

BCA 1ST Semester

BCA-102 : FUNDAMENTALS OF MANAGEMENT

UNIT: 3

Organising :

Organising is a “process of defining the essential relationships among people, tasks and activities in such a way that all the organisation’s resources are integrated and coordinated to accomplish its objectives efficiently and effectively”. — **Pearce and Robinson**

“Organizing is determining what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom and where decisions are to be made.” — **Stephen P. Robbins**

Concepts

Two concepts are prevalent about organisation.

- (1) Organising as a process, and
- (2) Organising as a structure of relationship.

Concept # 1. Organising as a Process:

According to the first concept of organising, it has been considered as a process. In other words, organising is not a function that can be performed at a single stroke, but it is a chain of various functions. It includes getting information about objectives, deciding various activities and grouping them, determining important activities, allowing authority and responsibility, etc.

Organising is related to human beings and human conduct is deeply affected by the conditions of work, their competency and capability, changes in the internal and external environment of the organisation. The process of organising has also to be changed according these changes. Hence, organising as a process can also be described as dynamic element.

Concept # 2. Organising as a Structure of Relationship:

According to this concept, organising is treated as a structure of relationship. Under this various posts are created or established and the mutual relationship of employees working on various posts, their authorities and responsibilities are defined. Relationship lays down as to who is the superior and who is the subordinate. Various posts in different departments of the organisation are mostly permanent. Therefore, organisation as a structure of relationship is called static element.

As a structure of relationship organisation can be of two types – firstly formal organisation, and secondly, informal organisation.

Nature of Organising

The nature of organising is discussed below:

1. Division of Labour:

According to Fayol, work of all kinds must be sub-divided and assigned to a number of persons. This helps to make the work being carried out in a simpler and efficient manner. It, thus, leads to specialization and increasing employees' efficiency. By repeating a small part of work the individual acquires speed and accuracy in its performance. This principle holds true for technical as well as managerial tasks.

2. Coordination:

Different persons are assigned for different functions and yet all these functions have only one aim i.e. accomplishment of the enterprise's objectives.

To this end, an organisation has to adopt adequate methods to ensure that there is proper coordination of the different activities performed at various work points. This means establishment of correct and adequate relationships between an employee and his work; one employee with another; and one department or sub-department with another.

3. Social System:

All parts of the organisational system are inter-dependent. Each part affects and is influenced by any other part and also in turn by the system as a whole. An organisation is a social system. Its activities are governed by social and psychological laws. People working in an organisation are influenced in their actions and behaviour by their social and psychological needs.

Two aspects of an organisational social system are the formal or official and the informal or unofficial. The organisation social system is dynamic, in the sense that inter-personal and group relationships within it, keep on changing and are not dormant.

4. Objectives:

Any organisation structure is bound together by the pursuit of specific and well-defined objectives. In fact, as objectives cannot be accomplished without an organisation, an organisation cannot exist for long without objectives and goals.

5. Cooperative Relationship:

An organisation ensures co-operative relationship among the members of the group. It cannot be constituted by one person. It requires at least two or more persons. Organisation is a system which helps in creating meaningful relationship among persons both vertical and horizontal.

6. Well-Defined Hierarchy:

Hierarchy acts as a line of communication, as well as command, and shows the pattern of relationships among people. Hierarchy of organisation refers to the positioning of people from the highest level to the lowest rank in the organisation. It also helps to define authority and responsibility attached to each position/person.

7. Communication:

Although every organisation has its own channels and methods of communication. For success in management, effective communication is vital. This is because management is concerned with working with others and unless there is proper understanding between people, it cannot be effective. The channels of communication may be formal, informal, downward, upward or horizontal.

Objectives

Step # 1. Determination of Objectives:

Any business is established or started by entrepreneurs to achieve some objectives. These objectives must be clearly stated so as to understand the very purpose and existence of the business. Depending on the objectives the work to be done is decided and it is divided into groups and they are organized in an orderly way. It is to say that organizations are built around objectives; hence deciding the objectives is the first step in building up an organization.

Step # 2. Enumeration of Activities:

The work of an industrial concern is divided into essential activities. For example, it is divided as production, financing, purchasing, marketing, personnel, like wise.

Step # 3. Classification of Activities:

The next step is to classify activities according to similarities and common purposes and function by taking the available human and material resources into account. For each class of activities, there will be a department and for each sub-class there will be section of the department and so on. For example, marketing may be one department, in which packing, dispatching, sales, consumer service etc. may be sections.

