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## Organisation

Human beings cannot live in isolation. They are unable to fulfil their needs and desires alone, because any one individual lacks the strength, ability, time and potential. He has to get the cooperation of other persons in achieving his goals. In simple words, organisation is viewed as a group of persons formed to seek certain goals.

Organisation refers to a collection of people who are working towards a common goal and objective. In other words, it can be said that organisation is a place where people assemble together and perform different sets of duties and responsibilities towards fulfilling the organisational goals.

## Concepts of Organisation:

There are two concepts of organisation:

### 1. Organisation as a structure/static concept

Under static concept the term 'organisation' is used as a structure, an entity or a network of specified relationship. In this sense, organisation is a group of people bound together in a formal relationship to achieve common objectives. It lays emphasis on position and not on individuals.

### 2. Organisation as a process/dynamic concept

Under dynamic concept, the term 'organisation' is used as a process of an on-going activity. In this sense, organisation is a process of organising work, people and the systems. It is concerned with the process of determining activities which may be necessary for achieving an objective

and arranging them in suitable groups so as to be assigned to individuals. It considers organisation as an open adoptive system and not as a closed system. Dynamic concept lays emphasis on individuals and considers organisation as a continuous process.

## Organizational Theory

Researchers and business professionals can use or create different approaches for understanding techniques that may help an organization meet its goals. Organizational theory is one way that professionals can study productivity and efficiency within businesses and bureaucracies. Understanding what organizational theory is can help managers and other business leaders decide which approach to implement within their business or institution. In this article, we define what organizational theory is and discuss the significance of six organizational theory approaches

### What is organizational theory?

Organizational theory is the sociological study of the structures and operations of social organizations, including companies and bureaucratic institutions. **Organizational theory includes the analysis of the productivity and performance of organizations and the actions of the employees and groups within them.** Economists, business analysts and academic researchers who study organizational theory are interested in understanding the dynamics of a successful business.

They may evaluate the importance of the professional and social relationships among employees and structures between business leaders and their staff that encourage productivity in the workplace. Theorists can use the principles of organizational theory in combination with studies of organizational behaviour and human resources.

### 6 organizational theories

Social and behavioral scientists have developed various theories to describe the correct way to understand and approach the key to an organization's productivity and success. These organizational theories discuss different ways that managers and supervisors may address their leadership responsibilities in order to yield the most productive and efficient results. The six primary organizational theories include:

#### 1. Classical theory

Classical theory can address the primary aspects of a business's formal organizational structure. This theory discusses how to divide up professional tasks in the most efficient and effective way. **Classical theorists pay particular attention to the professional dynamics and relationships within an organization and how these relationships may impact the company's function and production.** The underlying purpose of this theory is to help businesses create the most beneficial structures within a company that can then help the organization accomplish its goals.

The four principles of the classical theory include:

**Division of labour:** This principle argues that the production of a commodity splits into various divisions of manufacturing, and the people work within each division according to their area of specialization. This process results in maximum product output with minimum expenses.

**Scalar and functional processes:** The scalar process deals with a company's vertical growth, meaning the **relationships between business leaders and their employees. This means that professionals in management instruct their employees, and employees carry out the actions.**

**Structure:** The principle of structure describes patterns of **professional behavior** that lead to the accomplishment of the organization's goals. **Structure is a tool that may facilitate relationships between all aspects of the company or business.**

**Span of control:** The span of control means attributing the **appropriate numbers of employees to a supervisor so they can implement the principles of coordination, planning, motivation and leadership.** This is about assigning the maximum number of employees to a manager while also allowing them enough time and support to lead their staff.

**2. Neo-classical theory :-** Beginning with the Hawthorne studies in the 1920s, the neo-classical theory focuses on the emotional and psychological components of peoples' behaviour in an organization. Sociologists and psychologists found topics like leadership, morale and cooperation contribute to professional habits and behaviours.

**This theory argues that a sense of belonging and social acceptance is an important aspect of positive performance in the workplace.** This means that effective leaders understand how the group dynamics may contribute to the success of the organization overall. Business leaders may implement systems and strategies to **improve the interpersonal skills of their employees** and facilitate meaningful professional connections through motivation, counselling and communication.

### 3. Modern theory

Modern theory, also called modern organizational theory, includes multiple management development approaches. This theory considers interactions between people within an organization and the surrounding environment, as well as the interpersonal interactions between members of the organization. Theorists based this approach on systems analysis and used both quantitative and behavioral sciences to develop it.

This means that professional leaders who adopt this theory may **use statistical and mathematical information to make business decisions while also considering the satisfaction and happiness of their employees. Managers who implement this approach may require an in-depth knowledge of their employees' behaviours in order to implement programs that further their productivity and professional development.**

### 4. Contingency theory

**Contingency theory, also called decision theory,** views organizations as a structure composed of choice-makers, and argues that there is no one right way to make a decision. Herbert A. Simon, a primary contributor to this theory, found that while people make business decisions at all levels of an organization, employees working at higher levels make the most valuable or impactful choices.

This theory argues that the ideal decision or choice may differ from one organization to another, so choices are dependent on various internal and external factors. This means that the success of a business is contingent on the decisions made by the organization's leaders. **Contingency theorists believe that management is responsible for analysing business situations and then acting accordingly to address any issues or challenges.**

## 5. Motivation theory

**Motivational theory includes the study of what drives and inspires members of an organization to work toward their professional goals.** Theorists who support this approach argue that employees perform their job duties accurately and productively when management knows how to motivate them correctly. This may require business leaders to have a thorough understanding of their employees' behavioural patterns and preferences in order to recognize the most beneficial way to support them.

**The goal of this is to increase company productivity on the basis that appropriately encourages employees to perform more efficiently, thus increasing production and profit.** Managers may consider intrinsic and extrinsic factors that can impact their employees' feelings and experiences in order to develop effective systems and managerial strategies.

## 6. Open systems theory

**Open systems theory is a concept that argues that an organizations' environment influences it, and understanding the impact of this influence may help managers develop more effective leadership strategies.** Theorists categorize the environmental factors that impact an organization as specific or general. Specific factors may include the vendors or distributors that a company works with, industry competitors or government agencies that

control or interact with production and regulation. Alternatively, general factors include four primary aspects that occur because of the geographic location of the organization. These aspects include:

**Economic conditions:** The geographic location of a business can have a great impact on the company's ability to grow and remain successful because of local economic trends and events, including recessions and economic upswings.

**Cultural values:** The cultural values of a community can influence customers' viewpoints and standards. This may influence whether they support your business or organization, and business leaders may use this theory to adapt to local cultural ethics.

**Education systems:** Areas with strong education systems may be ideal for businesses that are in the technology industry or other companies that may rely on employees with extensive academic training.

**Legal consideration:** The legal and political environment, including the taxes and regulations on business operations, may impact the stability and security of an organization. This may influence its ability to remain productive and successful.

