FUNCTIONAL AREA OF ORGANISATION

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

Advatages

- 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

Organizations are basically clasified on the basis of relationships.

There are two types

of organizations formed on the basis of relationships in an organization

1. Formal Organization - This is one which refers to a structure of well defined jobs each bearing a measure of authority and responsibility. It is a conscious determination by which people accomplish goals by adhering to the norms laid down by the structure. This kind of organization is an arbitrary set up in which each person is responsible for his performance. Forma l organization has a formal set up to achieve pre- determined goals.

2. Informal Organization - It refers to a network of personal and social relationships which spontaneously originates within the formal set up. Informal organizations develop relationships which are built on likes, dislikes, feelings and emotions. Therefore, the network of social groups based on friendships can be called as informal organizations. There is no conscious effort made to have informal organization. It emerges from the formal organization and it is not based on any rules and regulations as in case of formal organization.

Relationship between formal and informal organizations

For a concerns working both formal and informal organization are important. Formal organization originates from the set organizational structure and informal organization originates from formal organization. For an efficient organization, both formal and informal organizations are required. They are the two phase of a same concern. Formal organization can work independently. But informal organization depends totally upon the formal organization. Formal and informal organization helps in bringing efficient working organization and smoothness in a concern. Within the formal organization, the members undertake the assigned duties in co- operation with each other. They interact and communicate amongst themselves. Therefore, both formal and informal organizations are important. When several people work together for achievement of organizational goals, social tie ups tends to built and therefore informal organization helps to secure co-operation by which goals can be achieved smooth. Therefore, we can say that informal organization emerges from formal organization.

Formal and Informal Organization

Formal Organiation

The formal orgainzation describes the job of each individiual and relationship between organiational members

- Benefits of Formal Organization

1. Formal Organiation helps in implementing the objectives and policies

2. Effective Control can be made in these types of formal Organization

3. Formal Organiation helps to achieve individual goals in the frame work of organizational goals

4. It is Larger in size

Informal Organization

There is no definite organization structure for informal orgainzation.

Ininformal organization individula and group goals are more important than organization goals.

- Functions of Informal Organization

1. It helps to preserve the integrity of the groups as a whole

2. It acts as an efective communication channel

3. It provides job satisfaction

4. It controls the social behaviour of the employees

- Benefits of Informal Organization

1. Informal organizations encourage co-operation

2. Reduces the work load of managers

3. Informal Organizations provide job security and stability to an employee.

- Disadvantages of Informal Organization

Informal Organization creates conflict between employees and employers

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 change of each respective function.

- The Scottish-American engineer Daniel McCallum (1815–1878) is credited for creating the first organizational charts of American business around 1854. This chart was drawn by George Holt Henshaw.

- The term "organization chart" came into use in the early twentieth century. In 1914 Brinton declared "organization charts are not nearly so widely used as they should be. As organization charts are an excellent example of the division of a total into its components, a number of examples are given here in the hope that the presentation of organization charts in convenient form will lead to their more widespread use." In those years industrial engineers promoted the use of organization charts.

- In the 1920s a survey revealed that organizational charts were still not common among ordinary business concerns, but they were beginning to find their way into administrative and business enterprises. The term "organigram" originates in the 1960s.

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
7.

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 wherin 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 diision, 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.

There are several limitations of organizational charts:

- If updated manually, organizational charts can very quickly become out-of-date, especially in large organizations that change their staff regularly.
- They only show "formal relationships" and tell nothing of the pattern of human (social) relationships which develop. They also often do not show horizontal relationships.
- They provide little information about the managerial style adopted (e.g. "autocratic", "democratic" or an intermediate style)
- In some cases, an organigraph may be more appropriate, particularly if one wants to show non-linear, non-hierarchical relationships in an organization.
- They often do not include customers.

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
   - o It is a logical and time proven method
   - o It follows the principles of specialization
   - o Authority and responsibility can be clearly defined and fixed
   - o 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 priniciple 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 autstation 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

6. **Departmentation by Time**

Grouping of activites on time basis is more common in many organization. In organization there may be first shift, second shift and night shift. The tasks performed by employees in each shift are similar. This type of departmentaion is generally found in public utility services such as Railways, Hospitals, Call centers and in Manufacturing Orgainzations.

