

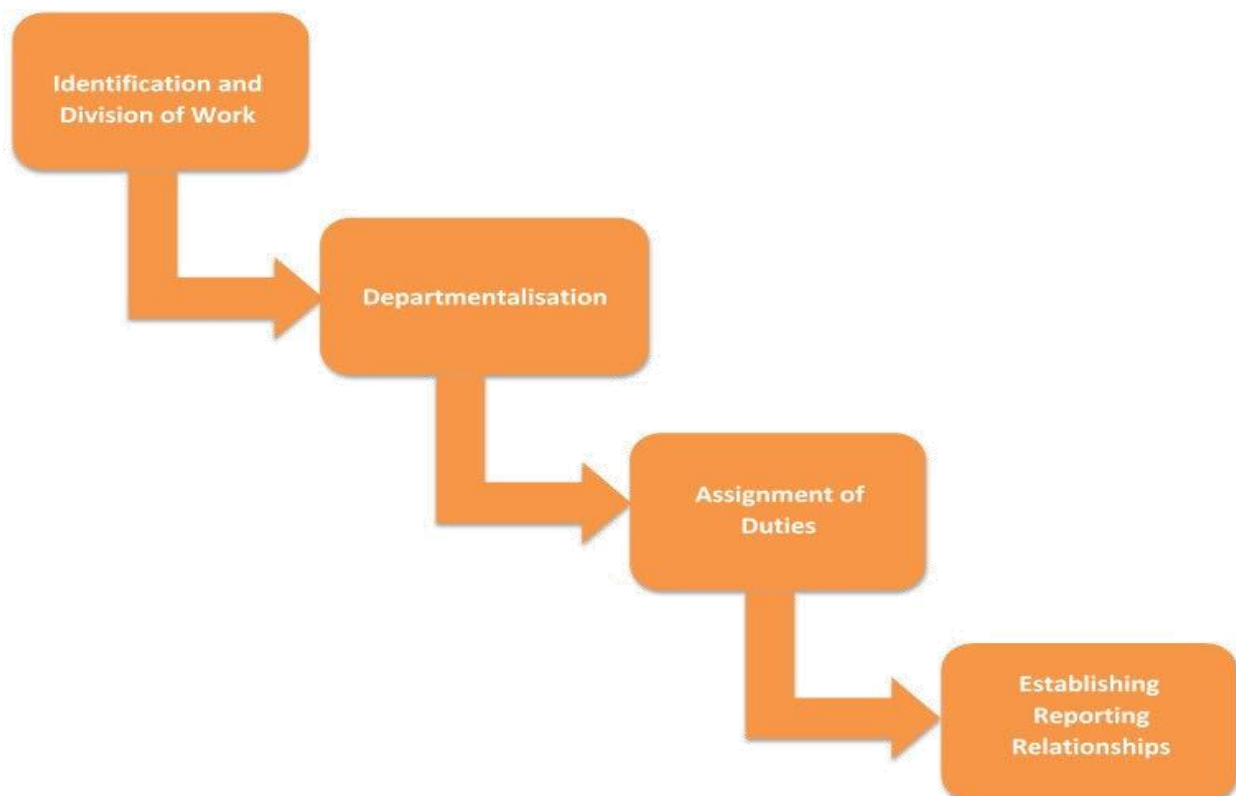
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# ORGANISING

## Organising

- Organising refers to the process of the identification, classification and coordination of work to be performed by establishing reporting relationships between the people, setting up their responsibilities and authorities so as to collectively integrate the human efforts for the successful achievement of organisational objectives.
- Hence, Organising is responsible for:
  - Implementation of plans into action.
  - It decides by whom, how and where a particular task will be performed

## Steps in the process of organising



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1. **Identification and division of work:** Identifying and dividing work to be done into smaller and manageable tasks.
  2. **Departmentalization:** Grouping of activities similar in nature as department.
  3. **Assignment of duties:** Allocating work according to the skills and abilities of employees.
  4. **Establishing reporting relationship:** Defines the authority, responsibility, relationship clearly stating for each employee from whom they have to take orders and to whom they are accountable.

### Importance of organising



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- **Benefits of specialization:** Work is divided into smaller tasks and each task is performed by those employees who possess the required skills. Performing similar tasks leads to specialization.
  - **Clarity in working relationships:** It removes ambiguity and miscommunication as working relationships are clearly stated.
  - **Optimum utilization of resources:** It avoids duplication and overlapping of work which leads to minimum wastage of resources.
  - **Adaptation to change:** It tries to incorporate the changes in the business environment by modifying organizational structures and revising interrelationship at managerial levels as and when required.
  - **Effective administration:** Clarity in working relationships and proper execution of work brings effective administration.
  - **Development of personnel:** Proper delegation reduces employer's burden, stimulates creativity and motivates them to complete tasks efficiently.
  - **Expansion and growth:** It helps in growth and expansion by incorporating changes in the business environment.