Step # 4. Fitting Individuals into Functions:

Once the departmentalization and formation of sections is over, each section should be allocated to a subordinate and each department should be allocated to one executive. Hence, next duty is to fix a suitable and well-qualified and capable person to fit into these activities. The rule is right peg in a right hole. Each person in the group is given a specific work and made responsible correctly and effectively. This step consists of appointment of workers and defining their responsibility of each one of them.

Step # 5. Assignment of Authority for Action:

Now suitable persons are fitted in their respective jobs and made responsible to accomplish the job. He can only proceed to do the work, when he is given adequate authority to proceed to do the work. The delegation authority to take

steps to complete the assigned part of the job is next step in organization. Once the authority is given the concerned manager will have power to command his subordinates and get the work done by them.

All the above supports the definition of organization i.e. Organization embraces the duties of designating the departments and the personnel that are to carry on the work, defining their functions and specifying the relations that are to be exist between departments and individuals.

Principles

1. Unity of Objectives:

The objective of the undertaking influences the organisation structure. The organisation is a mechanism to achieve the goals. The objective of an enterprise should be clearly laid down. Not only the objectives be stated in clear terms, the method of achieving them too, should be indicated in detail and in precise terms so that the organisers may know the type of organisation that is needed.

There must be unity of objectives so that all efforts can be concentrated on the set-goals. Organisational structure and generated operations must be measured against the effectiveness in achieving set objectives.

2. Specialisation:

Effective organisation must include specialisation. Optimum output can be obtained when each person concentrates on doing the thing for which he/she is best qualified. Precise division of work facilitates specialisation.

Organisation should emphasise on the law of specialisation. However each area of specialisation must be interrelated to the total integrated system by means of co-ordination in all departments and activities.

3. Co-Ordination:

Co-ordination express the principles of organisation in toto; nothing less. Co-ordination is the orderly arrangement of group effort to provide unity of action in the pursuit of common purpose. It is the beginning and end of all organised efforts. A manager is mainly a coordinator. Co-ordination is a facilitative function helping the integration of the basic managerial functions – Planning, Organisation, Motivation and Control.

Organisation involves division of work among people whose efforts must be coordinated to achieve common goals, Co-ordination of aims at higher efficiency and effectiveness.

4. Scalar Chain:

It points out clear and unbroken line of authority. The chain of authority must be clearly defined for sound organisational purposes. It is also called a chain of command. The line of authority flows from the highest executive to the lowest managerial level and the chain of command should not be broken. It should be short i.e. it should have few levels of management. Every subordinate must know as to who is his supervisor and to whom policy matters beyond his own authority must be referred to, for decision.

5. Commensurate Authority and Responsibility:

According to this principle when an individual is responsible for a certain task, he should be given the authority to carry out that task. Without commensurate authority and responsibility, he cannot be held accountable for the unsuccessful completion of the task as he has very little control over the situation. Authority should be equal to responsibility i.e., each manager should have enough authority to accomplish the task.

6. Ultimate Responsibility:

The responsibility of higher authority for the acts of his subordinates is absolute. Responsibility to perform a task, is given to a subordinate by the supervisor and the subordinate commits mistake, in such situation the supervisor is answerable to his superiors. He cannot escape responsibility by saying that mistake was committed by a particular worker.

7. Efficiency:

The organisation structure should enable the enterprise to attain objectives with the lowest possible cost. An efficient organisation structure operates without wasting its scarce resources. It permits maximum use of its human resources and their talents.

8. Delegation:

The chief executive, for obvious limitations, cannot do the whole work of the organisation himself and hence he takes assistance from others to accomplish the objectives. He divides the whole work into a number of activities and groups them on the basis of their similarity and thus he creates a number of departments. The delegation is the process through which they are tied.

together by establishing relationship between them for co-operative and integrated action. Delegations may be vertical or horizontal.

This process ties together the whole organisational structure for integrated and co-operative action. If delegation of authority is not carefully done, the very existence of the organisation is in danger and chaos and confusion may be raised.

Authority and responsibility should be delegated as far down in the organisation as possible i.e. to the lowest level of the organisation at which the particular responsibility can be efficiently discharged. Delegation of authority and decentralisation of authority mean the same process.

9. Unity of Command:

The core of this principle is that a man can serve only one boss. It means that instructions and directions to a subordinate must come from one person only. Each subordinates must have one superior, to whom he should be answerable. This helps in avoiding conflict in command and in fixing responsibility.

According to this principle each person should be accountable to a single superior.