7**. Departmentation by Number**

Grouping of activities on the basis of number prescribed for each unit is known as departmention by numbers Eg: In armysoldiers are grouped in Battalion, regiments, brigades, so on…

8. Matrix Departmention

A hybrid structure in which two or more forms of departmentaion are used together is known as matrix departmentaion. In matrix organization there are dual lines of authority. The matrix departmentaion is applicable in cinstructuion of bridges, in aerospace projects, etc.. Martix Organiation is otherwuise known as Project Organization

9. Strategic Business Unit

It is a Division of an organization that provides a distinct product or service and has its own mission and goals.

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.
-

Bases of Power

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

Definition :

" 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.

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

Note: Straight lines represent line and broken lines represent staff.
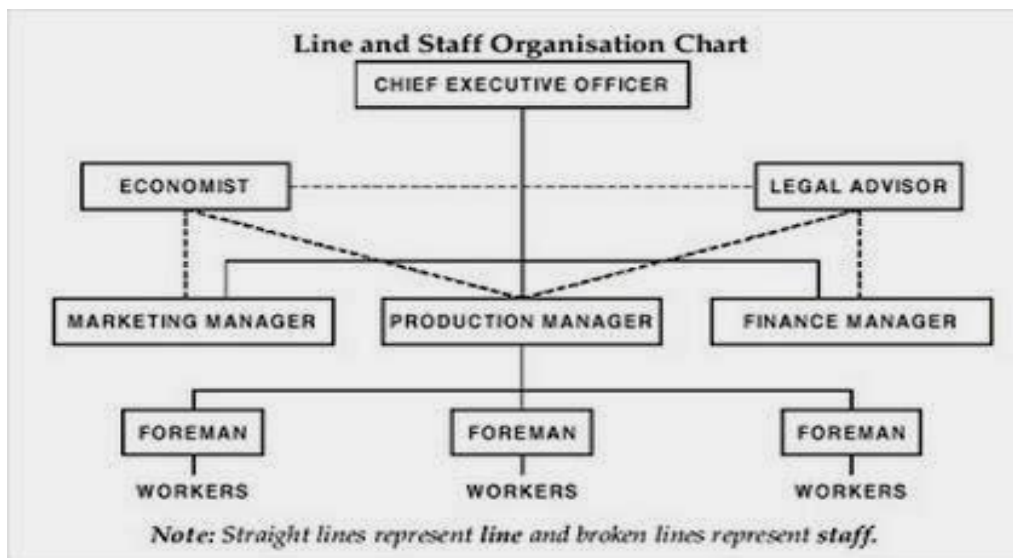
Functional authority - is the right which an individual or department has delegated to it over specialized processes, practices, policies or other matters relating to activities undertaken by personnel in department other than its own.

- 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

DECENTRALIZATION OF AUTHORITY

Decentralization is delegation of and dispersion of authority from top executive to the low level administrator or it may be geographical dispersion of authority from central to many branches. It is not possible without delegation of authority. It prepares the organizational participants of the organization. It is both philosophy and technique of management. Relationship is between top level, management, departments and units. It involves all managers at all level and relates relationship between departments, sections and units. Withdrawal of authority is not simple in this case. It is optional and situation as per the need of the organization. Control system is also delegated and decentralized to the departmental managers. Superior is relieved from responsibilities too.

Decentralisation means diffusion of authority. The dispersal of authority of decision-making to the lower level management is termed as decentralisation. Decentralisation of authority is a fundamental phase of delegation and the extent to which authority is not delegated is called centralisation. According to Fayol "Everything that goes to increase the importance of the subordinate's role is called decentralisation."

Decentralisation in relation to office denotes disperse of office services and activities. The necessity of decentralisation of office services occurs when official activities are performed at functional departmental level. Thus, decentralisation in relation to office may include departmentation of activities. When authority is dispersed, decentralisation is present.