## Form of organisational Structure

There are two broad categories of organisation, which are:

1. Formal Organisation
2. Informal Organisation

**Formal Organisation:** Formal organisation is that type of organisation structure where the authority and responsibility are clearly defined. The organisation structure has a defined delegation of authority and roles and responsibilities for the members.

The formal organisation has predefined policies, rules, schedules, procedures and programs. The decision making activity in a formal organisation is mostly based on predefined policies.

Formal organisation structure is created by the management with the objective of attaining the organisational goals.

There are several types of formal organisation based on their structure, which are discussed as follows:

1. Line Organisation
2. Line and Staff Organisation
3. Functional Organisation
4. Project Organisation
5. Matrix Organisation

Let us learn about these organisation structures in detail in the following lines.

**Line Organisation:** Line organisation is the simplest organisation structure and it also happens to be the oldest organisation structure. **It is also known as Scalar or military or departmental type of organisation.**

In this type of organisational structure, the authority is well defined and it flows vertically from the top to the hierarchy level to the managerial level and subordinates at the bottom and continues further to the workers till the end.

There is a clear division of accountability, authority and responsibility in the line organisation structure.



Advantages of Line organisation

1. Simple structure and easy to run
2. Instructions and hierarchy clearly defined
3. Rapid decision making

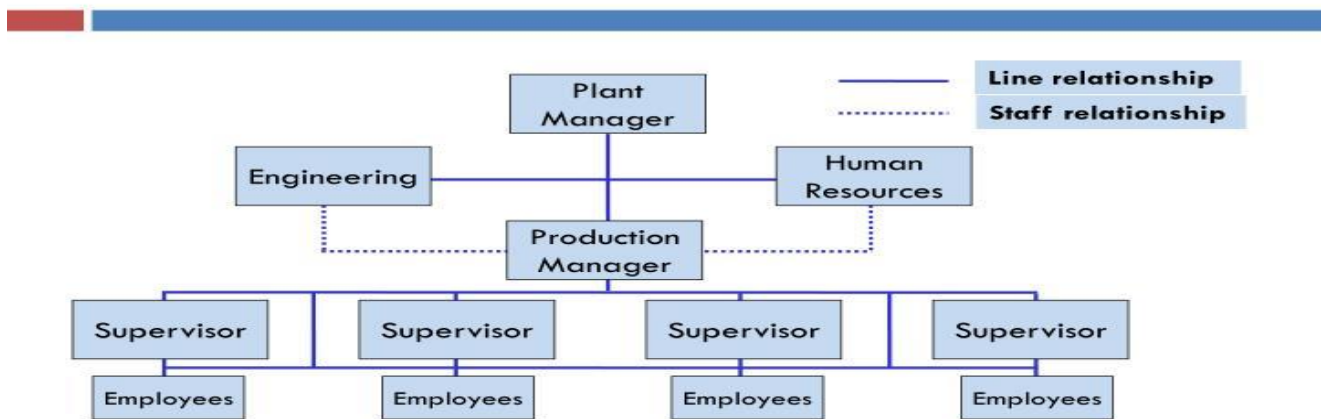
4. Responsibility fixed at each level of the organisation.

Disadvantages of Line organisation:

1. It is rigid in nature
2. It has a tendency to become dictatorial.
3. Each department will be busy with their work instead of focusing on the overall development of the organisation.

**Line and Staff Organisation:** Line and staff organisation is an improved version of the line organisation. In line and staff organisation, the functional specialists are added in line. The staffs are for assisting the line members in achieving the target effectively.

### Line-and-Staff Organization



Advantages of Line and Staff organisation

1. Easy decision making as work is divided.
2. Greater coordination between line and staff workers.
3. Provides workers the opportunity for growth.

Disadvantages of Line and Staff Organisation

1. Conflict may arise between line and staff members due to the improper distribution of authority.
2. Staff members provide suggestions to the line members and decision is taken by line members, it makes the staff members feel ignored.

**Functional Organisation:** Functional organisation structure is the type of organisation where the **task of managing and directing the employees is arranged as per the function they specialise**. In a functional organisation, there are three types of members, line members, staff members and functional members.



### Advantages of Functional organisation

1. Manager has to perform a limited number of tasks which improves the accuracy of the work.
2. Improvement in product quality due to involvement of specialists.

### Disadvantages of Functional organisation

1. It is difficult to achieve coordination among workers as there is no one to manage them directly.
2. Conflicts may arise due to the members having equal positions.

**Project Organisation: A project organisation is a temporary form of organisation structure that is formed to manage projects for a specific period of time.** This form of organisation has specialists from different departments who are brought together for developing a new product.



### Advantages of Project organisation

1. The presence of many specialists from different departments increases the coordination among the members.
2. Each individual has a different set of responsibilities which improves control of the process.

#### Disadvantages of Project Organization

1. There can be a delay in completion of the project.
2. Project managers may find it difficult to judge the performance of different specialists.

**Matrix Organisation:** Matrix organisation is the latest form of organisation that is a combination of functional and project organisation. In such organisations there are two lines of authority, the functional part of the organisation and project management part of the organisation and they have vertical and horizontal flow of authority, respectively.



#### Advantages of Matrix Organisation

1. Since the matrix organisation is a combination of functional and project management teams, there is an improved coordination between the vertical and horizontal functions.
2. Employees are motivated as everyone will be working towards one project.

#### Disadvantages of Matrix Organisation

1. Due to the presence of vertical and horizontal communication, there will be increased cost and paperwork.
2. Having multiple supervisors for the workers leads to confusion and difficulty in control.

**Informal Organisation:** Informal organisations are those types of organisations which do not have a defined hierarchy of authority and responsibility. In such organisations, the relationship between employees is formed based on common interests, preferences and prejudices.



## COMBINING JOBS/JOB ENLARGEMENT

Job Enlargement is the horizontal expansion of a job. It involves the addition of tasks at the same level of skill and responsibility. It is done to keep workers from getting bored. It is different than job enrichment.

*Examples:* Small companies may not have as many opportunities for promotions, so they try to motivate employees through job enlargement. Beside that if there is shortage or suffering from dearth of staff, in such case additional duties and responsibilities would be added to available employees which amount to job enlargement.

## Difference between Job Enlargement and Job Enrichment

The difference between job enrichment and job enlargement is quality and quantity. Job enrichment means improvement, or an increase with the help of upgrading and development, whereas job enlargement means to add more duties, and an increased workload. By job enrichment, an employee finds satisfaction in respect to their position and personal growth potential, whereas job enlargement refers to having additional duties and responsibilities in a current job description.

