human, physical and financial resources takes place. All the three resources are important to get results. Therefore, organizational function helps in achievement of results which in fact is important for the functioning of a concern.

According to Chester Barnard, "Organizing is a function by which the concern is able to define the role positions, the jobs related and the coordination between authority and responsibility. Hence, a manager always has to organize in order to get results."

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A manager performs organizing function with the help of following steps:

1. Identification of activities - All the activities which have to be performed in a concern have to be identified first. For example, preparation of accounts, making sales, record keeping, quality control, inventory control, etc. All these activities have to be grouped and classified into units.
2. Departmentally organizing the activities - In this step, the manager tries to combine and group similar and related activities into units or departments. This organization of dividing the whole concern into independent units and departments is called departmentalization.
3. Classifying the authority - Once the departments are made, the manager likes to classify the powers and its extent to the managers. This activity of giving a rank in order to the managerial positions is called hierarchy. The top management is into formulation of policies, the middle level management into departmental supervision and lower level management into supervision of foremen. The clarification of authority helps in bringing efficiency in the running of a concern. This helps in achieving efficiency in the running of a concern. This helps in avoiding wastage of time, money, effort, in avoidance of duplication or overlapping of efforts and this helps in bringing smoothness in a concern's working.
4. Coordination between authority and responsibility - Relationships are established among various groups to enable smooth interaction toward the achievement of the organizational goal. Each individual is made aware of his authority and he/she knows whom they have to take orders from and to whom they are accountable and to whom they have to report. A clear organizational structure is drawn and all the employees are made aware of it.

## 7.2 OBJECTIVES

After reading this unit, you should be able to:

- Explain the meaning and importance of organising.
- Understand the characteristics of different organisation structures.
- Examine the advantages and disadvantages of different types of organisation structures.
- Understand the concept of departmentalisation.

## 7.3 ORGANISING PROCESS

*note* 1. **Identification and division of work:** The organizing function begins with division of work into smaller units. Each such unit is called a job. One individual is assigned only one job according to his capabilities and qualification. This leads to systematic working and specialization.

2. **Departmentalization:** Once the work is divided into smaller manageable units, related jobs are grouped together and put under one department. This

grouping process is called departmentalization. The most common ways of departmentalization are functional departmentalization and divisional departmentalization.

**3. Assignment of duties:** once departments are formed, each department is put under the charge of an individual. The work must be assigned to those who are best suited for it.

**4. Establishing reporting relationships:** After assigning the duties, all individuals must also be assigned matching authority. This assignment of authority and responsibility results in the creation of authority responsibility relationship between superior and subordinate. With this, a managerial hierarchy is created (chain of command) where everyone knows who he has to take orders from and to whom he is accountable.

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### 7.3.1 Importance of Organizing Function

**1. Coordination:** Organization is a means of creating co-ordination among different departments of the enterprise. It creates clear cut relationships among positions and ensures mutual co-operation among individuals. Harmony of work is brought by higher level managers exercising their authority over interconnected activities of lower level manager.

Authority responsibility relationships can be fruitful only when there is a formal relationship between the two. For smooth running of an organization, the co-ordination between authority- responsibilities is very important. There should be co-ordination between different relationships.

Clarity should be made for having an ultimate responsibility attached to every authority. There is a saying, "Authority without responsibility leads to ineffective behaviour and responsibility without authority makes person ineffective." Therefore, co-ordination of authority- responsibility is very important.

**2. Effective administration:** The organization structure is helpful in defining the jobs positions. The roles to be performed by different managers are clarified. Specialization is achieved through division of work. This all leads to efficient and effective administration.

**3. Expansion and growth:** With optimum utilization of resources, proper division of work and departmentalization, companies can easily meet the challenges and can expand their activities in a planned manner. They can easily add more job positions, departments, and even diversify their product lines. New geographical areas can also be added to increase sales and profits.