The need for decentralisation is felt when the business grows in its size which necessiates diversification of office activities. Decentralisation occurs at the time of decisions of routine nature but if decisions are vital, the authority is not decentralised. The technological development, political factors, availability of managers also affects the degree of decentralisation. Decentralisation does not exist in its pure sense. There is a mixture of the two because some activities are centralised and some are decentralised.

Advantages of Decentralisation:

1. It provides relief to top executives from routine and time consuming work and helps them to devote greater attention to organizational level works

2. It ensures executive developmentof capable managers because subordinates get opportunity for exercising their own judgment, makes own decision, deal will difficult situations, handle the risk and be trained

3. It facilities growth and diversification of the organization because it helps to expand their production and diversifies production through conversion of centralized structure to decentralized structure.

4. It permits the managers, close to work and knowledgeable, to make quick and better decisions about circumstances of problems, details of work and so on.

5. It provides rights, power, and authority, prestige to middle and low level management which helps in getting opportunity for leadership and participation and higher motivation.

6. It leads to effective supervision and control by evaluating the performance of each unit.

7. Distribution of burden of top executive—Decentralisation enables to its executive to share his burden with others at lower levels because here authority is delegated. The top executive is relieved of some burden and concentrates his activities to think for the future of the organisation.

8. Increased motivation and morale — The morality of the employees are increased because of delegation of authority. Decentralisation helps to increase employees morale because it involves delegation. The employees are motivated to work.

9. Greater efficiency and output—Decentralisation gives emphasis on care, caution and enthusiastic approach to the work which in turn results in increased efficiency and output. This is possible because it involves delegation of authority and responsibility.

10.Diversification of Activities—Decentralisation helps in diversification of activities. It crests more employment opportunities because new managers are to be entrusted with new assignments.

11.Better Co-ordination—The various operations and activities are co-ordinated in a decentralised set up.

12. Maintenance of Secrecy — Decentralisation enables to maintain secrecy without much cost and unnecessary trouble.

13. Facilitate effective control and quick decision-Decentralisation enables to measure the work according to standard easily and quickly. This facilitate taking up quick decision.

Disadvantages of Decentralisation:

A decentralised organisation suffers from the following disadvantages:

1. More cost—Decentralisation is costly because it encourages duplication of functions and equipments. As it is costly, it cannot be adopted by small organisations.

2. No specialisation — Specialisation suffers in decentralisation because everyone becomes jack-of-all-trades but master of none. So specialisation is affected.

3. Need more specialists-In decentralisation more specialists are needed. The services of specialists are not utilised effectively and efficiently, as they are large in numbers.

4. No uniform action — It becomes difficult to maintain uniformity in action because routine and methods differ from organisation to organisation and department to department.

5. No equitable distribution of work — It becomes difficult to distribute workload equitably among different employees.

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SELECTION PROCESS

Employee Selection is the process of putting right men on right job. It is a procedure of matching organizational requirements with the skills and qualifications of people. Effective selection can be done only when there is effective matching. By selecting best candidate for the required job, the organization will get quality performance of employees. Moreover, organization will face less of absenteeism and employee turnover problems. By selecting right candidate for the required job, organization will also save time and money. Proper screening of candidates takes place during selection procedure. All the potential candidates who apply for the given job are tested.

But selection must be differentiated from recruitment ,though these are two phases of employment process. Recruitment is considered to be a positive process as it motivates more of candidates to apply for the job. It creates a pool of applicants. It is just sourcing of data. While selection is a negative process as the inappropriate candidates are rejected here. Recruitment precedes selection in staffing process. Selection involves choosing the best candidate with best abilities, skills and knowledge for the required job

The **Employee selection Process** takes place in following order1.

Preliminary Interviews- It is used to eliminate those candidates who do not meet the minimum eligiblity criteria laid down by the organization. The skills, academic and family background, competencies and interests of the candidate are examined during preliminary interview. Preliminary interviews are less formalized and planned than the final interviews. The candidates are given a brief up about the company and the job profile; and it is also examined how
much the candidate knows about the company. Preliminary interviews are also
called screening interviews.

