

## Unit-II

### What is an organisation?

An 'organisation' is a group of individuals working together to achieve one or more objectives. Although organisations have been defined differently by different theorists, virtually all definitions refer to five common features:

1. They are composed of individuals and groups of individuals
2. They are oriented towards achieving collective goals
3. They consist of different functions
4. The functions need to be coordinated
5. They exist independently of individual members who may come and go.

“An Organization is a system of consciously coordinated activities or efforts of two or more persons”.- Chester Barnard, Management Consultant.

Steps Involved in the Process of Organising :-

**1. Identification and Division of Work :-** It involves identification and division of total work to be done into specific activities (called jobs) in accordance with previously determined plans. By dividing the work, the burden of work can be shared among the employees. It facilitates specialisation of work & skills. Duplication of work can be avoided by dividing the work into manageable activities.

**2. Departmentalisation :-** The second step in organising is to combine or group similar or related jobs into larger units called departments, divisions or sections. They can be grouped on the basis of functions , products, customers and territories etc. Departmentalisation is done to achieve coordination & to facilitate unity of efforts.

**3. Assignment of duties :-** Once departments have been formed each of them is placed under the charge of an individual called departmental head (eg., production manager, finance manager etc.) Jobs are then allocated to the members of each department according to their skills and qualifications.

**4. Establishing Reporting Relationships :-** Merely allocating work is not enough. Each individual should also know from whom he has to take orders and to whom he is accountable. It helps in coordination amongst various departments.

Importance of Organising :-

**1. Benefits of specialisation :** - In organising every individual is assigned a part of total work and not the whole task. This division of work into smaller units and repetitive performance leads to specialisation. Thus organising promotes specialisation which in turn leads to efficient & speedy performance of tasks.

**2. Clarity in working relationships :-** It helps in creating well defined jobs and also clarifying the limits of authority and responsibility of each job. The superior-subordinate relationship is clearly defined in organising.

**3. Effective Administration :** It provides a clear description of jobs and related duties which helps to avoid confusion and duplication. Clarity in working relationships enables proper execution of work which results in effective administration.

**4. Optimum utilisation of resources :** The proper assignment of jobs avoids overlapping/duplication of work. This helps in preventing confusion and minimising the wastage of resources and efforts.

**5. Adoption to Change:** A properly designed organizational structure is flexible which facilitates adjustment to changes in workload caused by change in external environment related to technology, products, resources and markets.

**6. Development of Personnel:** Sound organization encourages initiative and relative thinking on part of the employees. When managers delegate their authority, it reduces their workload so they can focus on more important issues related to growth & innovation. This also develops the subordinates' ability and helps him to realize his full potential.

**7. Expansion and growth:** It helps in growth & diversification of an enterprise by adding more job positions, departments, products lines, new geographical territories etc.

### **Meaning of Organisational Structure :-**

It seeks to establish relations among all the persons working in the organisation. Under the organisational structure various posts are created to perform different activities for the attainment of the objectives of the enterprise. Relations among persons working on different posts are determined. The structure provides a basis or framework for managers and other employees for performing their functions.

The organisation structure can be defined as the frame work within which managerial and operating tasks are performed.

### **Principles of organization**

**1. Principle of unity of objectives:** Organizational goals, departmental goals, and individual goals must be clearly defined. All goals and objectives must have uniformity. When there is contradiction among different level of goals desired goals can't be achieved. Therefore, unity of objectives is necessary

**2. Principle of specialization:** Sound and effective organization believes on organization. The term specialization is related to work and employees. When an employee takes special type of knowledge and skill in any area, it is known as specialization. Modern business organization needs the specialization, skill and knowledge by this desired sector of economy and thus, efficiency would be established.

**3. Principle of coordination:** In an organization many equipment, tools are used. Coordination can be obtained by group effort that emphasize on unity of action. Therefore, coordination facilitates in several management concepts

**4. Principle of authority:** Authority is the kind of right and power through which it guides and directs the actions of others so that the organizational goals can be achieved. It is also related with decision making. It is vested in particular position, not to the person because authority is given by an institution and therefore it is legal. It generally flows from higher level to lowest level of management. There should be unbroken line of authority.

**5. Principle of responsibility:** Authentic body of an organization is top level management, top level management direct the subordinates. Departmental managers and other personnel take the direction from top level management to perform the task. Authority is necessary to perform the work .only authority is not provided to the people but obligation is also provided. So the obligation to perform the duties and task is known as responsibility. Responsibility can't be delegated. It can't be avoided.

**6. Principle of delegation:** Process of transferring authority and creation of responsibility between superior and subordinates to accomplish a certain task is called delegation of authority. Authority is only delegated, not responsibilities in all levels of management. The authority delegated should be equal to responsibility

**7. Principle of efficiency:** In enterprise different resources are used. These resources must be used in effective manner. When the organization fulfill the objectives with minimum cost, it is effective. Organization must always concentrate on efficiency.

**8. Principle of unity of command:** subordinates should receive orders from single superior at a time and all subordinates should be accountable to that superior. More superior leads to confusion, delay and so on.

**9. Principle of span of control:** unlimited subordinates can't be supervised by manager, this principle thus helps to determine numerical limit of subordinates to be supervised by a manager. This improves efficiency.

**10. Principle of balance:** the functional activities their establishment and other performances should be balanced properly. Authority, centralization, decentralization must be balanced equally. This is a very challenging job but efficient management must keep it.

**11. Principle of communication:** Communication is the process of transformation of information from one person to another of different levels. It involves the systematic and continuous process of telling, listening and understanding opinions, ideas, feelings, information, views etc, in flow of information. Effective communication is important.

**12. Principle of personal ability:** for sound organization, human resources are important. Employees must be capable. Able employees can perform higher. Mainly training and development programs must be encouraged to develop the skill in the employees.

**13. Principle of flexibility:** organizational structure must be flexible considering the environmental dynamism. Sometimes, dramatic change may occur in the organization and in that condition, organization should be ready to accept the change.

**14. Principle of simplicity:** this principle emphasizes the simplicity of organizational structure, the structure of organization should be simple with minimum number of levels so that its members can understand duties and authorities.

### **Organization Structure**

Just as human beings have skeletons that define their parameters likewise organizations have structures that define their parameters. While preparing an architectural plan, an architect considers different factors such as space, cost, time, special features and resources. In the same way, a manager is expected to take into account factors such as channels of communication, before designing Organization structure.

Organization structure specifies which individuals will work as subordinates to which superiors. It defines the interpersonal relationships that should exist between individuals and work. Such invisible framework is intended to promote co-ordination in the functions and activities of members of the group. Because of specific assignments of authority and responsibility, each person will look after his part of pre-established plans in proper relation to the parts of others in the group. Organization suggests the structure within which people associate for the attainment of an objective.

