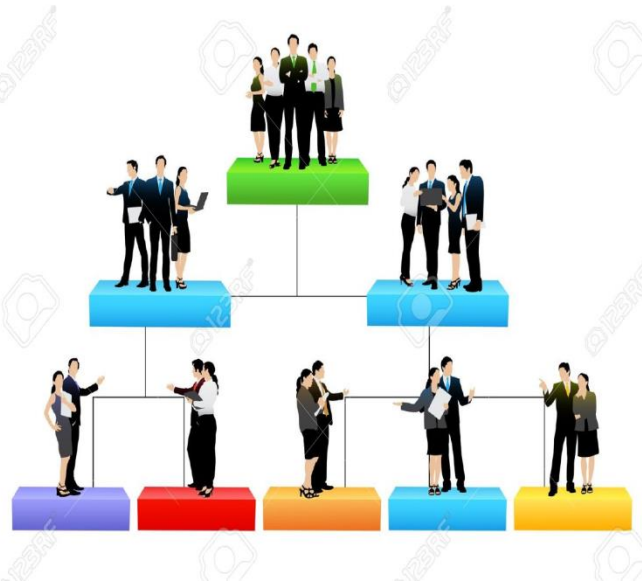




# ORGANIZING



# **NATURE OF ORGANIZATION**

- **“ORGANISATION REFERS TO STRUCTURE WHICH REFERS TO IDENTIFYING AND GROUPING WORK,DEFINING AND DELEGATING RESPONSIBILITY AND AUTHORITY AND ESTABLISHING RELATIONSHIPS.”**

**-ALLEN**

- **ORGANISATION SHOULD BE DESIGNED TO CLARIFY WHO IS TO DO WHAT AND WHO IS RESPONSIBLE FOR WHAT RESULTS.**
- **ORGANISATION CAN BE USED TO DENOTE AN ENTERPRISE, COMPANY OR FIRM.**
- **BUT FOR MOST PRACTISING MANAGERS, ORGANISATION CAN BE DENE AS:**
  - **“ORGANIZATION PROVIDES THE STRUCTURE, THE FRAME ON WHICH THE MANAGEMENT OF THE ENTERPRISE IS BASED”**

# **NATURE OF ORGANIZATION**

**THE TERM ORGANIZATION IS USED IN TWO DIFFERENT SENSES:**

- **IT IS USED TO DENOTE PROCESS OF ORGANIZING: DEFINING AND GROUPING THE ACTIVITIES OF THE ENTERPRISE AND ESTABLISHING THE AUTHORITY RELATIONSHIP BETWEEN THEM**
- **IT IS USED TO DENOTE THE RESULT OF THAT PROCESS CALLED ORGANIZATION STRUCTURE**
- **THE FOLLOWING ARE THE MAIN CHARACTERISTICS OF ORGANISATION:**
  - ❖ **EVERY ORGANISATION HAS A PURPOSE OR A GOAL**
  - ❖ **IT HAS A CLEAR CONCEPT OF THE MAJOR DUTIES OR ACTIVITIES REQUIRED TO ACHIEVE THE PURPOSE**
  - ❖ **CLASSIFICATION OF ACTIVITIES INTO JOBS**
  - ❖ **ESTABLISHMENT OF RELATIONSHIP BETWEEN THESE JOBS IN ORDER TO ENSURE COORDINATION**
- **THERE ARE TWO TYPES OF ORGANISATION:**
  - ❖ **FORMAL ORGANIZATION**
  - ❖ **INFORMAL ORGANISATION**

# PURPOSE OF ORGANISATION

- **THE BASIC PURPOSE OF HAVING ORGANIZATION IS TO FORMULATE A FRAME OF STRUCTURE OF AN ENTERPRISE WITH A VIEW TO FULFILL THE ENTERPRISE TASKS.**
- **THE PURPOSE INCLUDES THE FOLLOWING LOGICAL COMPONENTS:**
  - i. **ESTABLISHES THE PATTERN OF RELATIONSHIP BY GIVING DUTIES AND RESPONSIBILITIES TO AN INDIVIDUAL GROUP.**
  - ii. **DEMARCATES THE AUTHORITY, RESPONSIBILITY AND DUTIES OF EACH INDIVIDUAL GROUP.**
  - iii. **IT TELLS EACH MANAGER WHERE HIS ACCOUNTABILITY LIES AND WHO ARE IN HIS SPHERE OF COMMAND.**
  - iv. **PROVIDES ADEQUATE COMMUNICATION**
  - v. **COORDINATES AND CONTROLS THE ACTIVITIES OF INDIVIDUALS OR GROUPS TO ACHIEVE COMMON OBJECTIVES.**

# PRINCIPLES OF ORGANISATION



OBJECTIVES



SPECIALISATION



SPAN OF CONTROL



MANAGEMENT BY EXCEPTION PRINCIPLE



SCALAR PRINCIPLE



UNITY OF COMMAND



DELEGATION



AUTHORITY

# PRINCIPLES OF ORGANISATION



RESPONSIBILITY



EFFICIENCY



SIMPLICITY



FLEXIBILITY



BALANCE



UNITY OF DIRECTION

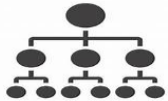


PERSONAL ABILITY

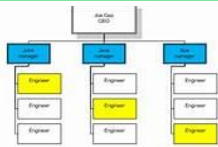


ACCEPTABILITY

# TYPES OF ORGANISATION

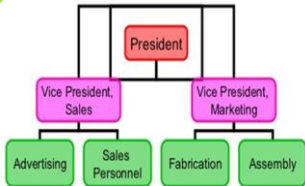


## LINE ORGANISATION



Yellow boxes show team members  
Blue boxes show project coordination  
**Functional Organization**