2. **Application blanks-** The candidates who clear the preliminary interview are required to fill application blank. It contains data record of the candidates such as details about age, qualifications, reason for leaving previous job, experience, etc.

3. **Written Tests-** Various written tests conducted during selection procedure are aptitude test, intelligence test, reasoning test, personality test, etc. These tests are used to objectively assess the potential candidate. They should not be biased.

4. **Employment Interviews-** It is a one to one interaction between the interviewer and the potential candidate. It is used to find whether the candidate is best suited for the required job or

not. But such interviews consume time and money both. Moreover the competencies of the candidate cannot be judged. Such interviews may be biased at times. Such interviews

should be conducted properly. No distractions should be there in room. There should be an honest communication between candidate and interviewer.

5. **Medical examination-** Medical tests are conducted to ensure physical fitness of the potential employee. It will decrease chances of employee absenteeism.

6. **Appointment Letter-** A reference check is made about the candidate selected and then finally he is appointed by giving a formal appointment letter.

1.Screening of applications

2.Selection test

3.Interview

4.Checking of references

5.Physical examination

6.Approval by appropriate authority

7.Placement

Recruitment is of 2 types

1. **Internal Recruitment –** is a recruitment which takes place within the concern or organization. Internal sources of recruitment are readily available to an organization. Internal sources are primarily three – Transfers, promotions and Reemployment of ex-employees. Re-employment of ex-employees is one of the internal sources of recruitment in which employees can be invited and appointed to fill vacancies in the concern. There are situations when ex-employees provide unsolicited applications also.

Internal recruitment may lead to increase in employee's productivity as their motivation level increases. It also saves time, money and efforts. But a drawback of internal recruitment is that it refrains the organization from new blood. Also, not all the manpower requirements can be met through internal recruitment. Hiring from outside has to be done.

Internal sources are primarily 3

a. **Transfers**

b. **Promotions (through Internal Job Postings)** and

c. **Re-employment of ex-employees –**

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2. **External Recruitment –** External sources of recruitment have to be solicited from outside the organization. External sources are external to a concern. But it involves lot of time and money .The external sources of recruitment include – Employment at factory gate, advertisements, employment exchanges, employment agencies, educational institutes, labour contractors, recommendations etc.

a. **Employment at Factory Level –** This a source of external recruitment in which the applications for vacancies are presented on bulletin boards outside the Factory or at the Gate. This kind of recruitment is applicable generally where factory workers are to be appointed. There are people who keep on soliciting jobs from one place to another. These applicants are called as unsolicited applicants. These types of workers apply on their own for their job. For this kind of recruitment workers have a tendency to shift from one factory to another and therefore they are called as "badli" workers.

b. Advertisement – It is an external source which has got an important place in recruitment procedure. The biggest advantage of advertisement is that it covers a wide area of market and scattered applicants can get information from advertisements. Medium used is Newspapers and Television.

c. Employment Exchanges – There are certain Employment exchanges which are run by government. Most of the government undertakings and concerns employ people through such exchanges. Now-a-days recruitment in government agencies has become compulsory through employment exchange.

d. Employment Agencies – There are certain professional organizations which look towards recruitment and employment of people, i.e. these private agencies run by private individuals supply required manpower to needy concerns.

e. Educational Institutions – There are certain professional Institutions which serves as an external source for recruiting fresh graduates from these institutes. This kind of recruitment done through such educational institutions, is called as Campus Recruitment. They have special recruitment cells which helps in providing jobs to fresh candidates.

f. **Recommendations** – There are certain people who have experience in a particular area. They enjoy goodwill and a stand in the company. There are certain vacancies which are filled by recommendations of such people. The biggest drawback of this source is that the company has to rely totally on such people which can later on prove to be inefficient.

g. **Labour Contractors** – These are the specialist people who supply manpower to the Factory or Manufacturing plants. Through these contractors, workers are appointed on contract basis, i.e. for a particular time period. Under conditions when these contractors leave the organization, such people who are appointed have to also leave the concern.