Job enlargement is a vehicle employers use to put additional workload on employees, perhaps in economical downtime. Due to downsizing, an employee might feel lucky to have a job at all, despite the fact that his duties and responsibilities have increased. Another approach is that by adding more variety and enlarging the responsibilities will provide the chance of enhancement and more productivity. Job enrichment involves organizing and planning in order to gain more control over their duties and work as a manager. The execution of plans and evaluation of results motivates workers and relieves boredom. Job enlargement and job enrichment are both useful for motivating workers to perform their tasks enthusiastically.

## Departmentation

Departmentation refers to the grouping of operating tasks into jobs, the combining of jobs into efficient work groups and combining of groups into divisions called as 'Departments'.

Departmentation refers to the horizontal differentiation in an organisation. It is a method of arranging activities and employees to facilitate the accomplishment of overall objectives.

Departmentation, in short can be said to be a part of organisation process. This process involves dividing and grouping of activities of an enterprise into viable divisions or departments for improving the performance in the organisation.

## Need and Importance of Departmentation

The management of an enterprise is made more effective by departmentation. It would be a very complex task for the management without dividing the organisation into units and sub-units.

It is necessary on account of the following reasons:

1. Specialisation – Departmentation enables the enterprise to avail the benefits of specialisation. The work is divided into different departments. When every

department looks after one major function, it leads to increase in operational efficiency of the organisation.

2. Administrative control – Grouping of activities into manageable units facilitates administrative control. The standards of performance of each department can be precisely determined, against which actual performance can be measured and corrective measures can be taken.
3. Fixation of responsibility – Each person knows the specific task that they have to perform in the organisation. The responsibility of the work can, therefore, be precisely fixed and the individual can be made accountable for his performance.
4. Expansion – One manager can effectively supervise a limited number of subordinates. Departmentation makes it possible for the enterprise to grow and expand. In the absence of departmentation, the size of the organisation will be limited to the manager's span of control.
5. Appraisal – When the tasks allotted to individuals are clearly specified, appraisal of managerial performance is simplified. The skills and competence required for managerial decisions can be easily identified.
6. Managerial development – It provides opportunities for the training and development of the executives. They can exercise initiative and take independent decisions. The managers can improve their skills, leading to their development in the organisation.
7. Autonomy – Departmentation results in the division of organisation into small units. Every manager is given the adequate freedom to run these units or departments. The feeling of autonomy provides job satisfaction and motivation leading to higher efficiency in operations.

## **Types of Departmentation**

There are several bases of Departmentation. The more commonly used bases are—function, product, territory, process, customer, time etc.

These are explained below:

### **(A) Departmentation by Functions**

The enterprise may be divided into departments on the basis of functions like production, purchasing, sales, financing, personnel etc. This is the most popular



Figure 6.1 Departmentation by Functions

basis of departmentation. If necessary, a major function may be divided into sub-functions. For example, the activities in the production department may be classified into quality control, processing of materials, and repairs and maintenance.

## Advantages

The advantages of functional departmentation include the following:

- It is the most logical and natural form of departmentation.
- It ensures the performance of all activities necessary for achieving the organisational objectives.
- It provides occupational specialisation which makes optimum utilisation of manpower.
- It facilitates delegation of authority.
- It enables the top managers to exercise effective control over a limited number of functions.
- It eliminates duplication of activities.
- It simplifies training because the managers are experts only in a narrow range of skills.

## Disadvantages:

There are some problems associated with functional departmentation. These are mentioned below:

- There may be conflicts between departments.
- The scope for management development is limited. Functional managers do not get training for top management positions. The responsibility for results cannot be fixed on any one functional head.

- There is too much emphasis on specialization.
- There may be difficulties in coordinating the activities of different departments.
- There may be inflexibility and complexity of operations.

## (B) Departmentation by Products

In product departmentation, every major product is organized as a separate department. Each department looks after the production, sales and financing of one product. Product departmentation is useful when the expansion, diversification, manufacturing and marketing characteristics of each product are primarily significant.

It is generally used when the production line is complex and diverse requiring specialized knowledge and huge capital is required for plant, equipment and other facilities such as in automobile and electronic industries.

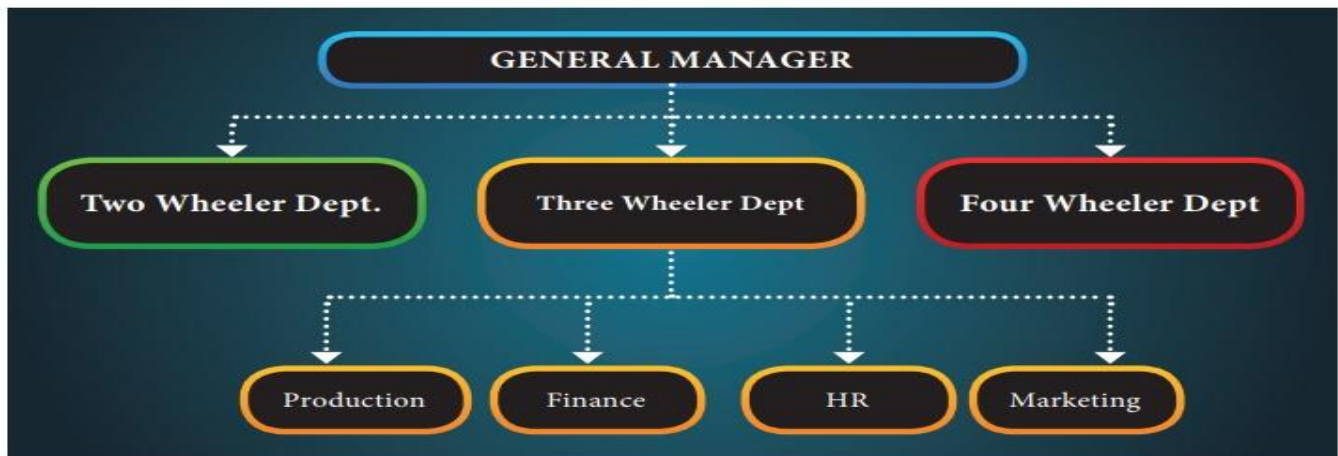


Figure 6.2 Departmentation by Products

In fact, many large companies are diversifying in different fields and they prefer product departmentation. For example, a big company with a diversified product line may have three product divisions, one each for plastics, chemicals, and metals. Each division may be sub-divided into production, sales, financing, and personnel activities.

### Advantages:

Product departmentation provides several advantages which may be stated as follows:

1. Product departmentation focuses individual attention to each product line which facilitates the expansion and diversification of the products.
2. It ensures full use of specialized production facilities. Personal skill and specialized knowledge of the production managers can be fully utilized.

- 3.** The production managers can be held accountable for the profitability of each product. Each product division is semi-autonomous and contains different functions. So, product departmentation provides an excellent training facility for the top managers.
- 4.** The performance of each product division and its contribution to total results can be easily evaluated.
- 5.** It is more flexible and adaptable to change.