## FUNCTIONAL ORGANISATION

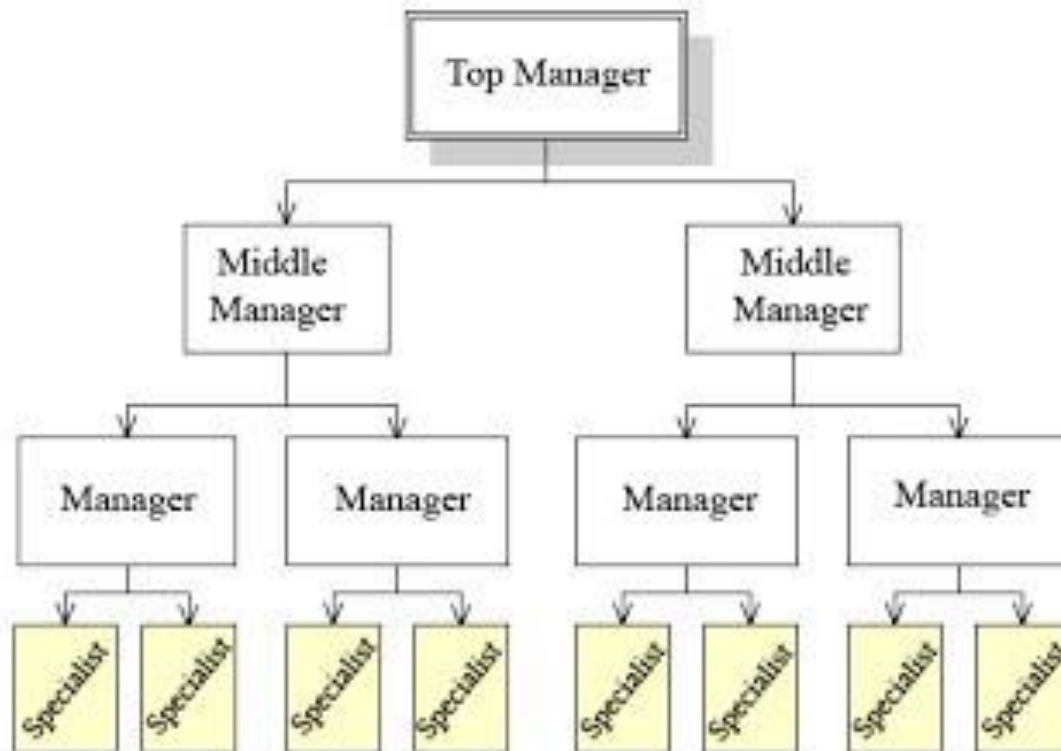


## LINE AND STAFF ORGANISATION



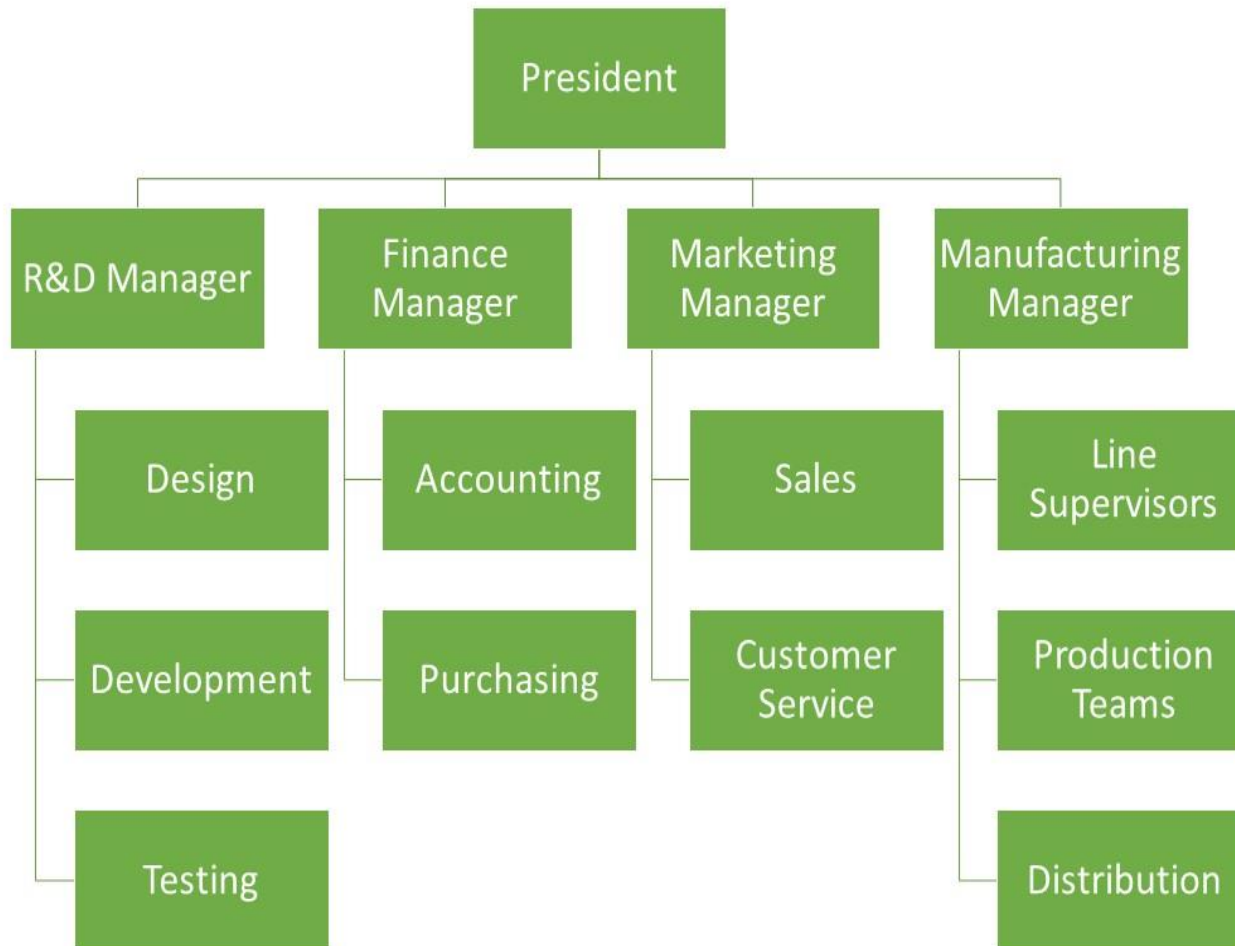