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CENTRALIZATION VS DECENTRALIZATION

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Decentralisation means diffusion of authority. The dispersal of authority of decision-making to the lower level management is termed as decentralisation. Decentralisation of authority is a fundamental phase of delegation and the extent to which authority is not delegated is called centralisation. According to Fayol "Everything that goes to increase the importance of the subordinate's role is called decentralisation."

Decentralisation in relation to office denotes disperse of office services and activities. The necessity of decentralisation of office services occurs when official activities are performed at functional departmental level. Thus, decentralisation in relation to office may include departmentation of activities. When authority is dispersed, decentralisation is present.

The need for decentralisation is felt when the business grows in its size which necessiates diversification of office activities. Decentralisation occurs at the time of decisions of routine nature but if decisions are vital, the authority is not decentralised. The technological development, political factors, availability of managers also affects the

degree of decentralisation. Decentralisation does not exist in its pure sense. There is a mixture of the two because some activities are centralised and some are decentralised.

Advantages of Decentralisation:

1. It provides relief to top executives from routine and time consuming work and helps them to devote greater attention to organizational level works

2. It ensures executive developmentof capable managers because subordinates get opportunity for exercising their own judgment, makes own decision, deal will difficult situations, handle the risk and be trained

3. It facilities growth and diversification of the organization because it helps to expand their production and diversifies production through conversion of centralized structure to decentralized structure.

4. It permits the managers, close to work and knowledgeable, to make quick and better decisions about circumstances of problems, details of work and so on.

5. It provides rights, power, and authority, prestige to middle and low level management which helps in getting opportunity for leadership and participation and higher motivation.

6. It leads to effective supervision and control by evaluating the performance of each unit.

7. Distribution of burden of top executive—Decentralisation enables to its executive to share his burden with others at lower levels because here authority is delegated. The top executive is relieved of some burden and concentrates his activities to think for the future of the organisation.

8. Increased motivation and morale — The morality of the employees are increased because of delegation of authority. Decentralisation helps to increase employees morale because it involves delegation. The employees are motivated to work.

9. Greater efficiency and output—Decentralisation gives emphasis on care, caution and enthusiastic approach to the work which in turn results in increased efficiency and output. This is possible because it involves delegation of authority and responsibility.

10.Diversification of Activities—Decentralisation helps in diversification of activities. It crests more employment opportunities because new managers are to be entrusted with new assignments.

11.Better Co-ordination—The various operations and activities are co-ordinated in a decentralised set up.

12. Maintenance of Secrecy — Decentralisation enables to maintain secrecy without much cost and unnecessary trouble.

13. Facilitate effective control and quick decision-Decentralisation enables to measure the work according to standard easily and quickly. This facilitate taking up quick decision.

Disadvantages of Decentralisation:

A decentralised organisation suffers from the following disadvantages:

1. More cost—Decentralisation is costly because it encourages duplication of functions and equipments. As it is costly, it cannot be adopted by small organisations.

2. No specialisation — Specialisation suffers in decentralisation because everyone becomes jack-of-all-trades but master of none. So specialisation is affected.

3. Need more specialists-In decentralisation more specialists are needed. The services of specialists are not utilised effectively and efficiently, as they are large in numbers.

4. No uniform action — It becomes difficult to maintain uniformity in action because routine and methods differ from organisation to organisation and department to department.

5. No equitable distribution of work — It becomes difficult to distribute workload equitably among different employees.

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

DELEGATION
❏"Delegation is the dynamics of management, it is the process a manager follows in dividing the work assigned to him so that he performs that part which only he, because of his unique organizational placement, can perform effectively, and so that he can get others to help him with what remains."
- Louis A. Allen

According to 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

Steps in the Delegation Process

THE DELEGATION PROCESS

Manager
1 Assign responsibility
2 Grant authority
3 Assign accountability
Worker

➢ The manager assigns responsibility
➢ The subordinate is empowered to do the task
➢ Ultimate accountability remains with the manager

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

Delegation of Authority : Process

Assign Duties	• What, When, How? • How much resources?
Transfer of Authority	• To enable subordinate to take right decision at the right time
Acceptance condition	• If he/she rejects the process of delegation starts again
Creation of Responsibility	• Both delegator and delegatee responsible

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.

