

# Organising

**Concept:** Is the process which coordinates human efforts, assembles resources and integrates both into a unified whole for the achievement of the organisational objectives.

## Steps in the Organising Process:

1. **Identification and division of work:** Division of work into manageable activities according to the plan.
2. **Departmentalisation:** activities of a similar nature are grouped together.
3. **Assignment of duties:** Allocation of job positions according to their skills and competencies.
4. **Establishing reporting relationships:** that each individual knows from whom he has to take orders and to whom is he accountable.

## Importance of Organising:

1. **Specialisation:** systematic allocation of jobs reduces workload and enable higher productivity as a specific worker performs a specific job regularly.
2. **Clarity in working relationships:** Clarifies line of communication and removes ambiguity in transfer of information.
3. **Optimum utilisation of resources:** avoiding duplication of work and minimising wastage of resources and efforts.
4. **Adaptation to change:** by allowing the enterprise to suitably modified itself according to the changes in business environment by providing a smooth transaction.
5. **Effective administration:** as clear reporting relationships removes confusion and enables easy and effective administration.
6. **Development of personnel:** as the delegation of work gives the manager time and opportunity to explore and develop better plans.
7. **Expansion and growth:** by allowing a business enterprise to add more job positions, departments and even diversify their product lines.

## Organisation Structure: Functional and Divisional

**Organisation structure:** the framework within which managerial and operating tasks are performed.

<b>Basis</b>	<b>Functional organisation</b>	<b>Divisional organisation</b>
<b>Formation</b>	Formation is based on functions.	Formation is based on product & supported by functions.
<b>Specialisations</b>	Functional specialisation.	Product specialisation.
<b>Responsibility</b>	Difficult to fix on a department.	Easy to fix for performance
<b>Managerial efficiency</b>	Difficult, as functional manager have to report to top.	Easier, autonomy & chance to develop management.
<b>Cost</b>	No duplication of function hence economical.	Duplication of resources leads to operation costly.
<b>Suitability</b>	For company with lesser different type of product.	Multi-product company

**Functional Structure:** It refers to grouping of jobs of similar nature under major functions and organising these as separate departments.

### **Advantages:**

1. **Functional Specialisation:** as a person performs same task regularly.
2. **Better control and coordination within department:** as there is similarity in task performed.
3. **Increases managerial and operational efficiency:** as grouping is based on function (job/work) it becomes easier to perform managerial task.
4. **Minimizes duplication of work:** grouping based on work/function reduces wastage of efforts and resources, more economic.
5. **Facilitates Training:** as the focus is only on a limited range of skills.

### **Disadvantages:**

1. **Less Emphasis on Organisational:** as the objectives pursued by the functional head will be given more importance.
2. **Coordination Problem between departments:** as the departments are functionally different from each other.
3. **Inter-Departmental Conflicts.**
4. **Inflexibility:** people with same skill and knowledge base may not be able to reach to the top management.

**Divisional Structure:** organisational structure comprising of separate business units or divisions, created on a certain basis, e.g., product manufactured

### **Advantages:**

1. **Product Specialisation:** in this type of structure the personnel have diversified skills and can opt for the higher position.
2. **Easy to fix Accountability:** as groups are based on products, the divisional head is responsible for the performance of their division.
3. **Flexibility and Initiative:** as each department is autonomous unit which leads to faster decision.
4. **Facilitates Expansion and Growth:** enables to the organisation to add new division without disturbing the existing.

### **Disadvantages:**

1. **Conflicts:** on issues like allocation of resources.
2. **Expensive:** as there is duplication of efforts and resources, it makes the operation of the organisation expensive.
3. **Negligence of Organisational objective:** Divisional Interest are kept over the organisational objectives.

### **Formal and informal organisation:**

**Formal Organisation:** the organisation structure which is designed and established by the management to achieve organizational objectives.

**Informal Organisation:** Interaction among people at work gives rise to a 'network of social relationships among employees' called the informal organization.

<b>Basis</b>	<b>Formal organisation</b>	<b>Informal organisation</b>
<b>Meaning</b>	Structure of authority relationship created by the management.	Network of social relationships.
<b>Origin</b>	Arises as a result of company's rule and policies.	Arises as a result of social interactions.
<b>Behaviour</b>	It is directed by rules.	No set of behaviour pattern.
<b>Flow of communication</b>	Communication takes place through the scalar chain.	Flow of communication is not through a planned route.
<b>Nature</b>	Rigid	Flexible
<b>Leadership</b>	Managers are leaders.	Leader are chosen by the group.

### **Delegation:**

**Concept:** Delegation refers to transfer of authority from a superior to his immediate subordinate. Delegation refers to the downward transfer of authority from a superior to a subordinate.

### **Elements of Delegation:**

1. **Responsibility:** Responsibility means the obligation of a subordinate to properly perform the task assigned to him by his superior.
2. **Accountability:** Accountability means answerability for the final outcome of the assigned work.

### **Importance of Delegation:**

1. **Employee Development:** Delegation gives opportunities to employees to learn new work and to show their skills.

- 2. Effective Management:** due to delegation work is distributed among employees, it allows managers more time to work on more important tasks of organisation.
- 3. Motivation of Employees:** as it assures the scope of promotion and appreciation, they feel themselves as a part of organisation which motivates them.
- 4. Better Coordination:** With the help of elements of delegation one can clearly define powers, duties, and answerability of each position in organisation.
- 5. Facilitates Growth:** Delegation helps in expansion of organisation as it helps in preparation of a ready force of employees to take up leading positions.

### **Decentralisation:**

**Concept:** Decentralisation means systematic delegation of authority throughout all the levels of the organization.

### **Importance of Decentralisation:**

- 1. Develops initiative among subordinates:** as lower managerial level is given freedom to take decision it helps them to develop proper judgment and confidence on their own decision.
- 2. Develops managerial talent for the future:** decentralisation gives them insight to real world situations and experience of handling them help in development of managerial talent.
- 3. Quick decision making:** as the lower managerial level have freedom within a limit to take decision, it reduces decision taking time, as no need to follow entire communication chain for each decision.
- 4. Relief to top management:** It allows top managers to invest their valuable effort and time towards policy and higher-level decisions making rather than operational decisions.
- 5. Facilitates growth:** as operational divisional heads have better understanding of their department and foster competition among them which generates higher returns.

6. **Better Control:** it makes possible to evaluate performance and contribution of each level and department towards organisational objectives.

**Delegation vs Decentralisation:**

<b>Basis</b>	<b>Delegation</b>	<b>Decentralisation</b>
<b>Nature</b>	Delegation is compulsory act as no individual can perform all task on his own	Decentralisation is an optional policy decision.
<b>Freedom of action</b>	Subordinates have less freedom to take the decision.	Subordinate have greater freedom to take decision.
<b>Status</b>	To share task	Result of policy decision
<b>Scope</b>	Narrow limited to the immediate subordinate	Wider as the authority is delegated throughout the organisation
<b>Purpose</b>	Lessen the burden of the manager	To increase the participation of subordinates

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