## MATRIX ORGANISATION

# LINE ORGANISATION

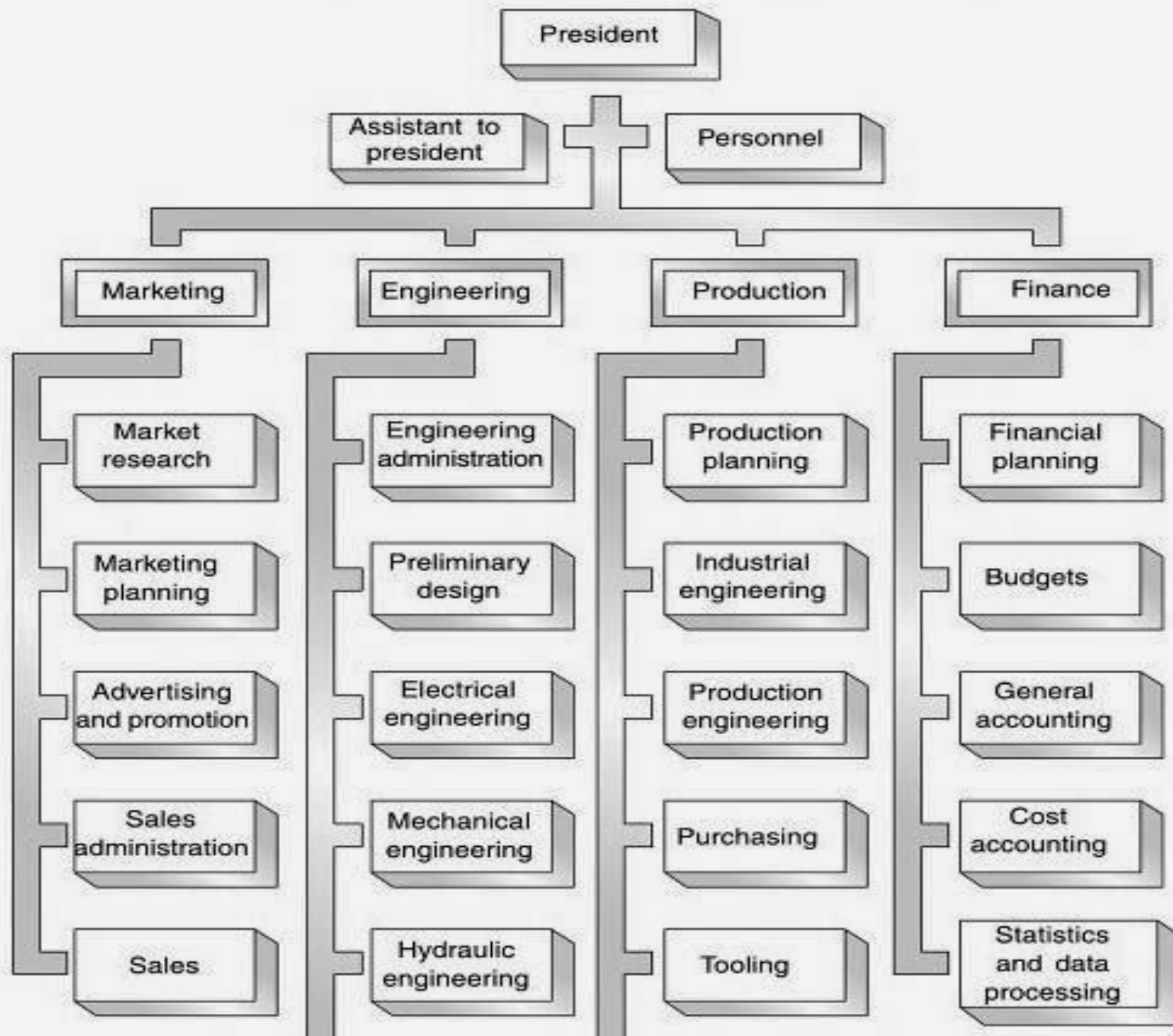




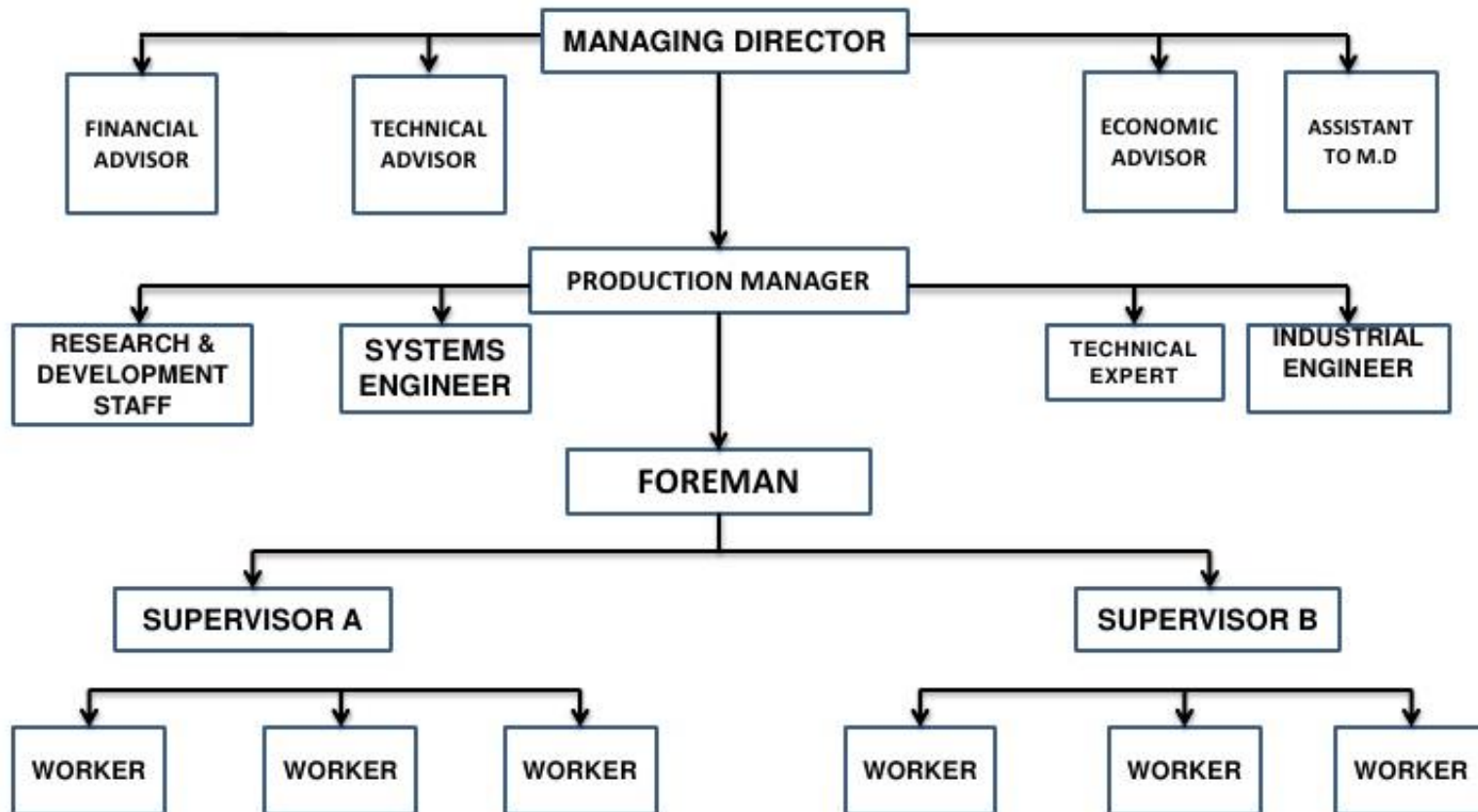
