



Organising

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Meaning of Organising

- Organising can be defined as “identifying and grouping different activities in the organisation and bringing together the physical, financial and human resources to establish the most productive relations for the achievement of specific goals”.
- Definition:- ‘Organising is the process of defining and grouping the activities of the enterprise and establishing authority relationship among them’.

Features of Organising

- Division of Work
- Coordination
- Plurality of Persons
- Common Objectives
- Organisation is the Machine of Management

Process of Organising

Identification and
Division of Work

Departmentalisation

Assignment of
Duties

Establishing
Reporting
Relationship

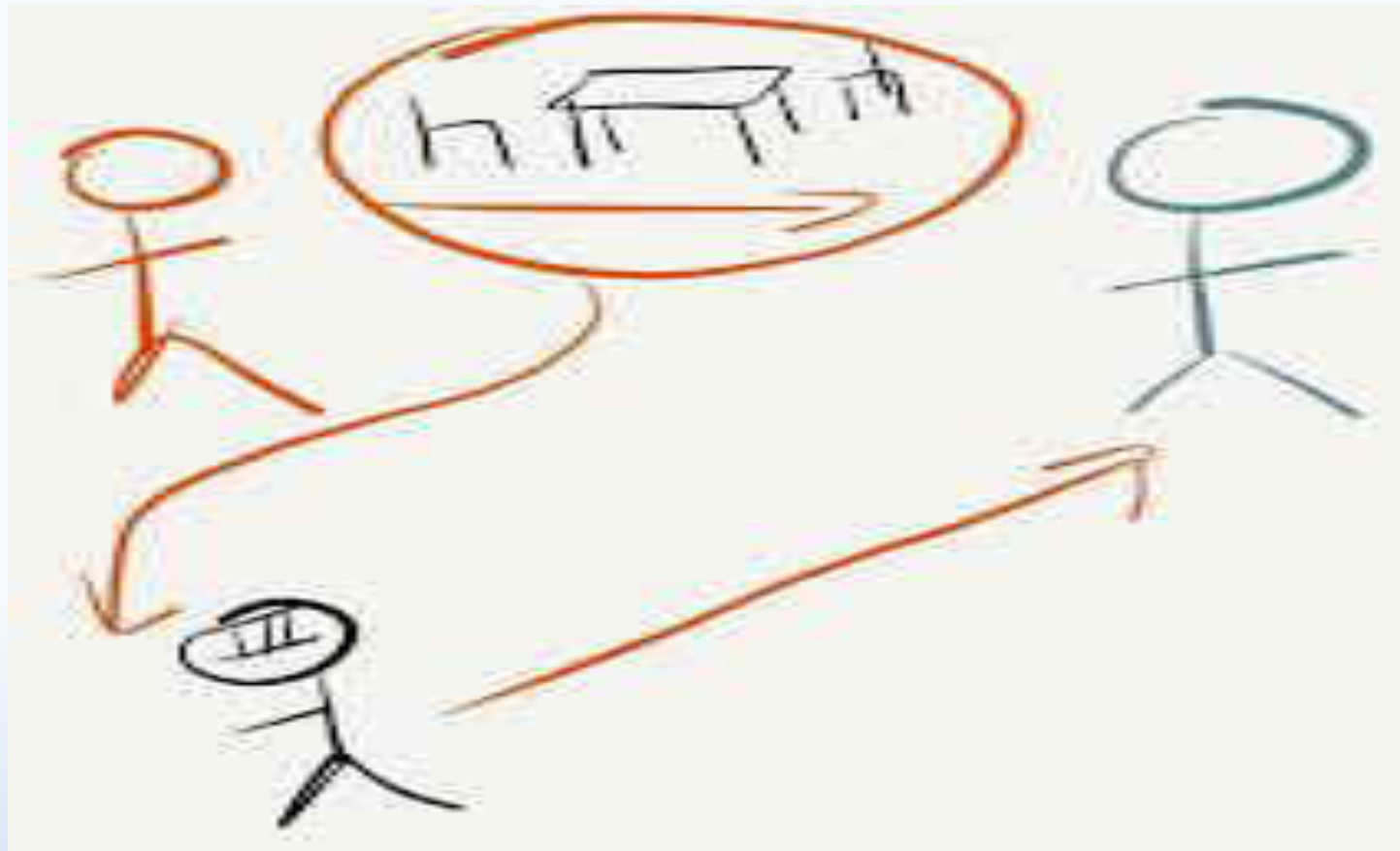
1. Identification and Division of Work



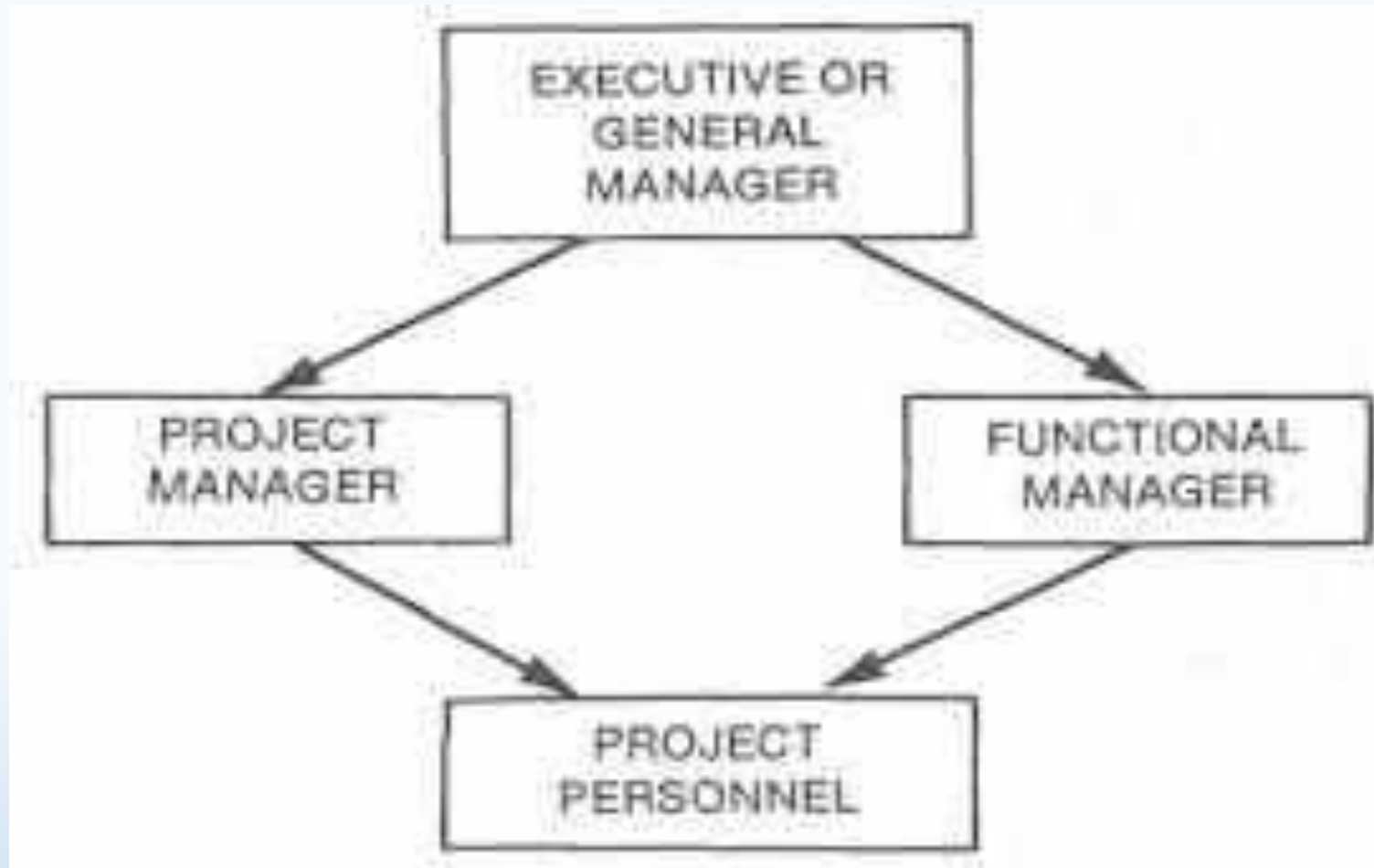
2. Departmentalisation



3. Assignment of Duties



4. Establishing Reporting Relations



Importance of Organising



1. Benefits of Specialisation

- Under organising all the activities are sub-divided into various works or jobs. For all the sub-works, competent people are appointed who become experts by doing a particular job time and again. In this way maximum work is accomplished in the minimum span of time and organisation gets the benefits of specialisation.

2. Clarity in Working Relationship

- Organising clarifies the working relations among employees. It specifies who is to report to whom. Therefore, communication becomes effective. It also helps in fixing accountability.

3. Optimum Utilization of Resources