## Disadvantages

Product departmentation presents some problems as follows:

- 1.** It creates the problem of effective control over the product divisions by the top managers.
- 2.** Each production manager asserts his autonomy disregarding the interests of the organisation.
- 3.** The advantages of centralization of certain activities like financing, and accounting are not available.
- 4.** There is duplication of physical facilities and functions. Each product division maintains its own specialized personnel due to which operating costs may be high.
- 5.** There may be under-utilization of plant capacity when the demand for a particular product is not adequate.

## (C) Departmentation by Territory

Territorial or geographical departmentation is specially useful to large -scale enterprises whose activities are widely dispersed. Banks, insurance companies, transport companies, distribution agencies etc, are some examples of such enterprises, where all the activities of a given area of operations are grouped into zones, branches, divisions etc.

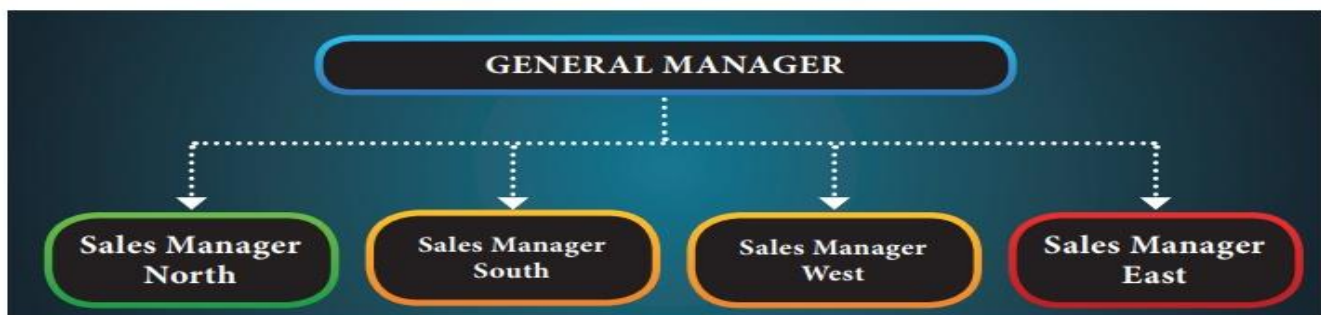


Figure 6.3 Departmentation by Territory

It is obviously not possible for one functional manager to manage efficiently such widely spread activities. This makes it necessary to appoint regional managers for different regions.

## **Advantages**

Territorial departmentation offers certain facilities in operation. These are pointed out below:

- Every regional manager can specialize himself in the peculiar problems of his region.
- It facilitates the expansion of business to various regions.
- It helps in achieving the benefits of local operations. The local managers are more familiar with the local customs, preferences, styles, fashion, etc. The enterprise can gain intimate knowledge of the conditions in the local markets.
- It results in savings in freight, rents, and labor costs. It also saves time.
- There is better co-ordination of activities in a locality through setting up regional divisions.
- It provides adequate autonomy to each regional manager and opportunity to train him as he looks after the entire operation of a unit.

## **Disadvantages**

Territorial departmentation have the following problems:

- There is the problem of communication.
- It requires more managers with general managerial abilities. Such managers may not be always available.
- There may be conflict between the regional managers.
- Co-ordination and control of different branches from the head office become less effective.
- Owing to duplication of physical facilities, costs of operation are usually high.
- There is multiplication of personnel, accounting and other services at the regional level.

## **(D) Departmentation by Customers**

In such method of departmentation, the activities are grouped according to the type of customers. For example, a large cloth store may be divided into wholesale, retail, and export divisions. This type of departmentation is useful for the enterprises which sell a



product or service to a number of clearly defined customer groups. For instance, a large readymade garment store may have a separate department each for men, women, and children. A bank may have separate loan departments for large-scale and small-scale businessmen.

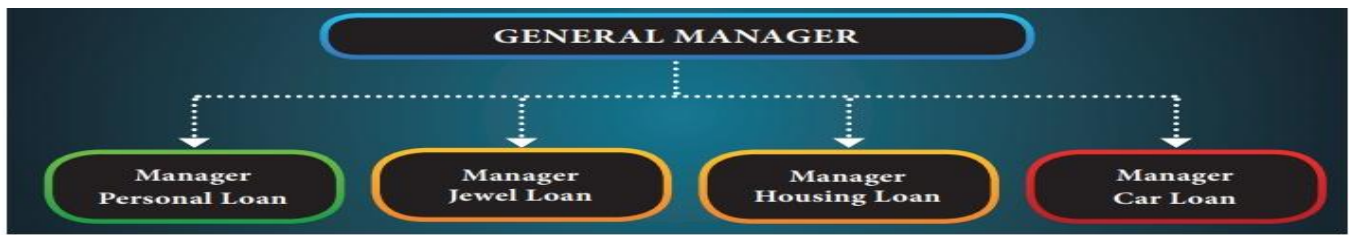


Figure 6.4 Departmentation by Customers

The organisation chart of customer-oriented departmentation may appear as follows:

## Advantages

The important advantages of customer departmentation are the following:

- Special attention can be given to the particular tastes and preferences of each type of customer.
- Different types of customers can be satisfied, easily through specialized staff. Customers' satisfaction enhances the goodwill and sale of the enterprise.
- The benefits of specialization can be gained.
- The enterprise may acquire intimate knowledge of the needs of each category of customers.

## Disadvantages:

This method of departmentation may have certain disadvantages, specially when it is followed very rigidly. These are as follows:

- Co-ordination between sales and other functions becomes difficult because this method can be followed only in marketing division.
- There may be under-utilization of facilities and manpower in some departments, particularly during the period of low demand.
- It may lead to duplication of activities and heavy overheads,
- The managers of customer departments may put pressures for special benefits and facilities.

## (E) Departmentation by Process or Equipment

In such type of departmentation the activities are grouped on the basis of production processes involved or equipment used. This is generally used in manufacturing and distribution enterprises and at lower levels of organisation. For instance, a textile mill may be organised into ginning, spinning, weaving, dyeing and finishing departments. Similarly, a printing press may have composing, proof reading, printing and binding departments. Such departmentation may also be employed in engineering and oil industries.

