

## Chapter: 5

# ORGANISING

Organising is the second management function which establishes relationships between activity and authority. It is the process of determining and grouping of activities, arrangement of needed resources (Physical, Financial and Human) and establishes productive relationship among them for the attainment of business objectives. It involves grouping of activities, allocation of work and giving up duties and responsibilities among the members. Thus each job holder is clear about his duties, responsibilities and to whom he is accountable. It creates the structure of an organisation and aims to enable people to work together for a common purpose.

“Organising is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most efficiently together in accomplishing objectives”

-Louis A. Allen

## STEPS IN THE PROCESS OF ORGANISING

Organising process involves the following steps:

1. Division of Work.
2. Grouping of Jobs in to departments.
3. Establishing authority relationships.
4. Co-ordination of Activities.

### 1. Division of Work:

The first step in the process of organising is dividing the total work in to set of activities called jobs. Each job consists of specialised tasks and

objectives of the organisation. This step is an essential one because no one has the ability to perform the entire work. More over it facilitates specialization of work and skill.

## **2. Grouping of Jobs in to departments:**

The second step in the process of organising is making departments (divisions or sections). For this purpose group the similar or related jobs in to large units. This grouping process is called department. After creating departments, they should be linked together on the basis of their interdependence.

Generally grouping of jobs should be conducted on the basis of organization's functions, products manufactured etc.

## **3. Establishing authority relationships:**

Creation of authority relationship among the job holders and job positions is the third step in the process of organising. This means linking all the members in an organisation on the basis of authority-responsibility relationship. This helps to create an authority structure, which reveals superior-subordinate relationship and chain of command.

## **4. Co-ordination of Activities:**

Due to the implementation of division of work, each part of the work is performed by different workers or departments. So it should be coordinated for the attainment of group goal. This step ensures each employee do the work as per the assigned, without making conflicts or overlaps with the work of others.

# **IMPORTANCE OF ORGANISING**

The process of organising leads to the creation of the structure of an organisation. A sound organisation can contribute to the success of an enterprise in many ways. Following are the importance of organising:

1. Specialisation
2. Role clarity

3. Clarifies authority and power
4. Avoids duplication of work
5. Co-ordination
6. Source of support and security
7. Adaptation
8. Promotes human relations

### **1. Specialisation:**

Organising promotes specialisation, speedy performance of task and efficiency. This is because in the process of organising total activities are divided into small jobs and allocate to each members in the organisation. So a worker has to carry out only a small part of a particular job and get the opportunity of doing the same work again and again.

### **2. Role clarity:**

The jobs of managers and non-managers are clearly defined and differentiated. What task and activities to be carried out at a particular job are clearly explained through job description.

### **3. Clarifies authority and power:**

Each manager's authority and their area of decision making are clearly defined during the process of organising. So each manager knows to whom they have the right to command. It also provides knowledge about their responsibilities. This helps the managers to minimises conflict and confusion about their respective powers and privileges

### **4. Avoids duplication of work:**

Organising gives a clear idea about the work to be performed by each member. So each member does only the work which assigned to him. This process helps to avoid duplication and overlapping of work and responsibilities among various workers and work units.

### **5. Co-ordination:**

Organising act as a system for unification of people efforts. It makes clear the role of each people or department. So they work as per guidelines which lead to co-ordination.

#### **6. Source of support and security:**

Organising is a source of support, security and satisfaction to managers and non-managers. It reveals the status and position of each member and helps in performing their assigned task properly.

#### **7. Adaptation:**

Organising adapts various changes which gives adequate scope for the development of technology. Such changes will not affect adversely to the system of jobs, departments and authority in an organisation.

Example: When a worker retires from a job, new one will be placed to it and enables the work to be done without any delay.

#### **8. Promotes human relations:**

Organising helps the workers to work in a free and fair atmosphere. It will promote a sound human relation among the members in the organisation.

## **STRUCTURE OF ORGANISATION**

Organisation structure refers to the network of vertical and horizontal authority relationship among different positions and various personnel occupying these positions in an organisation. It establishes a pattern of relationship. It lays down the arrangement of job positions, assignment of personnel to it, authority relationship among various positions, communication structure and way of coordination. It provides a basis for managers and non-managers to do their work.