- Under the process of organising the entire work is divided into various small activities. There is a different employee performing every different job. By doing so, there is no possibility of any activity being left out or nay possibility of unnecessary duplicating any job.

4. Adaptation to Change

- Organising process makes the organisation capable of adapting to any change connected with the post of the employees. This becomes possible only because of the fact that there is a clear scalar chain of authority for the managers right from the top to the lower level.

5. Effective Administration

- The process of organising makes a clear mention of each and every activity of every manager and also of their extent of authority. It is also made clear as to whom shall a manager order for a particular job. Everybody also knows to whom they are accountable.

6. Development of Personnel

- Under the process of organising delegation of authority is practised. This is done not because of the limited capacity of any individual, but also to discover new techniques of work. It provides opportunity of taking decision to the subordinates.

7. Expansion and Growth

- The process of organising allows the employees freedom to take decision which help them to grow. They are always ready to face new challenges. This situation can help in the development of the enterprise.



Organisation Structure

Learning Objectives of the Topic

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- Dear learners you will be able to:-
 - Explain the meaning of Organising Structure.
 - Define span of management.
 - Understand the types of organizing.
 - Merits and demerits of Functional Organising.

Meaning of Organisation Structure

- An organisation structure is the outcome of the organising process.
- Organisation Structure can be defined as the framework within which managerial and operating task are performed. It specifies relationship between people, work and resources.
- Organising refers to that framework within which all managerial and non-managerial tasks are performed.

Span of Management

It refers to the number of subordinates that can be effectively managed by a superior. This determines the levels of management in the structure. Larger the span, lesser the number of levels in the organisation structure, leading to a flat organisation.

Types of Organisation Structure

- 1. Functional Organisation Structure
- 2. Divisional Organisation Structure

1. Functional Structure

- It refers to the division of the whole enterprise according to the major functions/activities to be performed by it.
- The organisation structure which is divided on the basis of functions of the organisation is called functional structure.

Suitability of Functional Structure

It is most suitable where:-

- (i) The size of the business unit is large,
- (ii) The specialization is required
- (iii) The decentralization of authority is needed
- (iv) There is only one product that is sold

Advantages of Functional Structure

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- Benefits of Specialisation
 - Coordination is Established
 - Managerial Efficiency is Increased
 - Minimal Duplication of Efforts
 - Training is facilitated
 - Equal Weightage to all Functions

Limitations or Disadvantages of Functional Structure

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- Ignorance of Organizational Objectives
 - Difficulty in Interdepartmental Coordination
 - Conflict of Interest
 - Hurdle in Complete Development