### **Types Of Organisation Structure**

Organization structure is defined as "The logical arrangement of task and the network of relationships and roles among the various positions established to carry out the activities necessary to achieve the predetermined objectives of business". Internal Organization structure constitutes the arteries and veins through which the blood of work flows in the body of Organization.

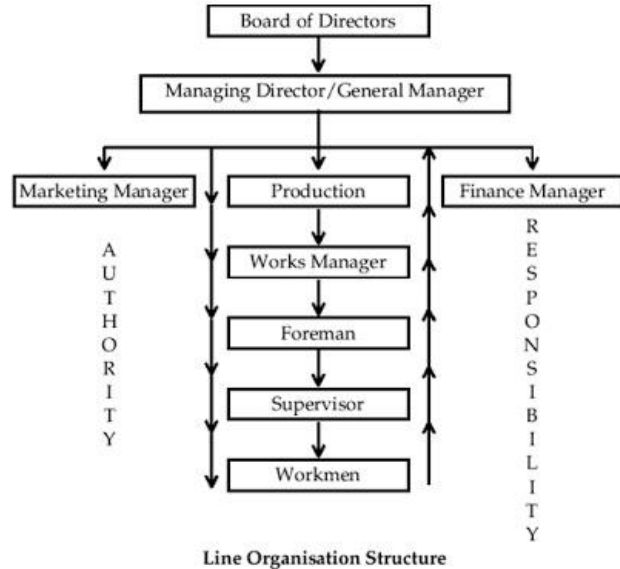
Internal Organization structures can be broadly classified into the following types/forms:

1. Line Organisation structure.
2. Functional Organisation structure.
3. Line and staff Organisation structure.
4. Product Organisation structure.

In the line Organisation, the line of authority moves directly from the top level to the lowest level in a step-by-step manner. It is straight and vertical. The top-level management takes

all major decisions and issues directions for actual execution. The general manager, for example, issues order to various departmental managers. Thereafter, the departmental manager issues instructions to works manager. The works manager will issue instructions to foreman. In this manner, the orders and instructions will be issued to the workers working at the lowest level. Thus authority moves downward and also step-by-step. The responsibility, on the other hand, moves in the upward direction.

Line Organisation structure is given in the following chart:



### Advantages of Line Organisation Structure

1. **Simplicity:** Line Organisation structure is easy to understand and follow by superiors and subordinates. It is simple and clear as regards authority and accountability.
2. **Prompt decisions:** Line Organisation facilitates prompt decision-making at all levels as the authority given is clear and complete.
3. **Discipline:** It brings discipline in the Organisation due to unity of command, delegation of authority and direct accountability.
4. **Economical:** Line Organisation is economical as experts are not appointed.
5. **Attraction to talented persons:** Line Organisation brings out talented workers and develops in them quality of leadership. It offers opportunities of self-development to employees.
6. **Quick communication, high efficiency, flexibility and high employee morale** are some more advantages of line Organisation structure.

### Limitations of Line Organisation Structure

1. **Heavy burden on line executives:** The line executives are given too many duties and responsibilities. Even the quality of the decisions of executives may suffer due to heavy burden of duties and responsibilities.
2. **Non-availability of services of experts:** There is absence of skilled experts in line organisation. Expert assistance is not available promptly when needed by line executives.
3. **Favoritism:** There is wide scope for favoritism and nepotism in the line organisation. Leadership of departmental executive is autocratic due to heavy concentration of powers. He may favour some employees at the cost of others.
4. **Too much dependence on limited executives:** In the line organisation, all powers are concentrated in the hands of a few executives. Naturally, the success and stability of the entire organisation depends on their personal skill, initiative and

interest. Special difficulties arise when one executive is to be transferred/replaced/promoted.

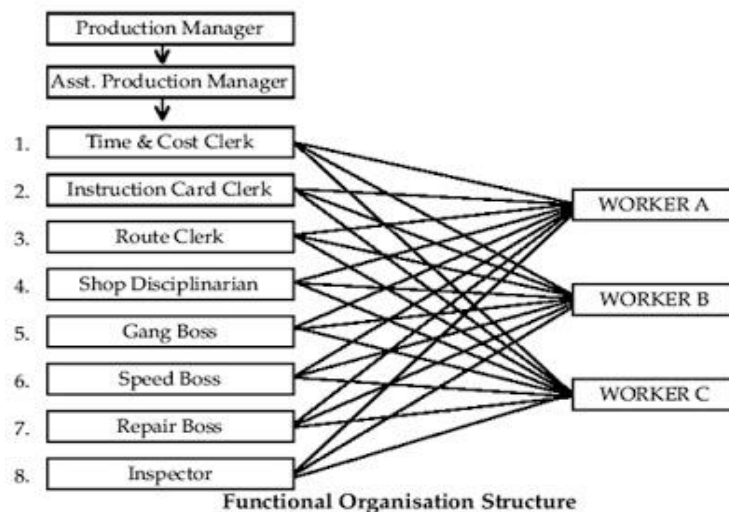
5. Rigidity: There is rigidity in the working of line organisation.
6. Delays in communication, limited freedom to employees and unsuitability to modern large business units are some more demerits of line Organisation

### **Functional Organisation**

In the functional Organisation suggested by F.W.Taylor, the job of management is divided according to specialization. As a result, functional departments are created. For example, the personnel department will look after the recruitment, selection, training, wage payment, etc. of all persons of the Organisation. Similar will be the position of other departments like production, sales, etc. The scope of work of the department is limited but the area of authority is unlimited.

In the functional Organisation structure, there will be separation of planning of work and execution of the plan prepared. The basis of division is the function and naturally the Organisation structure created will be called "Functional Organisation".