### **Organisational structure**

- Organisational structure refers to the structure or a framework within which various operational and managerial tasks are performed.
- It aids in the proper coordination of human, physical and financial resources in the organization to successfully achieve the organisational objectives.
- It is an indispensable means without which an organisation cannot work.
- The organisational chart shows the organisational structure of an enterprise.
- Span of management is the number of subordinates that a superior can manage.
- Organizational structure ensures a smooth and efficient flow of operations within an enterprise.

### **Types of organisational structure**

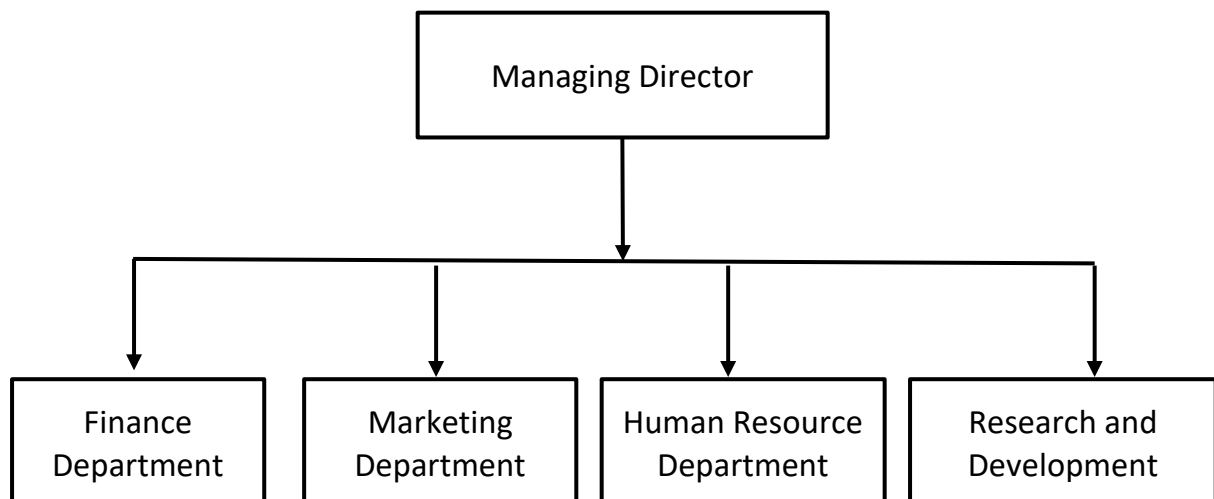
These are divided into two types:

#### **1. Functional structure:**

- Organisational structure where business is managed in the form of a separate department created on the basis of function each department performs.

**Suitability**

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- Functional structure is suitable for large scale businesses providing specialised services or performing diversified activities.



### Advantages

- **Specialisation:** Employees perform similar tasks within a department and are able to improve performance which leads to occupational specialisation.
- **Coordination:** Similarity in the task being performed remote control and coordination.
- **Operational efficiency:** The managerial and operational efficiency reduces cost and results in higher profits. Division of work into smaller tasks leads to minimal duplication and lowers cost.
- **Makes training easier:** The range of skills are focused which makes training of employees easier.
- **Higher Focus:** Individuals performing similar and smaller tasks can focus better on the activities they are responsible for.

### Disadvantages

- **Deviation in interests:** Department interest may be pursued at the cost of organisational interest to create a functional empire.
- **Conflicts:** Departmental interests may lead to conflicts of interest among departments and hinder interaction between them.
- **Lack of Coordination:** Conflicts of interest among departments may lead to problems in coordination.
- **Rigidity:** Employees performing similar tasks may not be open to ideas or newer methods resulting in lack of flexibility.