Thus, no one in the organisation should have more than one boss. It clarifies authority – responsibility and relationship. If an individual has to report to only one supervisor there is a sense of personal responsibility to one person for results. Let a person receive orders from and be responsible to only one superior.

10. Span of Control:

The maximum number of employees or subordinates that can be supervised effectively by a person is known as the span of control. The span of control should be limited to a reasonable number according to circumstances. A span of control of six subordinates has been considered to be the most desirable. There is a limit to the number of subordinates which a manager can manage effectively. Grouping must ensure that each supervisor and manager is not over burdened with subordinates.

11. Balance:

There should be reasonable balance in the size of various departments, between standardisation of procedures and flexibility between centralisation and decentralisation. Similarly, there should be balance between the principle of span of control and the short chain of command.

12. Communication:

A good communication network is essential for smooth flow of information and understanding and for effective business performance. The line of authority offers a standing channel for downward and upward communication.

13. Personal Ability:

People constitute an organisation. Proper selection, placement and training need not be over emphasized. Organisation structure must encourage management development programmes and ensure optimum use of human resources.

14. Exception:

Under the exception principle recurring decisions should be handled in a routine manner by the lower level manager, whereas problems involving unusual matters should be referred to the higher level. The executives at the higher level of an organisation have limited time and capacity. They should not be bothered by routine problems which can as well be managed by subordinates.

15. Flexibility:

The structure of an organisation must be flexible so that adjustments necessitated by changed circumstances may be planned and incorporated in it. The organisation is expected to provide build-in devices to facilitate growth and expansion without dislocation. It should be adaptable to changing circumstances. It should not be rigid or inelastic.

16. Departmentation:

It enables the division of activities into specialised groups to attain organisational objectives. A good organisation involves precise and systematic distribution of work and responsibilities between managerial group and administrative group. Departmentation maintains balance and harmony in the working of the organisation.

17. Division of Work:

Specialisation in organisational functions is necessary for the most effective attainment of objectives. Specialisation depends on division of work. Total activities of an enterprise should be divided and grouped into departmental, sectional and individual activities to facilitate division of work.

18. Definiteness:

Each activity must contribute to the primary or basic goals of an enterprise with minimum of effort and maximum efficiency on the part of the employees. This contribution should be well defined and definite.

19. Discipline:

Discipline is vitally important in all types of organisations. In its absence, it is difficult to achieve success.

20. Simplicity:

The organisation should be kept as simple as possible so that there should not be any confusion and misunderstanding among the superiors and subordinates.

21. Separation of Line and Staff Function:

Line function should be separated from the staff functions.

22. Continuity of Operations:

The form of an organisation should be such that it facilitates the continuous performance of all the activities necessary for the continuance and growth of the enterprise.

23. Leadership:

Organisation structure should create a favourable environment or situation in which the manager can most effectively lead and motivate his subordinates.

24. Definition:

The duties responsibilities, authority and relations of everyone in the organisational structure should be clearly and completely defined preferably in writing.

An individual will accomplish a task in a given period only when the responsibility for that task is fixed upon him.

25. Work Assignment:

The work assignment for each individual in the organisation should take into consideration the special strength and talents of the individual. This means that an individual should be given an assignment commensurate with his or her ability and interest.

26. Employee Participation:

Employees should be encouraged to participate, as much as possible, in the decision making process. Employees are given recognition and are motivated to work harder by encouraging their participation. But, in spite of

participation by employees in the decision making process, the ultimate responsibility for the decision must rest with the manager or supervisor.

Span of Control:

The term 'span of management' is also referred to as span of control, span of supervision, span of authority or span of responsibility. It indicates the number of persons that a manager can manage effectively. A manager's ability to manage a large number of subordinates is limited by his time and energy. In order to enable him to give personal attention to work performance, he should have a manageable number of subordinates.

If the manager is made to supervise a large number of subordinates, not only will he have mental and physical strain; but also his supervision may become ineffective. This means, he will not be able to produce satisfactory results, the concept of span of management has a significant influence on the overall performance of an enterprise and hence its importance has been recognised by modern management experts.

Centralisation and Decentralisation

Centralization:

When top-management retains power and authority without delegating to the subordinates in planning and decision making matters, it is called centralization. According to Griffen: "centralization is the process of systematically retaining power in the hands of higher level managers."

Advantages of Centralization: Terry and Franklin (2005) mention the following advantages of centralized structure:

1. Chief executives enjoy power and prestige.
2. Uniformity of policies, practices and decisions are fostered.
3. Duplication of functions is minimized.
4. A strong coordinated team of top management is developed.
5. Full utilization of the main office facilities is realized.