The functional Organisation structure is given in the following chart:-



### **Merits of Functional Organisation Structure**

1. Facilitates specialization: Functional Organisation structure facilitates division of work and specialization. Each boss has specialized knowledge of his functional area. He is in a better position to guide and help the workers.
2. Benefits of large-scale operations: Functional Organisation offers the benefit of economy of large-scale operation. In this Organisation, one administrative unit manufactures all products. The available machinery, equipment and facilities are used fully for large-scale production.
3. Facilitates effective coordination: Functional Organisation facilitates effective coordination within the function. This is possible as one boss is in-charge of a particular function and he looks after all activities, which come within that function.
4. Operational flexibility: Functional Organisation possesses operational flexibility. Necessary changes can be introduced easily to suit the needs of the situation without any adverse effect on the efficiency.
5. Ensures effective supervision: Functional Organisation facilitates effective supervision by the functional heads and foremen. Due to specialization, they

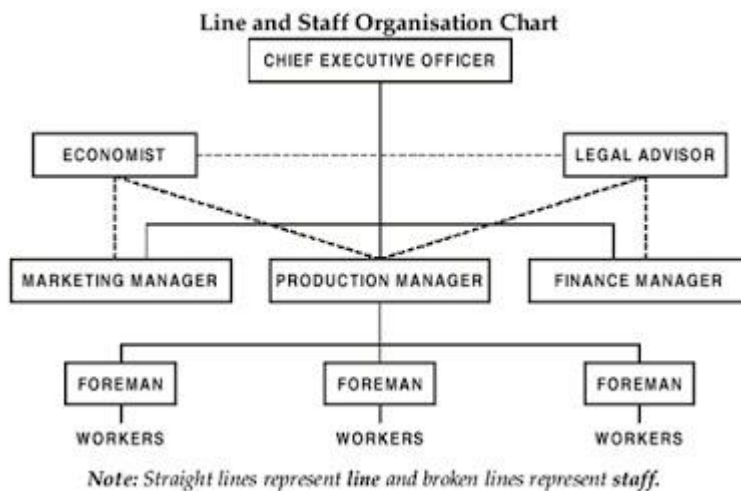
concentrate on the specific functional area and also keep effective supervision on their subordinates.

### **Demerits of Functional Organisation Structure**

1. Absence of unity of command: Unity of command is absent in the functional Organisation as each worker gets orders and instructions from several bosses.
2. Fixing responsibility is difficult: In functional Organisation, responsibility is difficult to fix on a specific person. This is because the responsibility itself is divided among many.
3. Unsuitable to non-manufacturing activities: Functional Organisation can be introduced in the case of manufacturing activities. However, its application to non-manufacturing activities such as marketing, etc. has not been successful.
4. Costly: Functional Organisation is costly, as more specialists are required to be appointed.
5. Creates confusion among workers: Functional Organisation is based on specialization as function is taken as a base for dividing the work. The authority is overlapping the responsibility is divided. This confuses workers.
6. Conflicts among foremen, delays in decision-making and limited discipline within the departments are some more demerits of functional Organisation.

### **Line and Staff Organisation Structure**

In the line and staff Organisation, line executives and staff (specialists) are combined together. The line executives are 'doers' whereas staff refers to experts and act as 'thinkers'. The following chart shows line and staff Organisation structure:



The line executives are concerned with the execution of plans and Policies. They do their best to achieve the organizational objectives. The staff concentrates their attention on research and planning activities. They are experts and conduct advisory functions.

Staff specialists are regarded as 'thinkers' while execution function is given to line executives who are "doers". The staff is supportive to line. The staff specialists offer guidance and cooperation to line executives for achieving organizational objectives. This reduces the burden of functions on the line executives and raises overall efficiency of the Organisation. For avoiding the conflicts between line and staff, there should be clear demarcation between the line and staff functions. This avoids overlapping of functions and possible conflicts. In short, the line and staff functions are different but are supportive and can give positive results if adjusted properly i.e. by avoiding the conflicts. They

suggest/recommend but have no power to command the line executive. However, their advice is normally accepted because of their status in the Organisation.

According to Louis Allen, "Line refers to those positions and elements of the Organisation, which have the responsibility and authority and are accountable for accomplishment of primary objectives. Staff elements are those which have responsibility and authority for providing advice and service to the line in attainment of objectives".

### **Characteristics of Line and Staff Organisation**

1. Planning and execution: There are two aspects of administration in this Organisation, viz., planning and execution.
2. Combining line and staff: Planning function is entrusted to staff specialists who are 'thinkers' while execution function is given to line executives who are 'doers'. The staff is supportive to line.
3. Role of authority: The line managers have authority to take decisions as they are concerned with actual production. The staff officers lack such authority.
4. Guidance from staff: The staff provides guidance and advice to line executives when asked for. Moreover, line executives may or may not act as per the guidance offered.
5. Exercising control: The staff manager has authority over subordinates working in his department.
6. Scope for specialization: There is wide scope for specialization in this Organisation as planning work is given to staff and execution work is given to line executives.
7. Possibility of conflicts: Conflicts between line and staff executives are quite common in this Organisation but can be minimized through special measures.
8. Suitability: Line and staff Organisation structure is suitable to large-scale business activities.

### **Merits of Line and Staff Organisation**

1. Less burden on executives: Line executives get the assistance of staff specialists. This reduces the burden of line executives. This raises overall efficiency and facilitates the growth and expansion of an enterprise.
2. Services of experts available: The benefits of services of experts are provided to line managers. Highly qualified experts are appointed and they offer guidance to line executives.
3. Sound decision-making: Line and staff Organisation facilitates sound management decisions because of the services of experts and specialists. The decisions are also taken in a democratic method i.e. in consultation with the experts.
4. Limited tension on line managers: The pressure of work of line bosses is brought down as they are concerned only with production management.
5. Benefits of specialization: There is division of work and specialization in this Organisation. Naturally, the benefits of division of work and specialization are easily available.
6. Training opportunities to employees: Better opportunities of advancement are provided to workers. The scope for learning and training for promotions are available.

### **Demerits of Line and Staff Organisation**

1. Delay in decision-making: The process of decision-making is delayed, as line executives have to consult staff experts before finalizing the decisions. The decisions of line managers are likely to be delayed due to this lengthy procedure.
2. Buck passing among executives: The line bosses are concerned with actual execution of work. However, they depend on staff experts for guidance. If

something goes wrong, the attempt is made to pass on the blame by one party to the other. Thus, there is shifting of responsibility or buck-passing.

3. Conflicts between line and staff executives: In this Organisation, quarrels and conflicts between line managers and staff specialists are quite common. The line managers are generally not interested in the advice offered by experts. Secondly, specialists feel that the line bosses lack knowledge of new ideas. Such conflicts lead to bitterness.
4. Costly Organisation: Line and staff Organisation is a costly Organisation as the line executives are supported by highly paid staff executives who are experts. All this adds to the overhead expenses and the cost of production increases.
5. Complicated operation: This Organisation is too complicated in actual operation because of dual authority, division of functions and too much dependence on staff. The unity of command principle is violated.
6. Internal discipline is affected adversely: The internal discipline is likely to be affected adversely due to decentralisation and division of loyalty of subordinates.

### **Span Of Management**

Span of management means the number of people managed efficiently by a single officer in an organization. This is also called span of management, span of authority, span of supervision, span of authority, span of responsibility or levels of organization. This principle is based on the principle of relationship.

Span of control refers to the maximum numbers effectively supervised by a single individual. The number of members may be increased or decreased according to the nature of work done by the subordinate or the ability of the supervision. In the administration area, under one executive, nearly four or five subordinates may work. The span of control enables the smooth functioning of the organization.