While building a structure of an organisation following elements should take in to consideration:

1. Job design
2. Departmentation

3. Span of control
4. Delegation of Authority

### **1. Job design:**

While building a structure of an organisation give prior consideration for designing the job. This means define the activities and related tasks in each jobs and qualities, skills and qualifications required to do that job. This is because managers must specify the jobs to workers for getting the job done through them.

### **2. Departmentation:**

Once jobs are defined, give importance to group similar jobs under one department and one manager. This process of grouping employees and activities in to various departments is known as Departmentation. This makes easier to coordinate various jobs towards group goal.

### **3. Span of control:**

Give importance to span of control while building the structure of an organisation. Span of control means No: of subordinates a manager can manage effectively. It helps to decide how many people and jobs one manager can manage and made responsible for. Span of control varies according to the nature of industry and type of products/services involved by the organisation. It also clarifies the chain of command and established who will responsible to whom.

### **4. Delegation of Authority:**

Give some degree of authority to subordinates to do the job perfectly. So determine the power of each member to perform the job is another consideration take in to account while deciding the structure of an organisation.

## **TYPES OF STRUCTURE OF ORGANISATION**

Management scholars and thinkers have developed various types of organisation structure to suit the needs of organisation. Among them most commonly found forms are:

A. Functional Structure

B. Divisional Structure

### **A. Functional Structure**

Functional structure is a structure based on grouping the entire work to be done into major functional departments. In this structure each major function of business is organized as departments like production, marketing, finance and personnel. The major functions may be further divided into sections and sub-sections. This type of organisation work will be always in the shape of a pyramid.

### **B. Divisional Structure**

In this type of organizational structure activities and personnel are grouped on the basis of different products manufactured. Within each product group there are personnel for researching, manufacturing and marketing jobs. In this structure personnel concentrate only on one product line in which they belong and they are responsible for its division's profit.

## **FORMAL AND INFORMAL ORGANISATION**

### **Formal Organisation**

An organisation which is designed and established by management for the attainment of certain goals is known as formal organisation. It is a consciously designed network of official authority-responsibility relationship and communication flow, which helps to divide, allocate and coordinate the activities of the organisation. It is a structure of well defined jobs each having defined objectives, authority and responsibility.

### **Informal Organisation**

Informal organisation originates from within the formal organisation to meet the cultural and social needs of organizational members. When several individuals work together for achieving certain organizational goals, they came to know each other's cultural needs and interest. They associate themselves to fulfill such interests and needs. The network of this social group based on friendship and human consideration is called informal organisation.

## **DISTINGUISH BETWEEN FORMAL AND INFORMAL ORGANISATION**

<b>No</b>	<b>Basis</b>	<b>Formal</b>	<b>Informal</b>
1.	Formation	Consciously planned and created by top management.	Arise spontaneously as a result of social interaction among the people.
2.	Purpose	To achieve the pre determined goals of the organisation.	To satisfy social and cultural needs of the members and to fulfill their common interest.
3.	Behavior of members	Behavior and performance of members are laid down and enforced by management.	Behavior and performance of members are based on mutual consent, which is called group norms.
4.	Structure	It has a clear cut and well defined structure of task and relationship.	It does not have a clear-cut structure.

5.	Communication	Communication flows through official channels.	Flow of communications are based on convenience
6.	Leadership	Managers are leaders appointed officially	Leaders are chosen voluntarily by managers.
7	Stability	It is usually stable.	It has only a temporary existence. Its objectives are changed according to the needs of the members.
8	Adherence of rules	Violation of rule may lead to penalties.	No such punishment.
9	Interdependence	It is independent from informal organisation	It exists within the frame work of formal organisation.

## **DELEGATION OF AUTHORITY**

The word delegation is derived from the Latin, which means to substitute a person with adequate authority to act for others. In the same sense the term 'delegation' is used in management.

When an organisation grow in size it will be difficult to a manager to perform the entire managerial work entrusted to him. However there are certain unique works which the manager must do himself. So in order to

reduce his managerial burden, he gives some part of his authority to his subordinates and gets the work done through them.

Delegation of authority means downward transferring of some part of manager's work (Responsibility) along with adequate authority to his immediate subordinates. It is the process of giving responsibility (work) and authority and creating accountability to a person to whom managerial work has been given. It reduces the work load of managers and enables them to concentrate on more important matters.