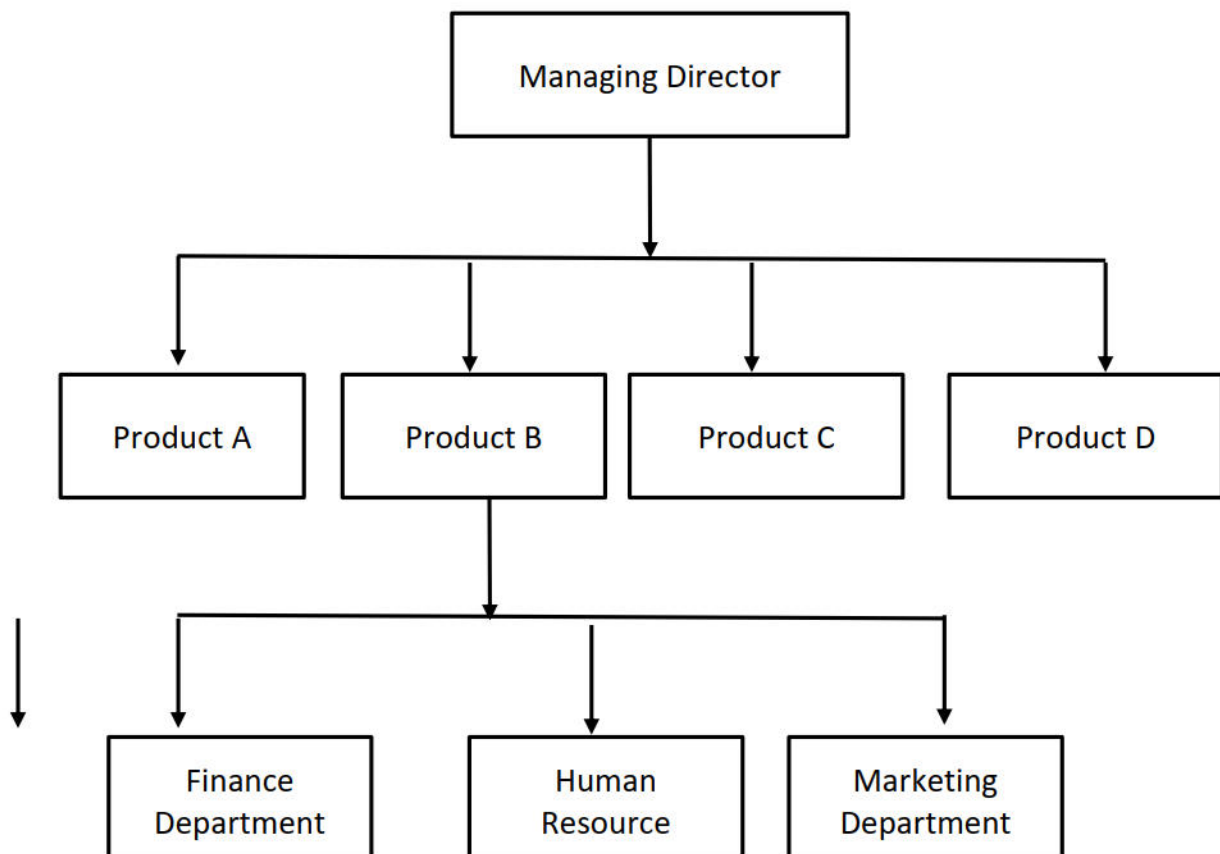
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## 2. Divisional structure:

- It is a type of organisational structure which works as separate units or divisions. Hence each division of a firm has its own separate departments.

### Suitability

- Divisional structure is suitable for organisations producing a variety of products for performing diversified activities.



### Advantages:

- **Specialisation:** Divisions perform all functions related to a product and thus gain skill experience and specialisation of a particular product.
- **Better Accountability:** The responsibility of a division is assigned to the divisional head, who is accountable for the performance of the entire division.
- **Prepare for future positions:** Experience in a variety of operations prepares managers for higher positions.
- **Better Initiatives:** Dependent and independent functioning of divisions encourages managers to take initiatives to find better means and ways to perform the best.



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- **Expansion and growth:** Changes in the business environment provide opportunities to add new divisions for expansion and growth of business.

#### **Disadvantages**

- **Conflicts:** Divisional interest may lead to conflicts of interest among divisions and hinders interaction between them.
- **Overlapping of activities:** Since each division performs all functions it may lead to overlapping and increased expenditure.
- **Misuse of power:** The divisional heads mainly ignore organisational interest or misuse power while managing their divisions.

#### **Formal and informal organizations**

##### **a. Formal organisations:**

- Formal organisation lays down job descriptions, rules and procedures for each task to be performed in an organisation.
- It coordinates, interlinks and integrates the efforts of various departments and different activities to achieve organisational goals.
- It clearly specifies the formal relationships between the employees, who has to report whom, the nature and extent of their relationship etc,
- It prioritizes work over interpersonal and informal relationships.

#### **Advantages**

- Easy to fix responsibility.
- No ambiguity in instructions.
- Maintains unity of command.
- Focus on organisational goals.
- Provide stability.

#### **Disadvantages**

- Procedural delays due to long formal chains of communication.
- No recognition for creativity, as everyone has to follow a certain specified structure.
- No understanding of human relationships.

##### **b. Informal organisation**

- Informal organisation is a structure formed as a result of a network of social relationships among employees.
- It allows employees to interact beyond officially defined roles.
- It originates within the formal organisation as frequent interaction among employees in formal organisation creates informal organisation.