The term 'span' literally means the space between two supports of a structure, e.g. the space between two pillars of a bridge. The space between two pillars should be neither too large nor too small. If it is too large, the bridge may collapse and if it is too small, it will enhance its cost. When this word is applied to management, it refers to the number of subordinates a manager or a supervisor can supervise, manage or control effectively and effectively.

Therefore, span of supervision refers to the optimum number of subordinates that a manager or supervisor can manage or control effectively.

Accordingly to Mr. Spriegel "Span of control means the number of people reporting directly to an authority. The principle of span of control implies that no single executive should have more people looking to him for guidance and leadership than he can reasonably be expected to serve."

An organization is characterized by the presence of a number of levels and departments. But more the levels are created more will be the administrative cost due to additional staff required and more will be the difficulty to be encountered in communication and controlling.

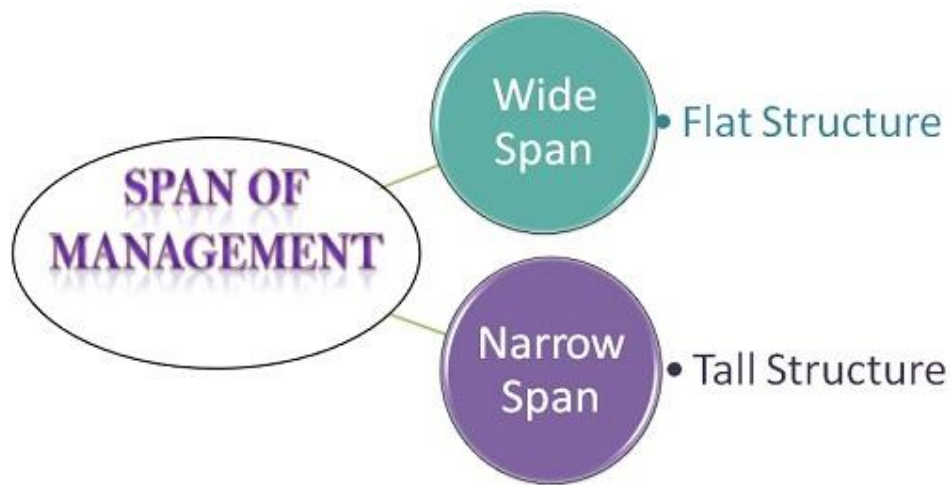
This is basically the problem of deciding the number of subordinates to report directly to each manager. According to this principle there is a limit of the number of subordinates that each manager can effectively supervise.

Basically there are two types of span of management –

1. Narrow span of management – It leads to many levels in hierarchy system in organization situation. Narrow span also affects employees' morale adversely.
2. Wide span of management – Wide spans of management lead to flat organization in which managers have a developing skill and experience of knowledge.



The span of management is related to the horizontal levels of the organization structure. There is a wide and a narrow span of management. With the wider span, there will be less hierarchical levels, and thus, the organizational structure would be flatter. Whereas, with the narrow span, the hierarchical levels increases, hence the organizational structure would be tall.



Both these organizational structures have their advantages and the disadvantages. But however the tall organizational structure imposes more challenges:

- Since the span is narrow, which means less number of subordinates under one superior, requires more managers to be employed in the organization. Thus, it would be very expensive in terms of the salaries to be paid to each senior.
- With more levels in the hierarchy, the communication suffers drastically. It takes a lot of time to reach the appropriate points, and hence the actions get delayed.
- Lack of coordination and control because the operating staff is far away from the top management.

The major advantage of using this structure is that the cross communication gets facilitated, i.e., operative staff communicating with the top management. Also, the chance of promotion increases with the availability of several job positions.

In the case of a flatter organizational structure, where the span is wide leads to a more complex supervisory relationship between the manager and the subordinate. It will be very difficult for a superior to manage a large number of subordinates at a time and also may not listen to all efficiently. However, the benefit of using the wider span of management is that the number of managers gets reduced in the hierarchy, and thus, the expense in terms of remuneration is saved. Also, the subordinates feel relaxed and develop their independent spirits in a free work environment, where the strict supervision is absent.

### Departmentalization

In departmentalization, similar activities are grouped together to form various departments.

For **example**, all the activities relating to accounts are grouped together to make the accounts department. Similarly, we have purchase department, production department, sales department, finance department, human resource (HR) department, etc.

So, departmentalization is the process of dividing the organization into different departments. It is the process by which an organization expands horizontally. There are many bases or types of departmentalization. A department consists of, head of

department, specific functions and staff. The head of department (HOD) is responsible to the CEO of the organization for the functions of his department.

### **Functional departmentalization**

In functional departmentalization, departments are segregated i.e. separated from each other based on functions or tasks they perform.

Examples of functional departmentalization include; production department, finance department, marketing department, human resource (HR) department, etc. Here, all activities, which are directly or indirectly connected with production are grouped together to make a production department.

Departmentalization based on function is depicted in the image given below.

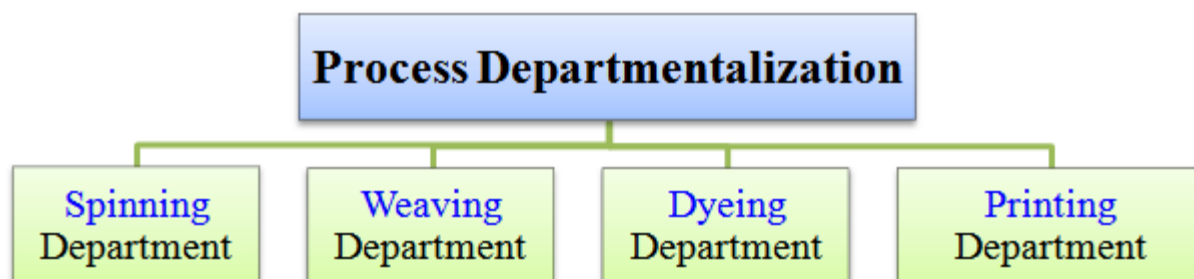


### **2. Process departmentalization**

In process departmentalization, departments are separated based on their role in a production process.

Best example of process departmentalization can be seen in a textile mill where we may have a spinning department, weaving department, dyeing department, printing department, etc. Here, inside a textile mill, all activities, which are directly or indirectly related with spinning are grouped together to make a spinning department.

Departmentalization based on a production process is depicted below.