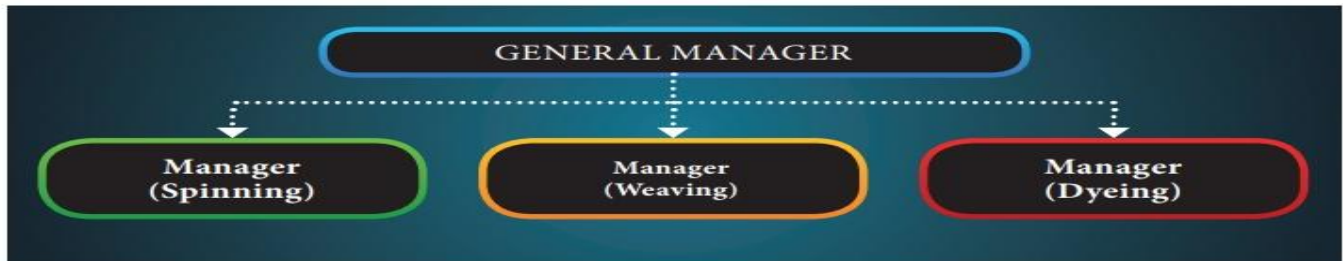


Figure 6.5 Departmentation by Process or Equipment

### Advantages:

The basic object of such departmentation is to achieve efficiency and economy of operations. The processes are set in such a way that a series of operations is feasible making operations economic. Efficiency can be achieved if departments are created for each process as each one has its peculiarities.

It provides the advantages of specialization required at each level of the total processes. The maintenance of plant can be done in better way and manpower can be utilized effectively.

### Disadvantages

In such departmentation, there may be difficulty in coordinating the different process-departments, because the work of each process depends fully on the preceding process. So, there are chances of conflicts among the managers looking after the different processes. It cannot be used where manufacturing activity does not involve distinct processes.

## (F) Departmentation by Time and Numbers

Under this method of departmentation the activities are grouped on the basis of the time of their performance. For instance, a factory operating 24 hours may have three departments for three shifts—one for the morning, the second for the day, and the third for the night.

In the case of departmentation by numbers, the activities are grouped on the basis of their performance by a certain number of persons. For instance, in the army, the soldiers are



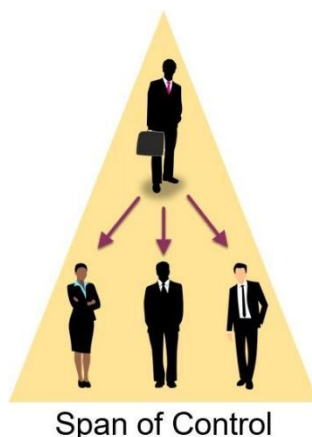
grouped into squads, companies, battalions, regiments and brigades on the basis of the number prescribed for each unit.

Such type of departmentation is useful where the work is repetitive, manpower is an important factor, group efforts are more significant than individual efforts, and group performance can be measured. It is used at the lowest level of organisation.

## Span of Control in Management

**Definition:** The span of control in management suggests estimating the **optimum number of subordinates managed by a single supervisor**. It is a primary factor that determines the shape of the organization. It involves all the management activities in the business than just supervision and control.

The levels of management are created based on the span of control expressed by comparing managers with employees. It depicts the organization's size and workgroups.



The span of control can interchangeably be termed as:

- Span of Management
- Span of Supervision
- Span of Authority

There are two types of span- **wide and narrow span of control**, determined by the manageable number of personnel under one senior. It differs under different circumstances based on variables

like:

1. Degree of autonomy granted to employees
2. Number of layers in organization structure
3. Nature of work
4. Need of supervision, etc

*Note: The flatter organization has a wide span of control, whereas the taller organization has a narrow span of control.*

## Types of Span of Control

Generally, two types of span can be seen in organizations that are:

- Wide span of control



be seen in organizations

- Narrow span of control

### **Wide Span of Control**

When one manager supervises many subordinates, it shows a wide span of control. It is also called **Operative Span** as it is generally applicable at the **lower or operating managerial level**. The wide span involves simple working and leads to a flatter organizational structure. The organizations large in size go for a wide span of control.

It involves less operating cost and is highly adaptive to the changes. The supervisors have excellent coordination and communication horizontally & vertically because of the fewer levels.

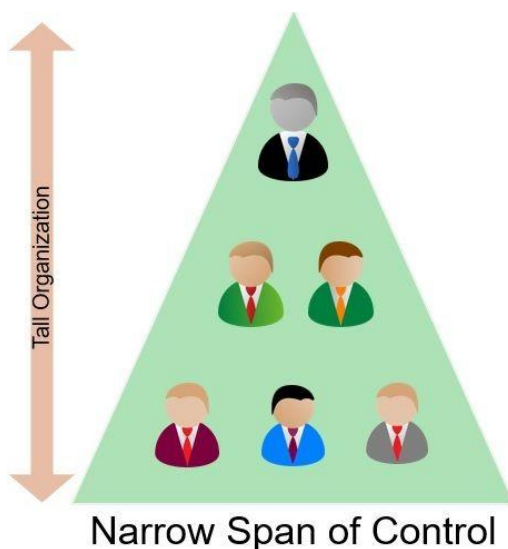
### **Advantages of Wide Span of Control**

1. Cost-effective in nature
2. Suitable for large organizations
3. Effective communication within the organization
4. Reduced Planning time
5. Results in the flatter organizational structure.
6. Well trained subordinates

### **Disadvantages of Wide Span of Control**

1. Confusion among the subordinates
2. Difficulty in management if the number is considerably large
3. Requirement of qualified superior
4. Delegation of authority may be difficult at lower levels

### **Narrow Span of Control**



When one manager manages a few subordinates, it shows a narrow span of control. It is also called the **Executive span** because it is applicable at the **top or middle managerial level**. Organizations opt narrow span when the nature of work is complex and requires more assistance from the superior.

A narrow span contains fewer subordinates at a single level. It results in an increased number of management levels making an organization taller in

structure.

### Advantages of Narrow Span of Control

1. Ease in management
2. Improved control of management
3. Effective Supervision
4. Suitable for work complex in nature
5. Creativity in planning and decision making

### Disadvantages of Narrow Span of Control

1. High cost as more number of managers are appointed
2. Increased levels of management in the organization
3. Delay in communicating information from top to bottom
4. Delay in decision making

### Importance of Span of Control

- **Discipline:** By specifying the span of control at every management level, stakeholders can create discipline within the organizations.
- **Motivation:** Motivation is a crucial factor that keeps the team going. One can motivate its workforce through the span of control by providing guidance and feedback at regular intervals.
- **Timely Decision Making:** Many small or big business decisions have to be taken at every hierarchy. The determination of the span of management helps in timely decision making.
- **Effective Control:** Control is an essential principle of management. The span of control is used to achieve effective control over the business.
- **Communication:** Business communication is how individuals interact within the business. To attain effective communication, the organizations use the span of control. It eases the communication flow and sends information to the lower levels of management.



### Factors Affecting Span of Management

1. **Adequate Supervision:** The managers' span should be determined to achieve adequate supervision. The employees who need more guidance can be placed under a narrow span.
2. **Nature and Complexity:** If the nature of work is complex and

requires more focused supervision, one should opt for the narrow span of control. Organizations can use a wide span of management if the nature of work is less complex and repetitive.