Divisional Organization Structure

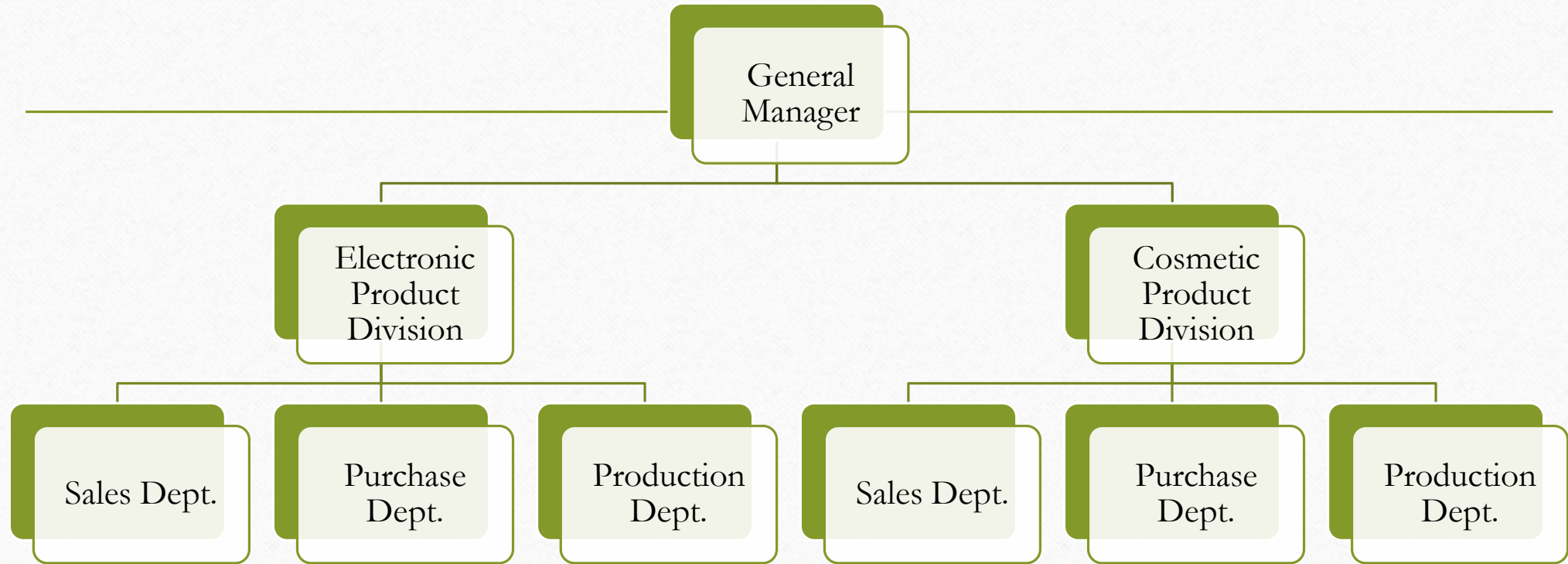
Learning Objective of the Topic

The learner will be able

1. To explain the meaning of Divisional Structure of Organization.
2. To explain the advantages and disadvantages of Divisional Organization.
3. To know for which type of enterprise this structure is suitable.
4. To do a comparative study of functional and Divisional Organization Structure

Meaning of Divisional Organisation Structure

- It refers to the division of the whole enterprise on the basis of different products.
- Divisional Organisation Structure means division of the whole enterprise according to the major products to be manufactured by it. It may also be created on the basis of geographical areas, customer groups etc.



Advantages of Divisional Organisation

- Development of Divisional Heads
- Divisional Results can be Assessed
- Quick Decision Making
- Easy Expansion

Disadvantages or Limitations of Divisional Organisation

- Conflicts between Divisional Heads
- Duplicity of Functions
- Selfish Attitude

Suitability of Functional Structure

It is most suitable where:-

- The number of main products are more than one
- The Size of concern is really large
- Different Manufacturing Technologies and Marketing Methods are Required

Difference between Functional and Divisional Organisation

Sr. No.	Basis of Difference	Functional Structure	Divisional Structure
1	Formation	On the basis of activity or function	On the basis of product or geographical area
2	Specialisation	Specialisation of Job	Specialisation of Product
3	Responsibility	Difficult to fix on a department.	Easy to fix responsibility for performance.
4	Managerial Development	Development only in one kind of job	Development in many kind of job
5	Cost	Cost is less	Cost is high
6	Coordination	Difficult to establish coordination	Easy to establish coordination
7	Suitability	Where only one main product is sold	Where the number of main products are sold