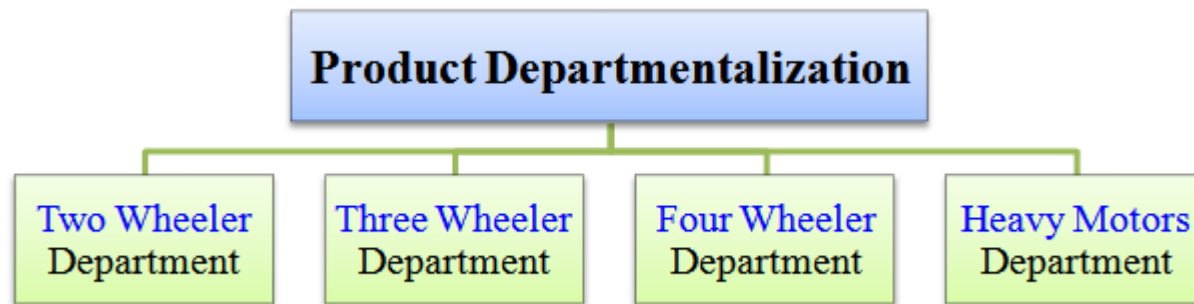


### **Purpose departmentalization**

In process departmentalization, departments are separated based on a type of product produced by the company. Here, every individual department is responsible for producing and selling the type of product assigned to them.

A good example of product departmentalization is witnessed in an automobile manufacturing company. In such a company, we generally see departments like a two-wheeler department, three-wheeler department, four-wheeler department, heavy motors department, etc., which manufacture vehicles such as motorcycles (bikes), auto-rickshaws, cars, buses and trucks, respectively. Here, the main purpose of departmentalization is, inside an automobile company, all activities, which are directly or indirectly related to car manufacturing are grouped together and assigned to four-wheeler or car department.

Departmentalization made on the type of product produced is depicted below.



### **Committees**

. A committee (or "commission") is a body of one or more persons that is subordinate to a deliberative assembly. Usually, the assembly sends matters into a committee as a way to explore them more fully than would be possible if the assembly itself were considering them. Committees may have different functions and the type of work that each committee does would depend on the type of organization and its needs.

#### **Purpose**

A deliberative assembly may form a committee (or "commission") consisting of one or more persons to assist with the work of the assembly. For larger organizations, much work is done in committees. Committees can be a way to formally draw together people of relevant expertise from different parts of an organization who otherwise would not have a good way to share information and coordinate actions. They may have the advantage of widening viewpoints and sharing out responsibilities. They can also be appointed with experts to recommend actions in matters that require specialized knowledge or technical judgment.

#### **Team**

A team is a group of people linked in a common purpose. Human teams are especially appropriate for conducting tasks that are high in complexity and have many interdependent subtasks.

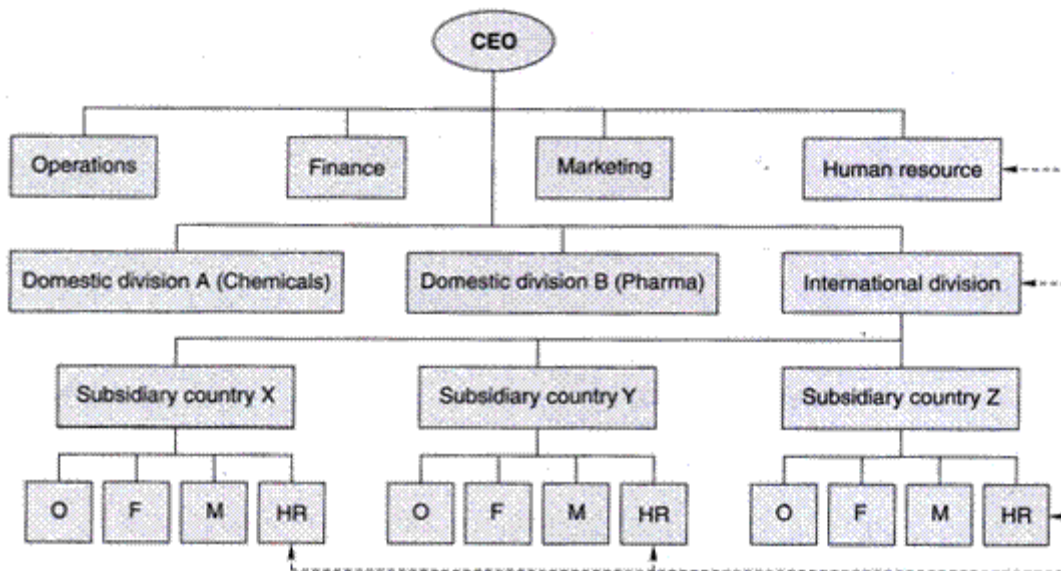
A group does not necessarily constitute a team. Teams normally have members with complementary skills and generate synergy through a coordinated effort which allows each member to maximize their strengths and minimize their weaknesses. Naresh Jain (2009) claims:

Team members need to learn how to help one another, help other team members realize their true potential, and create an environment that allows everyone to go beyond his or

her limitations. Teams can be broken down into from a huge team or one big group of people, even if these smaller secondary teams are temporary.

## International Organization Structure

As the foreign operations of a company grow, businesses often realize the overseas growth opportunities and an independent international division is created which handles all of a company's international operations. The head of international division, who directly reports to the chief executive officer, coordinates and monitors all foreign activities.



The in-charge of subsidiaries reports to the head of the international division. Some parallel but less formal reporting also takes place directly to various functional heads at the corporate headquarters.

The corporate human resource department coordinates and implements staffing, expatriate management, and training and development at the corporate level for international assignments. Further, it also interacts with the HR divisions of individual subsidiaries.

The international structure ensures the attention of the top management towards developing a holistic and unified approach to international operations. Such a structure facilitates cross-product and cross-geographic co-ordination, and reduces resource duplication.

Although an international structure provides much greater autonomy in decision-making, it is often used during the early stages of internationalization with relatively low ratio of foreign to domestic sales, and limited foreign product and geographic diversity.

It aims to focus the attention of key functions of a firm wherein each functional department or division is responsible for its activities around the world. For instance, the operations department controls and monitors all production and operational activities; similarly, marketing, finance, and human resource divisions co-ordinate and control their respective activities across the world. Such an organizational structure takes advantage of the expertise of each functional division and facilitates centralized control.

# Coordination

Coordination is necessary for all managerial functions. In organising work, managers must see that no activity remains unassigned. In staffing, managers must ensure the availability of competent people to handle assigned duties. In directing organisational activities, managers must synchronise the efforts of subordinates and motivate them through adequate rewards. In controlling organisational activities, managers must see that activities are on the right path, doing right things, at the right time and in the right manner. Thus, coordination transcends all managerial functions.