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

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
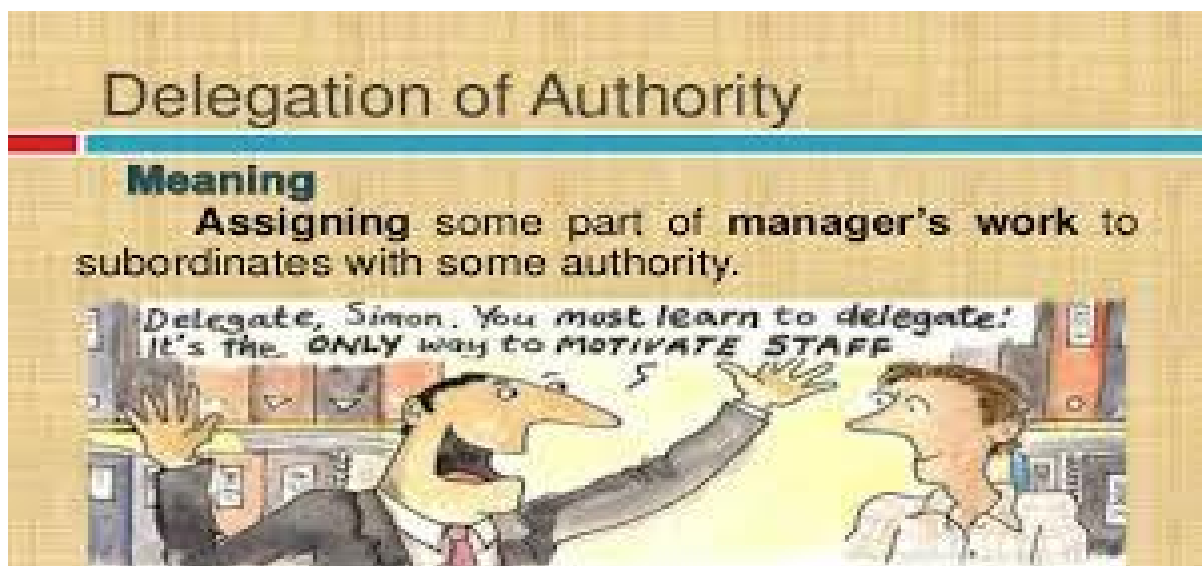
STAFFING

The term 'Staffing' relates to the recruitment, selection, development, training and compensation of the managerial personnel. Staffing, like all other managerial functions, is the duty which the apex management performs at all times. In a newly created enterprise, the staffing would come as a. third step—next to planning and organizing—but in a going enterprise the staffing process is continuous.

In order to define and clarify the group of employees included in the staffing concept, it must be stated that the staffing function is concerned with the placement, growth and development of all of those members of the organization whose function it is to get things done through one effort of other individuals.

This definition includes all levels of management because those who will occupy positions in the top two or three levels of management fifteen or twenty years from now are likely to be found in the lower levels today.

"The managerial function of staffing involves manning the organisational structure through effective and proper selection, appraisal, and development of personnel to fill the roles designed into the structure." — Koontz and O'Donnell

Nature of Staffing:

Staffing is an integral part of human resource management. It facilitates procurement and placement of right people on the right jobs.

The nature of staffing function is discussed below:

1. People Centred:

Staffing is people centred and is relevant in all types of organisations. It is concerned with all categories of personnel from top to bottom of the organisation.

The broad classification of personnel may be as follows:

(i) Blue collar workers (i.e., those working on the machines and engaged in loading, unloading etc.) and white collar workers (i.e., clerical employees).

(ii) Managerial and non-managerial personnel.

(iii) Professionals (such as Chartered Accountant, Company Secretary, Lawyer, etc.).