# FUNCTIONAL ORGANISATION



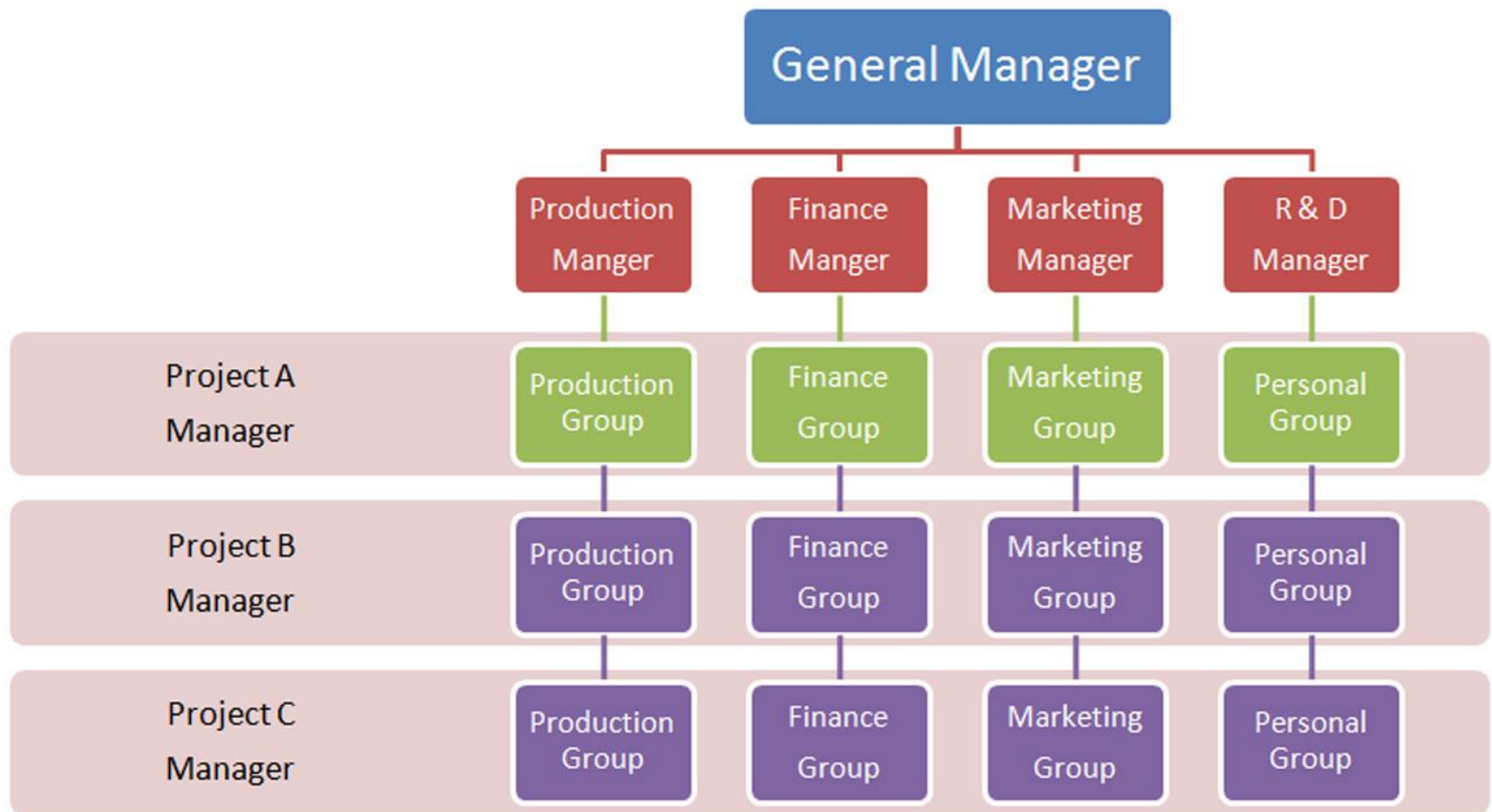
## A Functional Organization Grouping (in a Manufacturing Company).