## Need for Coordination

The need for coordination arises from the fact that literally all organisations are a complex aggregation of diverse systems, which need to work or be operated in concert to produce desired outcomes. In a large organisation, a large number of people process the work at various levels. These people may work at cross purposes if their efforts and activities are not properly coordinated. To simplify the picture, one could decompose an organisation into components such as management, employees, customers, suppliers and other stakeholders. The components perform interdependent activities aimed at achieving certain goals. To perform these activities, the actors require various types of inputs or resources. It may be difficult to communicate the policies, orders and managerial actions on a face-to-face basis. Personal contact is, rather, impossible and formal methods of coordination become essential. Usually, in an organisation, work is divided along functional lines, resulting in specialists taking care of manufacturing, financing, personnel, marketing functions. Over a period of time, these specialists tend to limit their ability to look beyond their own narrow speciality and become more interested in developing their own departments. Coordination between such employees is must so as to let them mingle with the others in various departments. Importance of Coordination Coordination is important to the success of any enterprise. It helps an organisation in the following ways: Coordination pulls all the functions and activities together. Waste motions, overlapping and duplication of efforts, misuse of resources are, thus, prevented. Coordination, enables an organisation to use its resources in an optimum way. The resources flow through productive channels, paving the way for required quality and quantity of output. Efficiency is thus improved. Coordination brings unity of action and direction. Members begin to work in an orderly manner, appreciating the work put in by others. They understand and adjust with each other by developing mutual trust, cooperation and understanding. They move closer to each other. In short, it improves human relations.

## Coordination Process

Coordination cannot be achieved by force or imposed by authority. Achieving coordination through executive orders is a futile exercise. It can be achieved through person-to-person, side-by-side relationships. Achieving effective coordination is a sequential process. It is possible only when the following conditions are fulfilled.

**1. Clearly defined and understood objectives:** Every individual and each department must understand what is expected of them by the organisation. Top management must clearly state the objectives for the enterprise, as a whole. As pointed out by Terry, "there must be commonness of purpose, in order to unify efforts". The various plans formulated in the enterprise must be interrelated and designed to fit together.

**2. Proper division of work:** The total work must be divided and assigned to individuals in a proper way. Here, it is worth noting the principle, 'a place for everything and everything in its place'.

**3. Good organisation structure:** The various departments in the organisation must be grouped in such a way that work moves smoothly from one phase to another. Too much specialisation may complicate the coordination work.

**4. Clear lines of authority:** Authority must be delegated in a clear way. The individual must know, what is expected of him by his superior(s). Once authority is accepted, the subordinate must be made accountable for results, in his work area. There should be no room for overlapping of authority and wastage of effort(s).

**5. Regular and timely communication:** Personal contact is generally considered to be the most effective means of communication for achieving coordination. Other means of communication such as records, reports, may also be used in order to supply timely and accurate information to various groups in an organisation. As far as possible, common nomenclature may be used so that individuals communicate in the 'same language'.

**6. Sound leadership:** According to McFarland, real coordination can be achieved only through effective leadership. Top management, to this end, must be able to provide (i) a conducive work environment, (ii) proper allocation of work, (iii) incentives for good work, etc. It must persuade subordinates, to have identity of interests and to adopt a common outlook.

### **Types of Coordination**

On the basis of scope and flow in an organisation, coordination may be classified as internal and external; vertical and horizontal.

**1. Internal and external coordination:** Coordination between the different units of an organisation is called 'internal coordination'. It involves synchronisation of the activities and efforts of individuals, in various departments, plants and offices of an organisation.

The coordination between an organisation and its external environment, consisting of government, customers, investors, suppliers, competitors, etc., is known as 'external coordination'. No organisation operates in isolation. In order to survive and succeed, it must set its house in order, and interact with outside forces in a friendly way.

**Vertical and horizontal coordination:** Coordination between different levels of an organisation is called 'vertical coordination'. It is achieved by top management, through delegation of authority. When coordination is brought between various positions, at the same level in the organisation (i.e., between production, sales, finance, personnel, etc.) it is called 'horizontal coordination'. Horizontal coordination is achieved through mutual consultations and cooperation.

### **Techniques of Coordination**

The following are the important techniques of co-ordination which are widely used by modern management:

**1. Co-ordination by common purpose:** The oldest as well as the most important device for achieving co-ordination is the supervisor. The main duty of a supervisor is to see that his subordinates are working in an efficient manner. He directs them, commands them and controls their efforts. According to Webber, by commanding, managers and supervisors can co-ordinate the efforts of their instructions and by direction and motivation they can co-ordinate their efforts. If the span of management is limited, this technique will be very effective in comparison to others.

In the words of L.A. Allen, "A manager, in managing, must co-ordinate the work for which he is accountable, by balancing, timing and integrating it."

**2. Co-ordination through managerial functions:** Of the different phases of managerial functions, some aspects like communication, leadership and authority delegation also have unique contribution towards co-ordination. Effective communication is basic to proper co-ordination. Communication of information is necessary both for making adjustments in plans and for preparing programmes for future.

- (a) Planning is necessary to ensure proper utilization of human & non-human resources. In this pursuit, it brings about coordination in the organization.
- (b) Organizing relates to determining & providing human and non-human resources to the organizational structure. For this, coordination is needed.
- (c) Staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed in the structure. Effective staffing involves coordinating these sub-functions effectively.
- (d) Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals, one of which is coordination.
- (e) Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished. Effective controlling paves way for effective coordination.

**3. Co-ordination by simplified organisation:** Organisation is a very important device for achieving co-ordination. In the modern large-scale organisations, there is tendency towards over-specialisation. It leads to bureaucracy and division in different departments. So, some benefits of specialisation should be sacrificed and such an organisational structure should be developed in which the authority and functions of several departments will be clearly defined but interacting. Re-arrangement of departments may also be considered to bring about a greater harmony among the various wings of the organisation.

**4. Harmonised programmes and policies:** Excellent opportunities for co-ordination are provided by the process of planning. The plans prepared by different individuals and departments should be checked up for consistency. The management must ensure that all plans add up to the unified programme.

**5. Co-ordination by group meetings:** Group meetings are also effective for achieving a high quality of co-ordination. Such meetings bring the officials together and provide opportunities for co-ordination.

**6. Co-ordination through liaison men:** For external co-ordination it is a very important and a popular device nowadays. Mostly, large organisation employs liaison officers to maintain relations with government and other agencies.

**7. Voluntary Co-ordination:** Co-ordination by self-co-ordination was proposed by A. Brown and Sinon. Co-ordination should not be imposed from the above. Ideal co-ordination is the voluntary co-ordination. This can be secured by installing dominant objectives among people, developing, generally accepted customs, encouraging informal contacts, providing for inter-personal and inter-departmental contacts and using committees for informal exchange of ideas and views.