Divisional Organisation Structure

Advantages

1. Development of Divisional Heads
2. Divisional Results can be Assessed
3. Quick Decision Making
4. Easy Expansion

Limitations

1. Conflict between Divisional Heads
2. Duplicity of Functions
3. Selfish Attitude

Difference between Functional and Divisional Structure

1. Formation
2. Specialisation
3. Responsibility
4. Cost
5. Coordination
6. Suitability
7. Managerial Development

Suitability

1. Number of Products More than one
2. Different Manufacturing Technology and Marketing Methods
3. Size of Concern is Large

Delegation of Authority

Learning Objectives

You will be able to:-

- explain the concept of delegation
- explain the elements and process of delegation
- explain decentralization
- distinguish between delegation of authority and decentralization.

Elements of Delegation



Decentralisation and Its Importance



Importance of Delegation of Authority



Delegation of Authority

Process of Delegation of Authority



**It refers to the process
of entrusting
responsibility and
authority, and creating
accountability of the
person to whom work
or responsibility has
been handed over**

Meaning

**Delegation of Authority
means assigning work to
others and giving them
authority to do it**

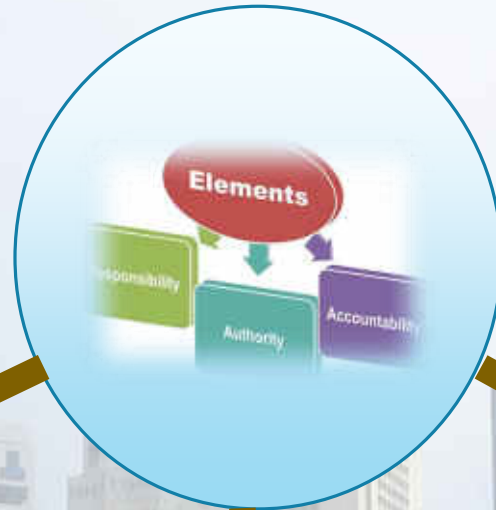
-F.G. Moore

Definition



Delegation of Authority

Elements of Delegation



Responsibility refers to the obligation of a subordinate to properly perform the assigned duty.

RESPONSIBILITY

Authority means the right of an individual to command his subordinates and to take action within the scope of his position.

AUTHORITY

Accountability refers to the answerability for the final outcome of the assigned task.

ACCOUNTABILITY

**Can Accountability be delegated?
Answer is No.**

Process of Delegation of Authority



By keeping the important work with him the manager assigns the rest of the work to the subordinates.

Assigning Responsibility

The authority is granted to the subordinates for successful performance of the responsibility assign to him.

Granting Authority

The last step in the process of delegation is to hold subordinates accountable for their work performance.

Fixing Accountability

Importance of Delegation of Authority



**6. Better
Coordination**

**5. Basis of
Management
Hierarchy**

**1. Effective
Management**

**4. Facilitation
in Growth**

**2. Employee
Developmet**

**3. Motivation
of Employees**



Decentralisation

Decentralisation is wide distribution of authority and responsibility to the smallest unit, that is practical throughout the organisation

It refers to that situation which exists as a result of the systematic delegation of authority throughout the organisation



Decentralisation

**1. Develop
Initiative
among
Subordinates**

**2. Develop
Managerial
Talent for
Future**

**3. Quick
Decision
Making**

**4. Relief to
Top Level
Management**

**5. Facilitates
in Growth**

**6. Better
Control**

Difference between Delegation of Authority and Decentralisation

Basis of Difference	Delegation of Authority	Decentralisation
1. Nature	It is inevitable and work cannot be proceed in its absence	It is not necessary and work can proceed in its absence.
2. Freedom of Action	Less Freedom	More Freedom
3. Status	This is a process done as a result of division of work	This is the result of the policies framed by higher officials.
4. Scope	It s scope is limited.	Its scope is broad.
5. Purpose	Its purpose is reduction in the workload of higher authority.	Its purpose is expansion of authority in an organization.