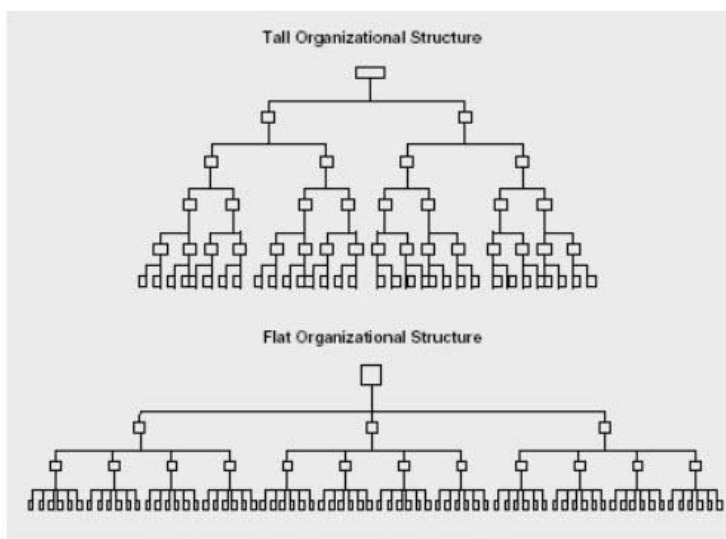
3. **Organizational Planning:** The span of management is one of the critical factors of corporate planning. It clarifies the reporting relationships among superiors and subordinates in the organization.
4. **Degree of Centralization:** The degree of centralization and decentralization in the organizations has different numbers of subordinates working under a single superior. The centralized organizations have a narrow span of management and vice versa.
5. **Geographic Proximity:** The scattered organization's results in a narrow span as supervision is required at every location. If the organization is located on a single premise, the organization can use a wide span of management.
6. **Stability:** The organizations running for a long term generally have a wide span, as their goals are clearly defined, and the nature of work is known to all.
7. **Effective Communication:** Specified span of control can result in effective communication in the organization. It reduces confusion, and communication takes place through a proper channel.
8. **Qualification of Manager:** The span of control largely depends on the capability of the manager or superior. If the superior is more qualified, he can handle more numbers subordinated under him, whereas if he is less capable, he can only supervise a few subordinates under him.
9. **Delegation of Authority:** Appropriate delegation of authority may be achieved by defining the number of subordinates at each management level.
10. **Management Levels:** The greater the number of management levels, the narrower the span of management. The lesser the number of management levels, the wider the span of control.

## Impact of span on organisational structure

**Width:** Organization structures can be described as wide (with a larger span of control) or narrow (with a smaller span of control.)

**Height:** As there are levels of management, or hierarchy, an organization may be tall (with many levels) or flat (with fewer levels.)

**Flat organizations** have a 'wide' span of control and **Tall organizations** have a 'narrow' span of control. While there are pros and cons with both tall and flat structures, a company's structure must be designed to suit the business (the customer and markets) and in a way that fits with the workforce's capability.



### *Characteristics of a Flat Organizational Structure (Wide Span of Control)*

#### **Pros**

- Encourages delegation. Managers must better delegate to handle larger numbers of subordinates, and grant opportunities for

subordinates to take on responsibilities

- Agile. Improves communication speed and quality
- Reduces costs. More cost effective because of fewer levels, thus requiring fewer managers
- Helps prevent the workforce from disengaging by focusing on empowerment, autonomy and self-direction

#### **Cons**

- High managerial workload comes with high span of control
- Role confusion more likely
- May cultivate distrust of management

### *Characteristics of a Tall Organizational Structure (Narrow Span of Control)*

#### **Pros**

- More rapid communication between small teams
- Groups are smaller and easier to control/manage
- There's a greater degree of specialization and division of labour
- More and better opportunities for employee promotion

#### **Cons**

- Communication can take too long, hampering decision-making
- Silos may develop and prevent cross-functional problem solving
- Employees may feel lost and powerless

## **Delegation of Authority**

**Definition:** The **Delegation of Authority** is an organizational process wherein, the manager divides his work among the subordinates and give them the responsibility to accomplish the respective tasks. Along with the responsibility, he also shares the

authority, i.e. the power to take decisions with the subordinates, such that responsibilities can be completed efficiently.

In other words, a delegation of authority involves the sharing of authority downwards to the subordinates and checking their efficiency by making them accountable for their doings. In an organization, the manager has several responsibilities and work to do. So, in order to reduce his burden, certain responsibility and authority are delegated to the lower level, i.e. to the subordinates, to get the work done on the manager's behalf.

Under the delegation of authority, the manager does not surrender his authority completely, but only shares certain responsibility with the subordinate and delegates that much authority which is necessary to complete that responsibility.



## Features of Delegation of Authority

Delegation means giving power to the subordinate to act independently but within the limits prescribed by the superior. Also, he must comply with the provisions of the

organizational policy, rules, and regulations.

2. Delegation does not mean that manager give up his authority, but certainly he shares some authority with the subordinate essential to complete the responsibility entrusted to him.
3. Authority once delegated can be further expanded, or withdrawn by the superior depending on the situation.
4. The manager cannot delegate the authority which he himself does not possess. Also, he can not delegate his full authority to a subordinate.
5. The delegation of authority may be oral or written, and may be specific or general.
6. The delegation is an art and must comply with all the fundamental rules of an organization.

## Elements of Delegation

Delegation consists of the following elements.

1. Authority
2. Responsibility

### 3. Accountability

Let us discuss all these elements one by one.

**Authority:** One of the essential elements of delegation is authority which is the power to complete an assigned task. Without authority a subordinate is unable to execute the task perfectly. In order to complete the task as is expected by the manager, the manager has to provide authority of executing that task to the subordinate.

**Responsibility:** Responsibility is another element of delegation which is assigning the subordinate a task that needs to be executed. When the superior assigns any task to the subordinate it becomes the obligation of the subordinate to perform that task with responsibility.

The feeling of responsibility arises from the superior subordinate relationship where a subordinate is obliged to perform the job as assigned by the superior.

**Accountability:** Accountability element of delegation refers to the answerability of a subordinate to his superior for the job or task that is assigned. Accountability flows in an upward direction, which means the subordinate is accountable to the superior.

Although the subordinate is accountable to the superior, the actual accountability of that task and its outcome rests with the superior as accountability is not transferred to the subordinate, it is just imposed till the time the task is completed.

## Importance of Delegation

### 1. Delegation Gives You Time and Energy to Do More Important Tasks

As a salesperson or sales manager, a common mistake is to try to do most of the work yourself, such as **updating your CRM (customer relationship management)** system and your social media accounts. This may leave you lacking the time to do more important tasks, like making sales calls and learning the latest sales techniques.

When you delegate things that you don't need to do personally, you free up time that may be more valuable for certain tasks that require your expertise and energy.

### 2. Delegation Empowers Your Team

Everyone has their own set of skills and expertise and finding the right person to do the job better than you make for a win-win situation. You get the job done correctly, and the other party gets to grow in his abilities and responsibilities.