# LINE AND STAFF ORGANISATION



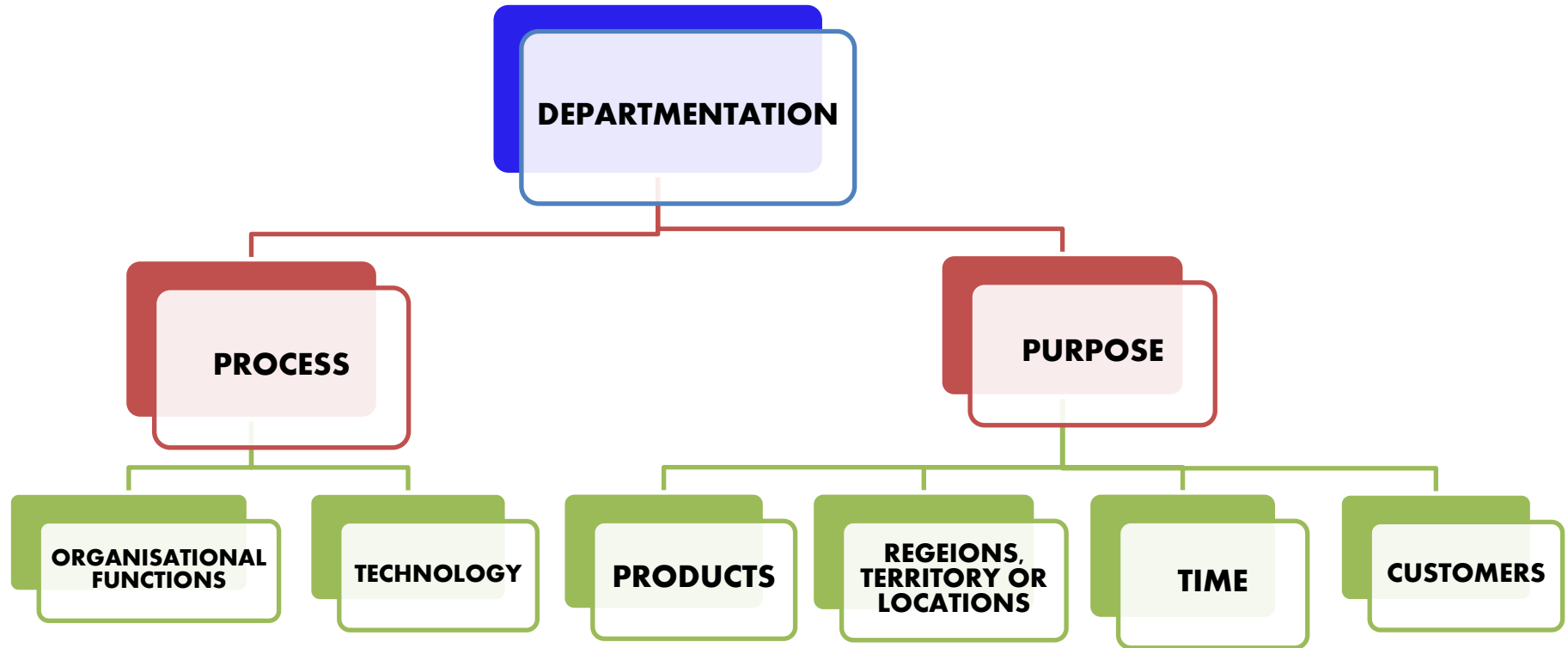
# MATRIX ORGANISATION



# DEPARTMENTATION

- THE HORIZONTAL DIFFERENTIATION OF TASKS OR ACTIVITIES INTO DISCRETE SEGMENTS IS CALLED DEPARTMENTATION.
- THE AIM IS TO TAKE ADVANTAGE OF THE DIVISION OF LABOUR AND SPECIALISATION UPTO A CERTAIN LIMIT.
- THERE ARE SEVERAL BASES FOR DEPARTMENTATION DEPENDING UON THE NATURE AND SIZE OF ORGANISATION,GOALS, STRATEGIES AND ENVIRONMENT.
- TWO BROAD CATEGORIES OF DEPARTMENTATION:
  - ❖ PROCESS DEPARTMENTATION
  - ❖ PURPOSE DEPARTMENTATION

# DEPARTMENTATION



# DEPARTMENTATION BASED ON FUNCTIONS

- **Departmentation is done on the basis of activities or functional analysis**
- **Each major activity or function is grouped into a department**
- **Examples:**
  - ❖ **Manufacturing company: Production, recruitment, finance, sales etc.**
  - ❖ **Insurance Company: underwriting, claims, sales etc.**



**Recruitment**



**Marketing & Sales**



**Productions/Operations**



**Finance**

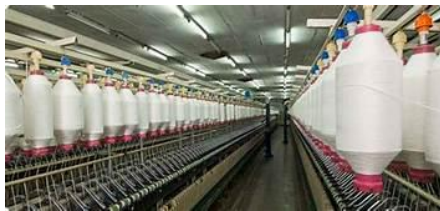


# DEPARTMENTATION BASED ON TECHNOLOGY

- **Departmentation is done on basis of several discrete stages in the process or technology involve in the manufacture of a product.**
- **Examples:**
  - **Vegetable oil production company: Crushing, Refining and Finishing.**
  - **Cotton textile mill: Ginning, spinning, weaving, dyeing and printing, packaging and sales**



**Ginning**



**Spinning**



**Weaving**



**Dyeing and printing**



# DEPARTMENTATION BASED ON PRODUCTS

- Under this method, for each main product, a separate self contained department is created under the charge of a manager who may also be made responsible for producing a profit of a given magnitude.
- Within each department, all the needed manufacturing, engineering, marketing, manpower and other facilities are assembled.
- Product departmentation is the logical pattern to follow when each product requires raw materials, manufacturing technology and marketing methods that are markedly different from those used by other products in the organization.
- Examples:
- Hindustan Lever: manufacturing Detergents, toiletries, chemicals and Agro based products



# DEPARTMENTATION BASED ON CUSTOMERS

- **A enterprise may be divided into a number of departments on the basis of customers that it services.**
- **Examples:**
  - ❖ **An electronics firm may have separate Department for military, Industrial and consumer customers**
  - ❖ **A big Automobile servicing Company may have different department for servicing cars, heavy vehicles and scooters**