## **The Difficulties of Coordination are as follows:**

### **1. Differences in Orientation towards Particular Goals:**

Members of different departments develop their own views about how best to advance the interests of the organisation. To sales people, product variety may take precedence over product quality. Accountants may see cost control as most important to the organisation's success, while marketing managers may regard product design as most essential.

### **2. Differences in Time Orientation:**

Some members of an organisation, such as production managers, will be more concerned with problems that have to be solved immediately or within a short period of time. Others, like members of a research and development team, may be preoccupied with problems that may take years to solve.

### **3. Differences in Interpersonal Orientation:**

In some organisational activities, such as production, there may be relatively more formal ways of communicating and decision-making. In other activities such as R and D, the style of communication and decision-making may be informal. Everyone may be encouraged to have a say and to discuss his ideas with others.

#### **4. Differences in Formality of Structure:**

Each unit in the organisation may have different methods and standards for evaluating progress towards objectives and for rewarding employees. In a production department, where quantity are rigidly controlled, the evaluation and reward process might be quite formal.

Employees will be judged quickly on how they will meet or exceed well-defined performance criteria. In the personnel department, on the other hand, standards of performance may be much more loosely defined.

#### **Differences between Co-ordination and Co-operation**

<b>Basis</b>	<b>Co-ordination</b>	<b>Co-operation</b>
Meaning	It is an orderly arrangement of group efforts in pursuit of common goals.	It means mutual help willingly.
Scope	It is broader than co-operation which includes as well because it harmonizes the group efforts.	It is termed as a part of co-ordination.
Process	The function of co-ordination is performed by top management.	The functions of co-operation are prepared by persons at any level.
Requirements	Co-ordination is required by employees and departments at work irrespective of their work.	Co-operation is emotional in nature because it depends on the willingness of people working together.
Relationship	It establishes formal and informal relationships.	It establishes informal relationship.
Freedom	It is planned and entrusted by the central authority & it is essential.	It depends upon the sweet will of the individuals and therefore it is not necessary.
Support	It seeks wholehearted support from various people working at various levels.	Co-operation without co-ordination is fruitless & therefore it may lead to unbalanced developments.



# Staffing

## Meaning

Staffing means putting people to jobs. It begins with human resource planning and includes different other functions like recruitment, selection, training, development, promotion and performance appraisal of work force.

## Need and Importance of Staffing :-

1. **Obtaining Competent Personnel** : Proper staffing helps in discovering and obtaining competent personnel for various jobs.
2. **High Performance** : Proper staffing ensures higher performance by putting right person on the right job.
3. **Continuous growth** : Proper staffing ensures continuous survival and growth of the enterprise.
4. **Optimum utilization of human resources** : It prevents underutilization of personnel and high labour cost.
5. **Improves job satisfaction** : It improves job satisfaction and morale of employee.

**Human Resource Management:** (HRM) The function of Human Resource Management is to provide skilled human elements to the enterprises. Therefore big enterprises create a separate department called HRD. This department works under H.R. Managers.

**Definition** : Human Resource management is the recruitment, selection, development, utilization, compensation and motivation of human resources of the organization.

**Staffing as a part of Human Resource Management** : The scope of Human Resource Management is wider than staffing. It involves staffing, reaping personnel records, providing expert service and other works. It facilitates procurement and placement of right people on the right jobs.

## **The nature of staffing as a part of HRM is discussed in following points :-**

1. Staffing is people centred and is relevant in all types of organization and with all categories of personnel from top to bottom.
2. It is duty of every manager to perform the staffing activities. In many enterprises, Personnel Department is established to provide assistance to managers in performing their staffing function.
3. Staffing function is concerned with training, development and performance appraisal of human resources.

## **PROCESS OF STAFFING :**

### **1. Estimating Manpower Requirement** : It involves the following:-

- (a) Making inventory of current human resources in terms of qualification, training & skills.
- (b) Assessing future human resource needs of all departments.
- (c) Developing a programme to provide the human resources. Job Analysis is an intensive way of finding details related to all jobs.

**2. Recruitment** : It refers to identification of the sources of manpower availability and making efforts to secure applicants for the various job positions in an organization.

**3. Selection** : It is the process of choosing and appointing the right candidates for various jobs in an organization through various exams, tests & interviews.

**4. Placement and Orientation** : When a new employee reports for duty, he is to be placed on the job for which he is best suited. Placement is very important process as it can ensure. “ Right person for right job”. Orientation / Induction is concerned with the process of introducing a new employee to the organization. The new employees are familiarized with their units, supervisors and fellow employees. They are also to be

informed about working hours, procedure for availing leave, medical facilities. history and geography of organization and rules / regulations relating to their wages etc.

**5. Training and Development** - Systematic training helps in increasing the skills and knowledge of employees in doing their jobs through various methods. Development involves growth of an employee in all respects. It is the process by which the employees acquire skills and competence to do their present jobs and increase their capabilities for higher jobs in future.

**6. Performance Appraisal** - It is concerned with rating or evaluating the performance of employees. Transfers and promotions of the staff are based on performance appraisal.

### **RECRUITMENT:**

Recruitment may be defined as the process of searching for prospective employees and stimulating them to apply for jobs in the organisation.

Sources of Recruitment :- (A) Internal Sources (B) External Sources

Internal Sources of Recruitment :- Internal sources refer to inviting candidates from within the organisation.

#### **Following are important sources of internal recruitment:-**

1. Transfers :- It involves the shifting of an employee from one job to another, from one department to another or from one shift to another shift.
2. Promotions :- It refers to shifting an employee to a higher position carrying higher responsibilities, prestige, facilities and pay.
3. Lay off :- To recall the temporary worker for work is called Lay-off, who were temporarily separated from organisation due to lack of work.

#### **Advantages of Internal Sources Recruitment :-**

- (1) Employees are motivated to improve their performance.
- (2) Internal recruitment also simplifies the process of selection & placement.
- (3) No wastage of time on the employee training and development.
- (4) Filling of jobs internally is cheaper.

Limitation of Internal Sources :-

- (1) The scope for induction of fresh talent is reduced.
- (2) The employee may become lethargic.
- (3) The spirit of competition among the employees may be hampered.
- (4) Frequent transfers of employees may often reduce the productivity of the organisation.

External Sources of Recruitment :-

When the candidates from out side the organisation are invited to fill the vacant job position then it is known as external recruitment. **The common methods of external sources of recruitments are:**

1. Direct Recruitment :- Under the direct recruitment, a notice is placed on the notice board of the enterprise specifying the details of the jobs available.
2. Casual callers : Many reputed business organisations keep a data base of unsolicited applicants in their office. This list can be used for Recruitment.
3. Advertisement : - Advertisement in media is generally used when a wider choice is required. Example- Newspapers, Internet, Radio, Television etc.
4. Employment Exchange : Employment exchange is regarded as a good source of recruitment for un skilled and skilled operative jobs.
5. Campus recruitment and labour contractors can be used for the purpose.