2. Responsibility of Every Manager:

Staffing is a basic function of management. Every manager is continuously engaged in performing the staffing function. He is actively associated with recruitment, selection, training and appraisal of his subordinates. These activities are performed by the chief executive, departmental managers and foremen in relation to their

subordinates. Thus, staffing is a pervasive function of management and is performed by the managers at all levels.

It is the duty of every manager to perform the staffing activities such as selection, training, performance appraisal and counseling of employees. In many enterprises. Personnel Department is created to perform these activities.

But it does not mean that the managers at different levels are relieved of the responsibility concerned with staffing. The Personnel Department is established to provide assistance to the managers in performing their staffing function. Thus, every manager has to share the responsibility of staffing.

3. Human Skills:

Staffing function is concerned with training and development of human resources. Every manager should use human relations skill in providing guidance and training to the subordinates. Human relations skills are also required in performance appraisal, transfer and promotion of subordinates. If the staffing function is performed properly, the human relations in the organisation will be cordial.

4. Continuous Function:

Staffing function is to be performed continuously. It is equally important in the established organisations and the new organisations. In a new organisation, there has to be recruitment, selection and training of personnel. In a running organisation, every manager is engaged in various staffing activities. He is to guide and train the workers and also evaluate their performance on a continuous basis.

Importance of Staffing:

It is of utmost importance for the organisation that right kinds of people are employed. They should be given adequate training so that wastage is minimum. They must also be induced to show higher productivity and quality by offering them incentives.

In fact, effective performance of the staff function is necessary to realize the following benefits:

1. Efficient Performance of Other Functions:

Staffing is the key to the efficient performance of other functions of management. If an organisation does not have competent personnel, it can't perform planning, organisation and control functions properly.

2. Effective Use of Technology and Other Resources:

It is the human factor that is instrumental in the effective utilisation of latest technology, capital, material, etc. the management can ensure right kinds of personnel by performing the staffing function.

3. Optimum Utilisation of Human Resources:

The wage bill of big concerns is quite high. They also spend money on recruitment, selection, training and development of employees. In order to get the optimum output from the personnel, the staffing function should be performed in an efficient manner.

4. Development of Human Capital:

The management is required to determine the manpower requirements well in advance. It has also to train and develop the existing personnel for career advancement. This will meet the requirements of the company in future.

5. Motivation of Human Resources:

The behaviour of individuals is shaped by many factors such as education level, needs, socio-cultural factors, etc. that is why, the human aspect of organisation has become very important. The workers can be motivated through financial and non-financial incentives.

6. Building Higher Morale:

Right type of climate should be created for the workers to contribute to the achievement of the organisational objectives. By performing the staffing function effectively, management can show the significance it attaches to the personnel working in the enterprise. This will increase the morale of the employees.

SELECTION PROCESS

Employee Selection is the process of putting right men on right job. It is a procedure of matching organizational requirements with the skills and qualifications of people. Effective selection can be done only when there is effective matching. By selecting best candidate for the required job, the organization will get quality performance of employees. Moreover, organization will face less of absenteeism and employee turnover problems. By selecting right candidate for the required job, organization will also save time and money. Proper screening of candidates takes place during selection procedure. All the potential candidates who apply for the given job are tested.

But selection must be differentiated from recruitment ,though these are two phases of employment process. Recruitment is considered to be a positive process as it motivates more of candidates to apply for the job. It creates a pool of applicants. It is just sourcing of data. While selection is a negative process as the inappropriate candidates are rejected here. Recruitment precedes selection in staffing process. Selection involves choosing the best candidate with best abilities, skills and knowledge for the required job

The **Employee selection Process** takes place in following order.

1.Preliminary Interviews- It is used to eliminate those candidates who do not meet the minimum eligiblity criteria laid down by the organization. The skills, academic and family background, competencies and interests of the candidate are examined during preliminary interview. Preliminary interviews are less formalized and planned than the final interviews. The candidates are given a brief up about the company and the job profile; and it is also examined how

much the candidate knows about the company. Preliminary interviews are also

called screening interviews.

2. **Application blanks-** The candidates who clear the preliminary interview are required to fill application blank. It contains data record of the candidates such as details about age, qualifications, reason for leaving previous job, experience, etc.