Military



Industrial



Consumer

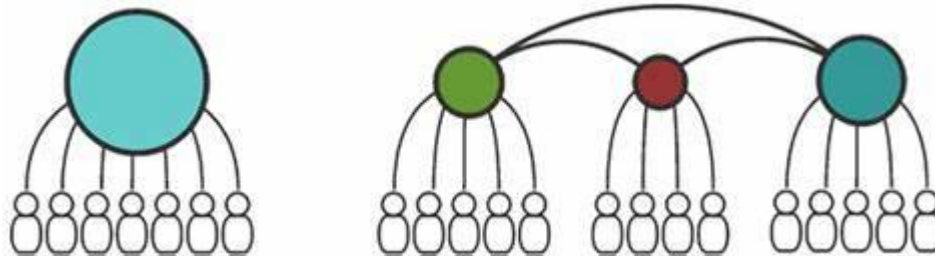
# DEPARTMENTATION BASED ON LOCATION

- **WHEN SEVERAL PRODUCTION OR MARKETING UNITS OF AN ORGANIZATION ARE GEOGRAPHICALLY DISPERSED IN VARIOUS LOCATIONS, ITS LOGICAL TO DEPARTMENTALISE THOSE UNITS ON A GEOGRAPHICAL BASIS.**
- **EXAMPLES:**
- **HOTEL CHAIN MIGHT DECIDE TO ESTABLISH GEOGRAPHICAL DIVISIONS AND MAKE ONE OFFICER RESPONSIBLE FOR THE OPERATIONS OF ALL HOTELS WITHIN HIS DIVISION.**
- **THE INDIAN RAILWAYS ARE DEPARTMENTALISED ON THIS BASIS: NORTHERN RAILWAYS, WESTERN RAILWAYS, SOUTHERN RAILWAYS, EASTERN RAILWAYS, CENTRAL RAILWAYS ETC.**



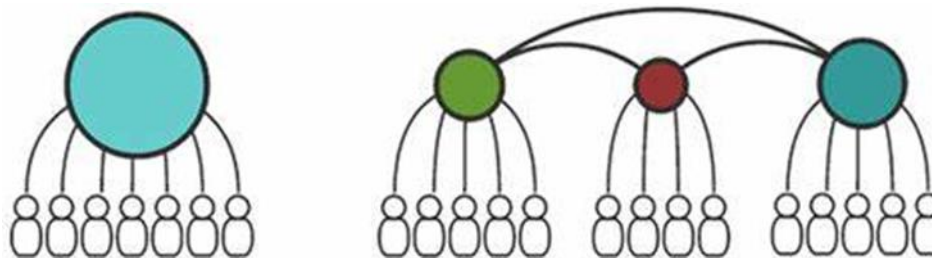
# CENTRALISATION VS DECENTRALISATION

- ORGANIZATION AUTHORITY IS THE DEGREE OF DISCRETION CONFERRED ON PEOPLE TO MAKE IT POSSIBLE FOR THEM TO USE THEIR JUDGEMENT BY GIVING THEM POWER TO USE THEIR OWN DECISIONS AND ISSUE INSTRUCTIONS.
- DEGREE OF CENTRALISATION AND DECENTRALISATION IS TO DECIDE HOW MUCH AUTHORITY SHOULD BE CONCENTRATED OR DESPERSED THROUGH OUT THE ORGANISATION
- “CENTRALIZATION” IS THE SYSTEMATIC AND CONSISTENT RESERVATION OF AUTHORITY AT CENTRAL POINTS IN THE ORGANIZATION.



# CENTRALISATION VS DECENTRALISATION

- UNDER CENTRALIZATION, THE IMPORTANT AND KEY DECISIONS ARE TAKEN BY THE TOP MANAGEMENT AND THE OTHER LEVELS ARE INTO IMPLEMENTATIONS AS PER THE DIRECTIONS OF TOP LEVEL.
- DECENTRALIZATION IS A SYSTEMATIC DELEGATION OF AUTHORITY AT ALL LEVELS OF MANAGEMENT AND IN ALL OF THE ORGANIZATION.
- IN A DECENTRALIZATION CONCERN, AUTHORITY IS RETAINED BY THE TOP MANAGEMENT FOR TAKING MAJOR DECISIONS AND FRAMING POLICIES CONCERNING THE WHOLE CONCERN. REST OF THE AUTHORITY MAY BE DELEGATED TO THE MIDDLE LEVEL AND LOWER LEVEL OF MANAGEMENT.

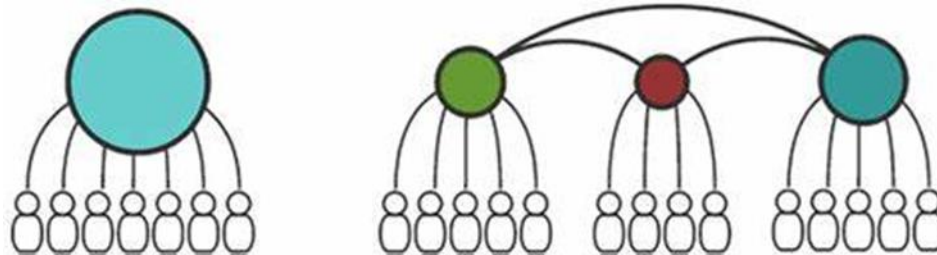




# CENTRALISATION VS DECENTRALISATION

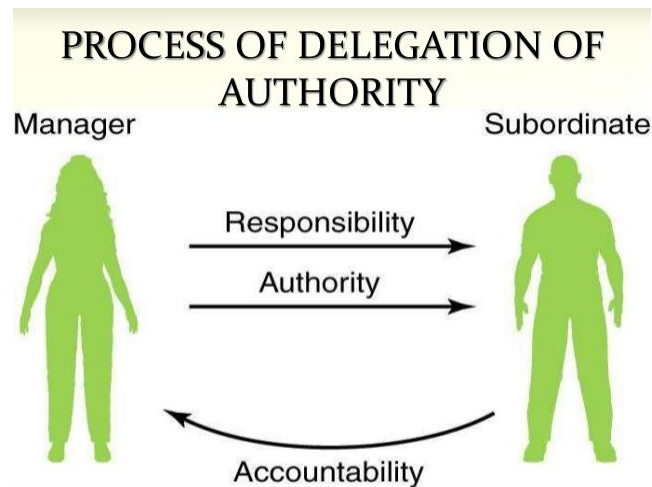
## IMPLICATIONS OF DECENTRALIZATION:

- I. THERE IS LESS BURDEN ON THE CHIEF EXECUTIVE AS IN THE CASE OF CENTRALIZATION.
- II. IN DECENTRALIZATION, THE SUBORDINATES GET A CHANCE TO DECIDE AND ACT INDEPENDENTLY WHICH DEVELOPS SKILLS AND CAPABILITIES. THIS WAY THE ORGANIZATION IS ABLE TO PROCESS RESERVE OF TALENTS IN IT.
- III. IN DECENTRALIZATION STRUCTURE, OPERATIONS CAN BE COORDINATED AT DIVISIONAL LEVEL WHICH IS NOT POSSIBLE IN THE CENTRALIZATION SET UP.
- IV. IN THE CASE OF DECENTRALIZATION STRUCTURE, THERE IS GREATER MOTIVATION AND MORALE OF THE EMPLOYEES SINCE THEY GET MORE INDEPENDENCE TO ACT AND DECIDE.
- V. IN A DECENTRALIZATION STRUCTURE, CO-ORDINATION TO SOME EXTENT IS DIFFICULT TO MAINTAIN AS THERE ARE LOT MANY DEPARTMENT DIVISIONS.



# DELEGATION OF AUTHORITY

- **DELEGATION OF AUTHORITY MEANS DIVISION OF AUTHORITY AND POWERS DOWNWARDS TO THE SUBORDINATE.**
- **DELEGATION IS ABOUT ENTRUSTING SOMEONE ELSE TO DO PARTS OF YOUR JOB.**
- **DELEGATION OF AUTHORITY CAN BE DEFINED AS SUBDIVISION AND SUB-ALLOCATION OF POWERS TO THE SUBORDINATES IN ORDER TO ACHIEVE EFFECTIVE RESULTS.**
- **IT INVOLVES FOLLOWING STEPS:-**
  1. **ASSIGNMENT OF TASKS AND DUTIES**
  2. **GRANTING OF AUTHORITY**
  3. **CREATING RESPONSIBILITY AND ACCOUNTABILITY**



# PRINCIPLES OF DELEGATION

RECEPTIVENESS

WILLINGNESS TO LET GO

WILLINGNESS TO LET OTHERS MAKE MISTAKES

WILLINGNESS TO TRUST SUBORDINATES

WILLINGNESS TO ESTABLISH AND USE BROAD  
CONTROLS



# **DIFFICULTIES IN DELEGATION**

## **1. ON THE PART OF BOSS**

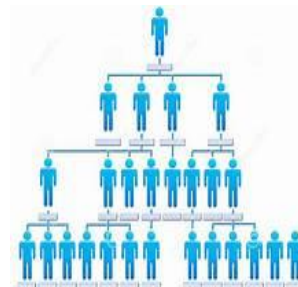
- **“I CAN DO IT BETTER MYSELF” FEELING.**
- **LACK OF ABILITY TO DIRECT**
- **LACK OF CONFIDENCE AND TRUST IN SUBORDINATES**
- **CONSERVATIVE TEMPERMENT**

## **2. ON THE PART OF SUBORDINATES**

- **OVER DEPENDENCE ON BOSS FOR DECISIONS**
- **FEAR OF CRITICISM**
- **LACK OF SELF CONFIDENCE**
- **LACK OF INFORMATION AND RESOURCES TO DO A PARTICULAR JOB EFFECTIVELY**
- **INADEQUATE POSITIVE INCENTIVES**

# SPAN OF CONTROL

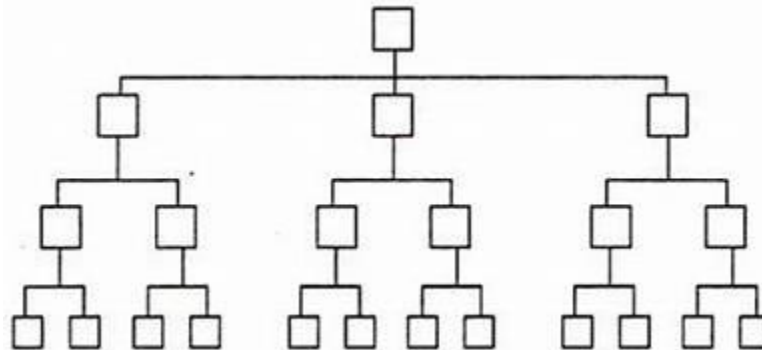
- **SPAN OF MANAGEMENT OR CONTROL REFERS TO THE NUMBER OF SUBORDINATES WHO REPORT TO A MANAGER OR NUMBER OF SUBORDINATES A MANAGER CAN EFFECTIVELY SUPERVISE.**
- **A MANAGER SHOULD NOT HAVE MORE SUBORDINATES THAN HE CAN EFFECTIVELY MANAGE.**
- **SPAN OF MANAGEMENT AFFECTS THE EFFICIENT UTILIZATION OF MANAGERS AND EFFECTIVE PERFORMANCE OF SUBORDINATES.**
- **BECAUSE OF VARIOUS LIMITATIONS, AN EXECUTIVE CAN SUPERVISE WELL ONLY A LIMITED NUMBER OF SUBORDINATES.**
- **RELATIONSHIP BETWEEN SPAN AND ORGANIZATIONAL LEVELS ARE AS FOLLOWS:**
- **A WIDE SPAN OF MANAGEMENT IS ASSOCIATED WITH FEW ORGANIZATIONAL LEVELS.**
- **A NARROW SPAN OF CONTROL IS ASSOCIATED WITH MANY ORGANIZATIONAL LEVELS.**