Delegation of authority helps develop the capacity of others and makes them feel valuable to the organization. It also encourages job satisfaction through a sense of shared responsibility and breaks the monotony of a subordinate's usual tasks and routine.

**Effective delegation** also gives them the chance to excel in a task and gives you the pleasure of seeing your team grow and succeed.

### **3. Delegating Encourages Creativity and Innovation**

Delegating promotes an “inclusive” culture where more people can think about different ways to solve a problem or issue.

A team, instead of just one person working on a task, provides different points of view.

This setup allows people to more easily come up with a number of more creative or unique ways to address the project at hand.

New methods of doing a task or activity may also be discovered, leading to increased efficiency and productivity of your team.

### **4. Delegation Is Crucial for Your Own Improvement**

As a leader or manager, people are observing how you get things done. Your ability to work strategically and dedicate time to planning and improving organizational systems are reflected by your ability to lead and delegate.

With enough time and energy on your hands, you can spend more time developing your sales and leadership skills.

### **5. Delegation Is Important for Leadership Succession**

When you delegate, you allow people to step in and acquire other skills that are valuable to the organization. Delegating may be a way of training someone else in your company to perform jobs other than their routine tasks.



When the time comes that you are promoted or leave the company, you are sure that other people know how to do the tasks because you have delegated it to them a number of times.

## Process of Delegation of Authority

The process of delegation of authority comprises of four steps which are as follows:



**Assignment of Duties to Subordinates:** Before the actual delegation of authority, the delegator must decide on the duties which he wants the subordinate or the group of subordinates to perform. Here, the manager lists the activities to be performed along with the targets to be achieved, and the same is spelled out to the subordinates. Thus, in the first stage, the duties are assigned to the subordinates as per their job roles.

2. **Transfer of Authority to perform the duty:** At this stage, an adequate authority is delegated to the subordinate which is essential to perform the duty assigned to him. A manager must make sure; that authority is strictly delegated just to perform the responsibility, as more authority may lead to its misuse by the subordinate.
3. **Acceptance of the Assignment:** At this stage, the subordinate either accepts or rejects the tasks assigned to him by his superior. If the subordinate or the delegate, refuses to accept the duty and the authority to perform it, then the manager looks for the other person who is capable of and is willing to undertake the assignment. Once the assignment gets accepted by the subordinate, the delegation process reaches its last stage.
4. **Accountability:** The process of delegation of authority ends at the creation of an obligation on the part of the subordinate to perform his responsibility within the powers assigned to him. Once the assignment is accepted by the subordinate, then he becomes responsible for the completion of the duty and is accountable to the superior for his performance.

Thus, the process of delegation of authority begins with the duties assigned to the subordinates and ends when the subordinate is obliged to carry out the operations as intended.

**Barriers, Obstacles and Problems of Delegation of Authority: Related to Delegator, Subordinates or Delegatee and Organisation**

Though delegation increases efficiency of the organisation by dividing work amongst the organisational members (according to their capabilities), it is not free from obstacles. Various barriers to delegation can be grouped into three main headings.

**These are:**

- I. Barriers related to superiors or delegator
- II. Barriers related to subordinates or delegatee
- III. Barriers related to organisation

**I. Barriers Related to Superiors:**

Despite knowing how important it is to delegate, superiors, sometimes, do not delegate responsibility to subordinates because of the following reasons:

- **Wanting to do Things Personally:**

Some managers do not delegate because they feel they can work better than others. Since ultimate responsibility is of the delegator, they prefer doing the work themselves rather than getting it done through others.

**2. Insecurity:**

If managers feel subordinates can perform better than them, they avoid delegation. Their inability to take decisions creates a feeling of insecurity and, therefore, they fear to delegate.

**3. Retention of Power:**

Some managers like to take added responsibility, make their importance felt in the organisation and want subordinates to approach them to get their problems solved. The desire to retain power affects the efficiency of delegation process.

**4. Lack of Confidence in Subordinates:**

The reward for risk is return. Unless managers take the risk of subordinates not performing well, they cannot develop skilled managers in future. A manager

who does not take risk in subordinates and lacks confidence in them will not be able to delegate effectively.

### **5. Unwillingness to Set Standards of Control:**

Having delegated the duties, managers remain accountable for overall performance of the work. They supervise activities of subordinates to ensure that actual performance is not against planned performance. A manager who fails to establish standards of control will not be able to effectively delegate work to subordinates.

## **II. Barriers Related to Subordinates:**

**The following barriers arise on account of the subordinates:**

### **1. Lack of Confidence:**

Some subordinates do not want to take responsibility for the fear of not being able to perform well. They lack confidence and do not want to take any risk. They prefer to depend on the superiors to make decisions.

### **2. Fear of Making Mistakes:**

If the subordinate's fear that they will make mistakes in carrying out the delegated responsibilities, this fear dissuades them from taking added responsibility.

### **3. Lack of Incentives:**

Motivation, through financial and non-financial incentives, makes delegation effective. Subordinates are reluctant to accept delegation in the absence of incentives.

### **4. Absence of Access to Resources:**

If subordinates do not have access to resources (financial and non-financial) to carry out the assigned work, they do not accept delegation of responsibilities. This happens when there is delegation of responsibility without commensurate authority.

### **5. Convenience:**

Sometimes, subordinates prefer that work is done by superiors for the sake of convenience rather than assuming responsibility for the same. They simply want their superiors to make the decisions.

### **III. Barriers Related to Organisation:**

**The organisation structure provides the following barriers to the effective process of delegation:**

1. Size of the organisation – A small-sized organisation does not have too many jobs to delegate to subordinates.
2. No precedent of delegation – Merely because organisations have not earlier been following the practice of delegation, sometimes, they continue with the practice of not delegating the jobs.
3. Degree of centralisation or decentralisation – Efficient delegation is affected by the degree to which organisation distributes the decision-making power to various organisational units. A highly centralised organisation is obstructive to the process of effective delegation.

## **Ways to Overcome Barriers to Delegation:**

**Barriers to delegation can be overcome through the following measures:**

### ***1. Accept the need for delegation:***

When superiors are reluctant to delegate because they want to do everything themselves rather than allowing subordinates to do, they should realise the need for delegation. In fact, more the delegation, more successful will be an organisation.

Delegation multiplies the capacity of managers. What can be delegated must be delegated. Managers should do things which subordinates cannot do. This develops their core competence and also the organisation.

### ***2. Develop confidence in subordinates:***

Rather than feeling that subordinates are not capable of accepting responsibilities so that delegator does not take the risk of delegation, the delegator should understand that a man learns through mistakes and if he commits mistakes, he shall try to find out solutions to the problem also. If subordinates make mistakes, superiors should guide them rather than not delegate at all.