3. **Written Tests-** Various written tests conducted during selection procedure are aptitude test, intelligence test, reasoning test, personality test, etc. These tests are used to objectively assess the potential candidate. They should not be biased.

4. **Employment Interviews-** It is a one to one interaction between the interviewer and the potential candidate. It is used to find whether the candidate is best suited for the required job or not. But such interviews consume time and money both. Moreover the competencies of the candidate cannot be judged. Such interviews may be biased at times. Such interviews

should be conducted properly. No distractions should be there in room. There should be an honest communication between candidate and interviewer.

5. **Medical examination-** Medical tests are conducted to ensure physical fitness of the potential employee. It will decrease chances of employee absenteeism.

6. **Appointment Letter-** A reference check is made about the candidate selected and then finally he is appointed by giving a formal appointment letter.

1.Screening of applications

2.Selection test

3.Interview

4.Checking of references

5.Physical examination

6.Approval by appropriate authority

7.Placement

Recruitment is of 2 types

1. **Internal Recruitment –** is a recruitment which takes place within the concern or organization. Internal sources of recruitment are readily available to an organization. Internal sources are primarily three – Transfers, promotions and Reemployment of ex-employees. Re-employment of ex-employees is one of the internal sources of recruitment in which employees can be invited and appointed to fill vacancies in the concern. There are situations when ex-employees provide unsolicited applications also.

Internal recruitment may lead to increase in employee's productivity as their motivation level increases. It also saves time, money and efforts. But a drawback of internal recruitment is that it refrains the organization from new blood. Also, not all the manpower requirements can be met through internal recruitment. Hiring from outside has to be done.

Internal sources are primarily 3

a. **Transfers**

b. **Promotions (through Internal Job Postings)** and

c. **Re-employment of ex-employees –**

Re-employment of ex-employees is one of the internal sources of recruitment in which employees can be invited and appointed to fill vacancies in the concern. There are situations when ex-employees provide unsolicited applications also.

2. **External Recruitment –** External sources of recruitment have to be solicited from outside the organization. External sources are external to a concern. But it involves lot of time and money .The external sources of recruitment include – Employment at factory gate, advertisements, employment exchanges, employment agencies, educational institutes, labour contractors,

recommendations etc.

a. **Employment at Factory Level –** This a source of external recruitment in which the applications for vacancies are presented on bulletin boards outside the Factory or at the Gate. This kind of recruitment is applicable generally where factory workers are to be appointed. There are people who keep on soliciting jobs from one place to another. These applicants are called as unsolicited applicants. These types of workers apply on their own for their job. For this kind of recruitment workers have a tendency to shift from one factory to another and therefore they are called as "badli" workers.

b. Advertisement – It is an external source which has got an important place in recruitment procedure. The biggest advantage of advertisement is that it covers a wide area of market and scattered applicants can get information from advertisements. Medium used is Newspapers and Television.

c. Employment Exchanges – There are certain Employment exchanges which are run by government. Most of the government undertakings and concerns employ people through such exchanges. Now-a-days recruitment in government agencies has become compulsory through employment exchange.

d. Employment Agencies – There are certain professional organizations which look towards recruitment and employment of people, i.e. these private agencies run by private individuals supply required manpower to needy concerns.

e. Educational Institutions – There are certain professional Institutions which serves as an external source for recruiting fresh graduates from these institutes. This kind of recruitment done through such educational institutions, is called as Campus Recruitment. They have special recruitment cells which helps in providing jobs to fresh candidates.

f. **Recommendations –** There are certain people who have experience in a particular area. They enjoy goodwill and a stand in the company. There are certain vacancies which are filled by recommendations of such people. The biggest drawback of this source is that the company has to rely totally on such people which can later on prove to be inefficient.

g. **Labour Contractors –** These are the specialist people who supply manpower to the Factory or Manufacturing plants. Through these contractors, workers are appointed on contract basis, i.e. for a particular time period. Under conditions when these contractors leave the organization, such people who are appointed have to also leave the concern.