# SPAN OF CONTROL

## ORGANIZATIONS WITH NARROW SPAN:

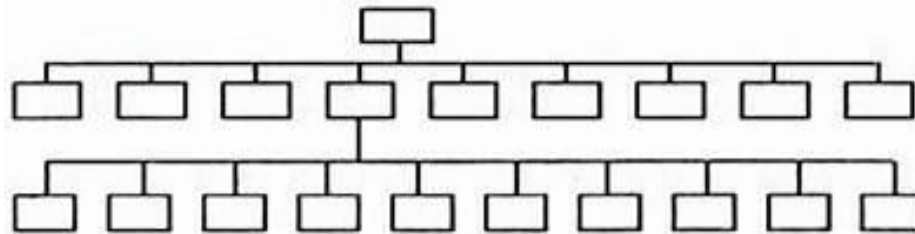
- **ADVANTAGES:**
  - **CLOSE SUPERVISION**
  - **CLOSE CONTROL**
  - **FAST COMMUNICATION BETWEEN SUBORDINATES AND SUPERIORS.**
- **DISADVANTAGES:**
  - **MANY LEVELS OF MANAGEMENT**
  - **HIGH COST DUE TO MANY LEVELS OF MANAGEMENT SUPERIORS GET TOO MUCH INVOLVED IN SUBORDINATED'S WORK.**
  - **COMPLICATES PLANNING AND CONTROL PROCESS.**



# SPAN OF CONTROL

## ORGANIZATIONS WITH WIDE SPAN:

- **ADVANTAGES:**
  - **SUPERIORS ARE FORCED TO DELEGATE**
  - **CLEAR POLICIES MUST BE MADE**
  - **SUORDINATES MUST BE CAREFULLY SELECTED**
  - **LESS NUMBER OF MANAGEMENT LEVELS**
- **DISADVANTAGES:**
  - **OVERLOADING OF SUPERIORS.**
  - **DANGER OD SUPERIORS LOSS OF CONTROL**
  - **REQUIRES MANAGERS OF EXCEPTIONAL QUALITIES**



# MANAGEMENT BY OBJECTIVES(MBO)

- **Management by objectives (MBO) is a systematic and organized approach that allows management to focus on achievable goals and to attain the best possible results from available resources.**
- **It is also referred to as results management or Management by results.**
- **Its main aim is to increase the effectiveness of managers by placing responsibility.**
- **MBO is a process, in which General Manager and his subordinates jointly identify common objectives, define individuals responsibility and use these as measures as in achieving company goals.**
- **Setting challenging but attainable objectives promotes motivation and empowerment of employees.**



# MANAGEMENT BY EXCEPTION(MBE)

- **Management by exception is a management system where business results are compared against the results that were either budgeted or planned.**
- **Management by Exception is an employee empowerment and management style, policy or philosophy wherein managers intervene only when their employees fail to meet their performance standards or when things go wrong.**
- **If the personnel are performing as expected, the manager will take no action.**
- **Time and effort should not be wasted focusing on employees or parts of the organization where things are going smoothly.**



# COMMITTEES

- **COMMITTEE IS A GROUP OF PEOPLE WHO HAVE BEEN FORMALLY ASSIGNED SOME TASK OR SOME PROBLEM FOR THEIR DECISION OR IMPLEMENTATION**
- **PRINCIPLES:**
  1. **THE NUMBER OF PERSONS IN A COMMITTEE SHOULD DEPEND UPON NEED( ABOUT 5 TO 10 PERSONS)**
  2. **RESPONSIBILITY, AUTHORITY, OBJECTIVES, DUTIES OF THE COMMITTEE SHOULD BE CLEARLY DEFINED.**
  3. **AGENDA OF THE COMMITTEE SHOULD BE PROPOSED OR COMMUNICATED TO THE COMMITTEE AT LEAST WEEK BEFORE THEY MEET FOR DISCUSSIONS.**
  4. **PROBLEMS WHICH CAN BE TAKEN CARE BY AN INDIVIDUAL SHOULD NOT BE INCLUDED IN THE AGENDA OF THE COMMITTEES.**
  5. **COMMITTEE MEETING SHOULD BEGIN AND END ON PREFIXED TIMINGS.**
  6. **THE RECOMMENDATIONS MADE BY COMMITTEE SHOULD BE PUBLISHED AND CIRCULATED TO INTERESTED AND CONCERNED PERSONS.**
  7. **COMMITTEE SHOULD BE DISSOLVED AFTER PURPOSE IS OVER.**



# COMMITTEES



- **COMMITTEES CAN BE BROADLY CLASSIFIED AS:**
  - **ADVISORY COMMITTEE**
  - **EXECUTIVE COMMITTEE**
- **ADVISORY COMMITTEE:**
  - **WHENEVER COMMITTEES ARE NOT VESTED WITH AUTHORITY, THEY ARE KNOWN AS ADVISORY COMMITTEE.**
  - **ADVISORY COMMITTEES ONLY HAVE RECOMMENDATORY ROLE.**
  - **THEY CANNOT ENFORCE IMPLEMENTATION OF THEIR ADVICE OR RECCOMENDATION.**
  - **EXAMPLES: WORKS COMMITTEE, SALES COMMITTEE, FINANCE COMMITTEE.**
- **EXECUTIVE COMMITTEE:**
  - **WHENEVER COMMITTEES ARE VESTED WITH AUTHORITY, THEY ARE CALLED EXECUTIVE COMMITTEES.**
  - **EXECUTIVE COMMITTEES NOT ONLY TAKE DECISIONS BUT ALSO ENFORCE DECISIONS.**
  - **EXAMPLES: BOARD OF DIRECTORS**
- **COMIITTEES CAN ALSO BE CLASSIFIED AS:**
  - **STANDING COMMITTEES**
  - **ADHOC TASK FORCES**





SUCCESS IS  
THE SUM OF  
SMALL  
EFFORTS,  
REPEATED DAY  
IN AND DAY  
OUT.

YOUR MIND IS A GARDEN.  
YOUR THOUGHTS ARE THE SEEDS...  
YOU CAN GROW  
FLOWERS,  
OR YOU CAN GROW  
WEEDS...



**ALL THE BEST**

Never doubt your abilities  
for a moment in life...  
Wish you good luck and



Education is our  
passport to the  
future, for  
tomorrow  
belongs to the  
people who  
prepare for it  
today  
-Malcolm X