Trust towards subordinates develops their commitment towards superiors. Committed subordinates develop loyalty, dedication and positive contribution towards organisational growth. Delegation should be a continuous process.

Managers should appreciate the work of subordinates when they perform well. They should delegate them more tasks and express trust and confidence in them. This will boost their morale to perform better in future. Delegation will be effective in the system of rewards, not penalties.

### ***3. Communication:***

Where delegation becomes ineffective because subordinates do not have the information for making decisions, an effective system of communication should be developed so that information flows freely from superiors to subordinates. Well informed subordinates are an asset for the organisation. They can contribute to effective organisational decisions.

### ***4. Motivation:***

Subordinates should be motivated to accept the responsibilities by providing rewards (financial and non-financial) like recognition, status etc. Assigning the whole job to one person can be motivating as it reflects confidence in the subordinate. It also gives a sense of pride and satisfaction to the subordinate who works to earn the credit for successful completion of that task. Non-commitment towards work has to be converted into commitment through motivation — creating zeal, enthusiasm, ability and willingness to work.

### ***5. Effective system of control:***

Since ultimate responsibility for the work assigned is that of the delegator, he must ensure that subordinates perform well by setting achievable standards of

performance against which actual performance shall be measured. Delegator should keep check on the activities of delegates rather than not delegate at all.

Though control helps in monitoring the activities of subordinates, it should not be strict in nature. Moderately lenient control system helps to achieve standards by control through exceptions. Major deviations should be spotted by managers and minor deviations should be corrected by the subordinates themselves. Control helps in avoiding misuse of delegated authority.

#### ***6. Choose the right person for the right job:***

Lack of confidence in subordinates should be overcome by dividing the workload into sub-units and assigning each sub-unit to persons most suitable for performing them. The person selected should be able to perform the task assigned. If required, training facilities can be provided to increase their understanding of the work. Wrong selection of delegates can put the organisational operations to halt.

#### ***7. Freedom to subordinates:***

When managers accept the need for delegation, they must also give freedom to make decisions with respect to the delegated tasks. Rather than not delegating at all or delegating less responsibility, for the fear of subordinates making mistakes, managers should give them authority to find solutions to their problems and learn not to make mistakes in future.

#### ***8. Clarity of tasks:***

The responsibilities or the tasks delegated must be clearly defined in terms of results expected out of those tasks. Knowing what is exactly expected of them will enable the subordinates perform the delegated tasks better. Delegation is not done without purpose. It has to be properly planned to the objectives desired to be achieved through delegation. Delegation should be done to achieve specific results.

#### ***9. Match job with the abilities of subordinates:***

'Round pegs in the round holes' makes delegation effective as the right job will be given to the right person. The task assigned should match the ability and the capacity of subordinates.

#### ***10. Open communication:***

Though delegates are given the authority to solve problems related to the assigned tasks, yet, they should be allowed to freely discuss the problems with their delegators. Open communication promotes delegation as both delegator and delegates can trust each other, explain their reservations, develop confidence and security and

make the need for delegation felt important for both. Work is delegated and also performed well — to the best of subordinate's ability.

### ***11. Monitor the critical deviations:***

Subordinates may make mistakes, however efficient they are at work. The superiors should overlook minor deviations and monitor only major deviations in the tasks assigned. This promotes a sense of responsibility amongst the employees.

## **Guidelines for a better and successful delegation**

The following guidelines should prove useful in making delegation better and effective:

1. The **assignments should be clearly defined** in terms of goals or results expected. Sufficient authority should be granted for doing the work.
2. **There should be a two-way communication** between the manager and the subordinates so that proper understanding could be established. Clear, unambiguous instructions, guidance should be given to the subordinates, when needed.
3. Outline of the job set must be clear and proper control limits and **standards of performance should be prescribed**.
4. **Performance should be appraised periodically** and feedback of information encouraged to keep the subordinate in self-improvement,.
5. Observance of principles of delegation like **“parity of authority and responsibility”**, **“unit of command”** and **“creation of accountability”** should be strictly adhered to.
6. The **subordinates must be trusted** and, as far as possible, there should be little interference in their work. The trust factor is the key to a successful delegation.
7. **Managers must develop proper attitudes** favourable for an effective delegation, viz.,
  - willingness to welcome ideas from subordinates;
  - willingness to delegate authority whenever required;

- willingness to let others learn by mistakes/trial and error method; and
- Willingness to establish and use broad controls.

## Principles of Delegation of Authority

Following are the guidelines that can be followed by the managers to practice an efficient delegation:



1. **Principle of Functional Definition:** An organization is comprised of different functional departments, each contributing to the organizational goals and, in turn, have their specific objectives. Thus, clearly defined objectives of each department, the expected results, the specific activities to be performed and intradepartmental relationships help the manager to determine the requirements of that specific position.
2. **Principle of Result Expected:** Before actually delegating the authority to the subordinate, the manager must know the purpose of such delegation and the results expected from it. The goals, targets and the standard of performance must be clearly defined to direct the actions of the subordinate towards the accomplishment of a given task in a required manner. This principle helps in determining the authority to be delegated which is sufficient for completing the responsibility.
3. **Principle of Parity of Authority and Responsibility:** This principle states that the responsibility and the authority co-exists. This means, if the subordinate is assigned certain responsibility, he must be given some level of authority i.e. power to perform his responsibility. Thus, both the responsibility and the authority shall be clearly defined to the subordinate, so that he knows what he is required to do within the powers delegated to him.
4. **Principle of Unity of Command:** According to this principle, every subordinate should have a single supervisor from whom he gets the authority and to whom he is solely accountable. This means the subordinate should get the instructions from a single superior and perform those responsibilities as assigned by him. In case, if the subordinate is required to report to more than one boss, then there may be a conflict and delay in the managerial operations.



5. **Principle of Absoluteness of Responsibility:** This principle asserts that responsibility cannot be delegated. This means even after delegating the authority to the subordinate to perform certain tasks on the manager's behalf; the manager will be solely responsible for the doings of the subordinate. In other words, whatever actions being taken by the subordinate, the manager will be accountable to his senior. Thus, the responsibility is absolute and remains with the superior.
6. **The Scalar Principle:** There are clear lines of authority in the organization, i.e. who is under whom. This helps the subordinate to know, who delegates the authority to him and to whom he shall be accountable. Also to whom he shall contact in case things are beyond his control. Thus, this principle asserts, that there should be a proper hierarchy in the organization.
7. **Principle of Exception:** According to this principle, the subordinate shall be given complete freedom to perform his responsibilities under the purview of his authority. The manager should not interfere in between his work and must allow him to do even if he commits mistakes. But in some exceptional cases, the managers can interfere and even withdraw the authority delegated to the subordinate.

Thus, a manager must comply with all these principles of delegation of authority to ensure that the task is accomplished in a manner it was intended.