A company's growth is totally dependent on how efficiently and smoothly a concern works. Efficiency can be brought about by clarifying the role positions to the managers, co-ordination between authority and responsibility and concentrating on specialization. In addition to this, a company can diversify if its

potential grows. This is possible only when the organization structure is well-defined. This is possible through a set of formal structure.

**4. Sense of security:** Organizational structure clarifies the job positions. The roles assigned to every manager are clear. Co-ordination is possible. Therefore, clarity of powers helps automatically in increasing mental satisfaction and thereby a sense of security in a concern. This is very important for job-satisfaction.

**5. Scope for new changes:** Where the roles and activities to be performed are clear and every person gets independence in his working, this provides enough space to a manager to develop his talents and flourish his knowledge. A manager gets ready for taking independent decisions which can be a road or path to adoption of new techniques of production. This scope for bringing new changes into the running of an enterprise is possible only through a set of organizational structure.

**6. Clarity in working relationships:** Organising function clearly defines the authority or power enjoyed by every individual. Everyone knows very clearly to whom he can give orders and from whom he has to receive orders. This also helps in the creation of managerial hierarchy.

**7. Optimum utilization of resources:** Organising helps in proper usage of men, material and money. Jobs are properly assigned, so there is no confusion or duplication. This helps in minimizing the wastage of resources.

**8. Adaptation to change:** Organising function helps in the creation of different departments and managerial hierarchy. This structure helps in adapting and adjusting to the activities in response to the changes in the external environment.

**9. Effective administration:** Organizing function provides a clear description of jobs, there is no confusion and duplication. Every individual knows his role and position very clearly. Thus, management becomes easy and this brings effectiveness in administration.

**10. Development of Personnel:** through organizing structure, managers reduce their workload by assigning their routine jobs to their subordinates. This allows the manager to develop new methods and ways to perform the job. This also gives them the opportunity and time to innovate and thus help in strengthening the company's competitive position. Such delegation also develops the subordinate by giving them the ability to handle challenges and to realize their full potential.

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### 7.3.2 PRINCIPLES OF ORGANIZING

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The organizing process can be done efficiently if the managers have certain guidelines so that they can take decisions and can act. To organize in an effective manner, the following principles of organization can be used by a manager.

**1. Principle of Specialization:** According to the principle, the whole work of a concern should be divided amongst the subordinates on the basis of qualifications, abilities and skills. It is through division of work specialization can be achieved which results in effective organization.

**2. Principle of Functional Definition:** According to this principle, all the functions in a concern should be completely and clearly defined to the managers and subordinates. This can be done by clearly defining the duties, responsibilities, authority and relationships of people towards each other. Clarifications in authority- responsibility relationships help in achieving co-ordination and thereby organization can take place effectively. For example, the primary functions of production, marketing and finance and the authority responsibility relationships in these departments should be clearly defined to every person attached to that department. Clarification in the authority-responsibility relationship helps in efficient organization.

**3. Principles of Span of Control / Supervision:** According to this principle, span of control is a span of supervision which depicts the number of employees that can be handled and controlled effectively by a single manager. According to this principle, a manager should be able to handle what number of employees under him should be decided. This decision can be taken by choosing either from a wide or narrow span. There are two types of span of control:-

a. **Wide span of control-** It is one in which a manager can supervise and control effectively a large group of persons at one time. The features of this span are:-

- i. Less overhead cost of supervision
- ii. Prompt response from the employees
- iii. Better communication
- iv. Better supervision
- v. Better co-ordination
- vi. Suitable for repetitive jobs

According to this span, one manager can effectively and efficiently handle a large number of subordinates at one time.

b. **Narrow span of control-** According to this span, the work and authority is divided amongst many subordinates and a manager doesn't supervises and control a very big group of people under him. The manager according to a narrow span supervises a selected number of employees at one time. The features are:-

- i. Work which requires tight control and supervision, for example, handicrafts, ivory work, etc. which requires craftsmanship, there narrow span is more helpful.
  - ii. Co-ordination is difficult to be achieved.
  - iii. Communication gaps can come.
  - iv. Messages can be distorted.
  - v. Specialization work can be achieved.
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