Disadvantages of Centralization:

1. Work load to the top management.
2. Rising inequality in the distribution of authority.
3. Less opportunity for development for middle and lower level managers.
4. Close supervision de-motivate educated and trained managers.

Decentralization:

It means the decentralization of power of decision making to the level where the work is to be performed. In other words, It is the systematic distribution of authority to the lowest levels of the organization. According to Koontz and Weihrich,: “ Decentralization a the tendency to disperse decision- making authority in an organized structure”

Advantages of Decentralization:

1. Encourage other managers to make decision and take authority and responsibility.
2. Motivates employees at work.
3. Develops skills of managers and ensures their growth.
4. Coordination of activities can be increased.
5. Facilitates product diversification.

Disadvantages of decentralization:

1. Difficult to have uniform policy and procedures.
2. Loss of power in certain cases by the top management
3. Chances of misuse when managers are not skilled and qualified.
4. Increase cost in training and development of new managers.
5. Not Practical without proper mechanisms of planning and controlling.

Delegation of Authority

The delegation of authority is the process by which a manager divides and assigns work to his subordinates. The manager himself only performs the tasks that require his special talents and expertise.

The rest of the work and its responsibility he will divide and delegate to his subordinates. Along with the responsibilities the manager will also share the authority, i.e. the power that enables the subordinates to carry out the tasks.

In the delegation of authority, the sharing of authority is downwards in the management structure. The manager cannot accomplish all tasks by himself, so he assigns the responsibilities to his subordinates.

This will reduce the work burden of the manager. The manager will not give up all his authority, he will only delegate that much authority that the subordinate can fulfill his responsibilities and accomplish his tasks efficiently.

Elements of Delegation of Authority

When we talk about the delegation of any authority in an organization, there are three main elements of such delegation. Let us take a look at them in some detail.

1] Responsibility

A manager will assign some specific work or task to his subordinate. Thus he is assigning his team-member or subordinate with some responsibilities.

It is not the job of this subordinate to work efficiently and use his mental and physical capacity to accomplish the task and hence fulfill his responsibility. So a manager can only assign these responsibilities to his subordinates. If he fails to carry out the tasks correctly then the blame falls on the manager himself. This means in an organization responsibility flows upwards.

2] Authority

Now if the subordinate has to fulfill his responsibility he will need the tools to do so. One of these tools is the authority that comes with responsibility. This is the power to take certain decisions in order to accomplish tasks. So when the manager will delegate the work, he also delegates the authority.

This will allow the subordinates to take independent decisions needed to finish the tasks efficiently and in a timely manner. One point to note is that the authority must be equal to responsibility. The authority must be sufficient to complete the work efficiently. And in the organizational structure authority also increases as we go up the chain of command, i.e. flows upwards.

3] Accountability

Once the manager delegates the work and the authority, he needs to check on the work of his subordinates. He is accountable for the work done by his subordinates.

Unlike authority, accountability cannot be delegated. So the incapability of the subordinate to complete the task satisfactorily will be the manager's fault.

Authority and Responsibility

Authority

Authority, in simple words, is the right way of commanding subordinates, issuing [orders](#) and instructions, and exacting obedience from the team. It is also the right of the manager to make [decisions](#). Also, to act or not to act depends on how he perceives the objectives of the organization.

Henri Fayol, who designed the administrative theory of 14 principles of management, defined authority as '*the right to give orders and exact obedience*'. He also recognized that any official authority vested in the job was often ineffective.

He further added that the presence of [leadership](#) qualities and traits like intelligence, experience, etc., usually, enhance authority. However, as an important key to the manager's job, authority is the power to command others and decide to act or refrain from acting to achieve the organization's goals.

Responsibility

Responsibility has different meanings in [management](#). The most common description is the obligation on the manager to perform the task himself. The essence of responsibility is 'obligation'.

Anyone who accepts a task must be held responsible for its performance too. In the context of hierarchical relations in an organization, responsibility is the obligation of a subordinate to perform the tasks assigned.

Therefore, responsibility is relative to the person. Also, it emanates from the subordinate-superior relations in an organization. Hence, the manager can get the assigned duty done by his subordinate. He also needs to ensure a proper discharge of the duty. Therefore, in an organization, authority and responsibility move as follows – authority flows downwards, whereas responsibility is exacted upwards.

Sometimes, informal leadership emerges in an organization. This can create problems in the clear definition of responsibilities of the subordinates. However, the responsibility towards the seniors does not change.