Delegation is not an abdication process. This means when a manager transfers his work to a subordinate, he cannot escape from the answerability or accountability for the default made by the subordinate to his superior for that work.

## **ELEMENTS OF DELEGATION**

The elements of delegation are:

### **1. Responsibility**

It is the work assigned to a subordinate.

### **2. Authority**

It is the power or right needed to perform a given responsibility.

### **3. Accountability**

It is the obligation of subordinate to report his manager that he has completed the assigned responsibility.

There is a close relationship between authority and responsibility. Granting authority without responsibility leads to misuse of it. If sufficient authority is not given subordinates cannot discharge the assigned work.

## **IMPORTANCE OF DELEGATION**

Following are the importance of delegation of authority:

### **1. Reduces managers work load:**

It reduces the work load of managers. It enables them to concentrate on important aspects of their work and make better use of their valuable time and ability.

### **2. Basis of superior-subordinate relationship:**

It creates a superior-subordinate relationship among managers. It helps to direct and regulate the flow of authority from top to bottom in an organisation.

### **3. Quick decision making:**

It helps the organisation to take quick decisions within the policy framework by the subordinates without consulting his superior. This helps to do the functions of an organisation smoothly.

### **4. Motivates Subordinates:**

It creates a feeling of getting some freedom, which leads to job satisfaction. They become more willing to work hard and achieve the targets delegated to him. This it promotes a sense of initiative and accountability among employees.

### **5. Technique of training:**

It allows the subordinates to take decisions independently. It gives opportunity to employees to learn the job of managers and thereby develops the skill of leadership and creativity. So it makes them prepare to be the future managers of the organisation.

### **6. Business Growths:**

It prepares executives for the future. When the business grows they can use these subordinates as managers and can face the future challenges better.

### **7 Human relations:**

When a work is delegated to a subordinate means boss is trusted with subordinates and the subordinate become more accountable to boss. Thus it helps to maintain a good relationship among the members in the organisation by creating mutual trust and faith.

## **DECENTRALISATION**

Decentralisation refers to systematic delegation of authority at all levels of management. It is a mechanism of pushing down of authority to lower levels in an organisation. An organisation is said to be decentralized when managers at middle and lower levels have the right to take decisions regarding their functions.

Generally top management retains the authority for taking decisions, framing policies and coordination of the organisation.

## **IMPORTANCE OF DECENTRALISATION**

Following are the importance of decentralisation:

### **1. Reduces of work load of top management:**

Top management will get more time to plan, develop new strategies and concentrate on coordination and control, because they are not engaging in common and day to day problems. Such problems are handed by middle and bottom level managements. So the work load of top management will reduced.

### **2. Improving motivation:**

Decentralisation improves motivation of employees because it encourages lower levels to take decisions without seeking approval from higher levels. It gives employees a sense of importance, recognition and responsibility.

### **3. Improves team work:**

In a decentralized organisation, managers at various levels have autonomy, so that they can lead the activities of subordinates under them. Moreover it encourages the participation of subordinates in decision making process, open communication and soon. These factors lead to improve team work.

#### 4 Executive development:

Decentralisation leads for the development of future executives. Through this process lower level a manager learn the art of doing decision making authority and prepares them for promotion to higher levels.

#### 5 Quick decision making:

In a decentralized organisation, decision making power is distributed to all levels of management. So each levels can take decisions without the consent of top authority, but must be within the policy frame work of the organisation. In other words, decision making is kept near to the point of action. This speed up the process of action.

### **DISTINCTION BETWEEN DELEGATION AND DECENTRALISATION**

<b>DELEGATION</b>	<b>DECENTRALISATION</b>
1) It is the process of transferring some part of manager's work along with adequate authority to his immediate subordinates by the managers.	It is a systematic delegation of authority at all levels of management.
2) An organisation cannot function without delegation.	An organisation can function even without decentralisation.
3) It is used by the management as a technique to train subordinates.	It is a method to manage the business when it expands.
4) Ultimate responsibility cannot	Responsibility, authority and

be delegated	accountability are distributed among various levels.
5) It is possible and effective in all organisation	It is possible and effective only in big organisations.
6) It establishes superior subordinate relationship	It is a step to create semi autonomous units.

**The End**