Merits of External Sources :-

1. Qualified Personnel : By using external source of recruitment the management can attract qualified and trained people to apply for the vacant jobs in the organisation.
2. Wider Choice : The management has a wider choice in selecting the people for employment.

3. Fresh Talent : It provides wider choice and brings new blood in the organisation.
4. Competitive Spirit : If a company taps external sources, the staff will have to compete with the outsiders.

### **Limitations of External Sources of Recruitment :-**

1. Dissatisfaction among existing employees :- Recruitment from outside may cause dissatisfaction among the employees. They may feel that their chances of promotion are reduced.
2. Costly process : A lot of money has to be spent on advertisement therefore this is costly process.
3. Lengthy Process : It takes more time than internal sources of recruitment

### **Selection :**

Selection is the process of choosing from among the candidates from within the organisation or from outside, the most suitable person for the current position or for the future position.

### **PROCESS OF SELECTION**

The successive stages in selection process are :-

**1. Preliminary Screening** : After applications have been received, they are properly checked as regarding qualification etc. by screening committee. A list of candidates to be called for employment test is made and unsuitable candidates are rejected altogether.

**2. Selection Tests: These tests include :**

(a) Psychological tests which are based on assumption that human behaviour at work can be predicted by giving various tests like aptitude, personality test etc.

(b) Employment test for judging the applicant's suitability for the job.

**3. Employment Interviews:** The main purpose of interview is (a) to find out suitability of the candidates.(b) to seek more information about the candidate. (c) to give the candidate an accurate picture of job with details of terms and conditions.

**4. Reference Checks** - Prior to final selection, the prospective employer makes an investigation of the references supplied by the applicant. He undertakes a thorough search into candidates' family background, past employment, education, police records etc.

**5. Selection Decisions** : A list of candidate who clear the employment tests, interviews and reference checks is prepared and then the selected candidates are listed in order of merit.

**6. Medical / Physical Examination** : A qualified medical expert appointed by organization should certify whether the candidate is physically fit to the requirements of a specific job. A proper physical exam will ensure higher standard of health & physical fitness of employees thereby reducing absenteeism.

**7. Job Offer** : After a candidate has cleared all hurdles in the selection procedure, he is formally appointed by issuing him an Appointment Letter. The broad terms and conditions, pay scale are integral part of Appointment Letter.

**8.Contract of Employment** : After getting the job offer, the candidate has to give his acceptance. After acceptance, both employer and employee will sign a contract of employment which contains terms & conditions , pay scale, leave rules, hours of work, mode of termination of employment etc.

**9.Training** : Training is the act of increasing the knowledge and technical skills of an employee for doing a particular job efficiently for existing employees and new employees to get acquainted with their jobs and increasing job related skills.

### **Benefits to the Organisation :-**

1. It enhances employee's productivity and quality.
2. Training increases employee's morale.

3. Employees get new technical knowledge.
4. Efficient use of machines.

#### **Benefits to the Employee :-**

1. Improved skills and knowledge of employee.
2. Increased performance by the individual help him to earn more.
3. Less accidents.
4. Training increases the satisfaction and morale of the employee.

#### **Placement**

Placement is a process of assigning a specific job to each of the selected candidates. It involves assigning a specific rank and responsibility to an individual. It implies matching the requirements of a job with the qualifications of the candidate.

The **significances of placement** are as follows: -

- \* It improves employee morale.
- \* It helps in reducing employee turnover.
- \* It helps in reducing absenteeism.
- \* It helps in reducing accident rates.
- \* It avoids misfit between the candidate and the job.
- \* It helps the candidate to work as per the predetermined objectives of the organization.

#### **Problems of Placement**

Some problems might crop up while placing an employee on a job. These problems could include:

- Employee expectations form the job.
- Expectation form the employers are more than the employee's ability or skills.
- Technological changes might result in mismatch between the job and the employee.
- Change in the organisational structure may result in changes in the job. These changes

result in a misfit between the employee and the job

#### **Induction**

Once an employee is selected and placed on an appropriate job, the process of familiarizing him with the job and the organization is known as induction. Induction is the process of receiving and welcoming an employee when he first joins the company and giving him basic information he needs to settle down quickly and happily and stars work.

#### **What are the objectives of induction**

Ans. Induction is designed to achieve following objectives: -

- \* To help the new comer to overcome his shyness and overcome his shyness nervousness in meeting new people in a new environment.
- \* To give new comer necessary information such as location of a café, rest period etc.
- \* To build new employee confidence in the organization.
- \* It helps in reducing labor turnover and absenteeism.
- \* It reduces confusion and develops healthy relations in the organization.
- \* To ensure that the new comer do not form false impression and negative attitude towards the organization.
- \* To develop among the new comer a sense of belonging and loyalty to the organization.

#### **What are the advantages of formal induction?**

Ans. The advantages of formal induction are: -

- \* Induction helps to build up a two-way channel of communication between management and workers.
- \* Proper induction facilitates informal relation and team work among employee.

- \* Effective induction helps to integrate the new employee into the organization and to develop a sense of belonging.
- \* Induction helps to develop good relation.
- \* A formal induction programme proves that the company is taking interest in getting him off to good start.
- \* Proper induction reduces employee grievances, absenteeism and labor turnover.
- \* Induction is helpful in supplying information concerning the organization, the job and employee welfare facilities.

### **What are the contents of induction programme?**

Ans. A formal induction programme should provide following information: -

- \* Brief history and operations of the company.
- \* The company's organization structure.
- \* Policies and procedure of the company.
- \* Products and services of the company.
- \* Location of department and employee facilities.
- \* Safety measures.
- \* Grievances procedures.
- \* Benefits and services of employee.
- \* Standing orders and disciplinary procedures.
- \* Opportunities for training, promotions, transfer etc.
- \* Suggestion schemes.
- \* Rules and regulations.

### **Methods/Techniques of Induction**

- 1) Online Orientation:- it help in delivering suitable and worthwhile material and easy notes to new appointees at any location and at any time.
- 2) E-Mail:- Through e-mail it can pass an initial message telling new a appointees about how to take part in online orientation.
- 3) Videos:- Through making videos for orientation programme is now considered. Including video file in the online orientation programme is also gaining popularity.
- 4) Orientation Kits:- the orientation kit can be as simple as a folder, an envelop etc. it generally include
  1. Welcome letter
  2. Employee hand book
  3. Personnel and their respective position
  4. Process of accessing online orientation resource
  5. Product brochures
  6. List of local amenities.