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### **Advantages**

- Quick communication and faster feedback due to informal communications.
- Fulfills social needs of friendship and affinity.
- Makes up for inadequacies of formal organization.

### **Disadvantages**

- Disrupts the formal setups.
- Resistance to change.
- Group interest may supersede organisational interest.
- Difference in opinion of people in an informal group may lead to conflicts and clashes.

<b>Basis</b>	<b>Formal Organisation</b>	<b>Informal Organisation</b>
<b>Meaning</b>	Formal organisation lays down job descriptions, rules and procedures for each task to be performed in an organisation.	Informal organisation is a structure formed as a result of a network of social relationships among employees.
<b>Relationships</b>	Formal	Informal
<b>Flexibility</b>	No, Rigid.	Flexible in nature
<b>Authority</b>	Originates through formal structure	Originates through interpersonal relationships
<b>Communication</b>	In the form of Scalar chain, that is a formal route followed.	No formal route followed. It can flow in any direction.

### **DELEGATION**

- Delegation refers to the downward transfer of authority from a superior to a subordinate to enable subordinates to perform their responsibilities effectively and efficiently.



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### Elements of delegation

Delegation means assigning responsibility and authority to subordinates and creation of accountability for work.

- **Authority:**

It refers to the right of an individual to command his or her subordinate and take action within the scope of his or her position. Authority flows in a downward direction, that is top to bottom, as the superior has authority over his subordinate. Also the level of authority increases as one moves higher in the management hierarchy.

- **Responsibility:**

Responsibility is the obligation of a subordinate to properly perform the duties assigned by the superior. It always flows in upward direction, as the subordinate is responsible for his superior.

- **Accountability:**

Accountability means being answerable for the outcome of the assigned work. It flows from bottom to top, that is in upward direction, as a subordinate is accountable for his work and performance to his superior.

BASIS	AUTHORITY	RESPONSIBILITY	ACCOUNTABILITY
<b>Concept</b>	It is the right to command.	It is an obligation to perform assigned work.	It is the answerability for the performance.
<b>Delegation</b>	It can be delegated.	It cannot be delegated.	It arises from responsibility.
<b>Origin</b>	It originates from formal positions.	It arises from authority delegated.	It arises from the responsibility.
<b>Flow</b>	Downward flow, from superior to subordinate.	Upward flow, from subordinate to superior.	Upward flow, from subordinate to superior.



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### Importance of delegation

- **Effective management:** Sharing responsibilities with subordinates allows managers to concentrate on important matters.
- **Employee development:** Provides opportunities for employees to develop their skills to handle complex tasks and to improve their career prospects.
- **Motivation of employees:** Receiving responsibilities and authority from superior builds confidence and motivates subordinates to perform well.
- **Facilitation of growth:** Receiving responsibilities from superior trains and prepares the subordinates for new projects or ventures.
- **Basis of management hierarchy:** The degree and flow of authority and responsibility provides the basis for management hierarchy.
- **Better Coordination:** Predetermined authority, responsibility and accountability of each position bring clarity and avoids duplication which leads to coordination.

### CENTRALISATION

- All powers and authority of decision-making is retained with the top level management in this concept.
- All the decisions are taken by the higher level management in a centralised firm.
- Though an organisation cannot be completely centralised, as it may disrupt the production efficiency as well as discourage departments and employees to perform to the best of their abilities. Hence for this a balance between centralisation and decentralization is needed.

### DECENTRALISATION

- The power and decision-making authority are delegated or shared among all the levels of management and all departments.

### Importance

- Develops initiative among subordinates as they feel motivated to take decisions on their own.
- Develops managerial talent for the future, as the subordinates focuses on developing their skills, and take decisions based on their knowledge. This helps in shaping their professional careers
- Facilitates quick decision making as no formal structure, or long formal chains of approval needs to be followed while taking decisions.
- The burden of top level management reduces to a great extent, and it can focus only on key areas and issues.

- Facilitates growth and expansion through higher autonomy and healthy competitive spirit to perform better than the other.
- Helps in controlling and evaluating performance, as each department is individually accountable for their performance and decisions taken.

<b>Basis</b>	<b>Delegation</b>	<b>Decentralisation</b>
<b>Nature</b>	Delegation is a must as it is impossible for an individual to perform all the work.	It is the top management's option or discretion to share the powers of decision making with lower level management.
<b>Freedom of action</b>	Lesser freedom with the subordinate to take own decisions.	Greater freedom to make decisions.
<b>Status</b>	Aims to share burden of superiors	Aims to involve lower level management in decision making.
<b>Scope</b>	Narrow scope, limited to superior and to his/her immediate subordinate.	Wide scope, extension of decision making authority from top to lower level management.
<b>Purpose</b>	To allow superior to focus on high priority.	To increase the role of subordinates in decision making.