UNIT 5: OFFICE SERVICES

UNIT STRUCTURE

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5.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- define centralization and Decentralization
- differentiate between decentralization and delegation
- explain departmentation of Offices
- describe departmentation of Modern Office

5.2 INTRODUCTION

In the earlier unit we have discussed office environment. Where we have broadly discussed how the working environment of an office should be. In this unit we will discuss about Centralization and decentralization of services, Departmentation of Office and Departments of a Modern Office.

Depending on the type and size of an organization, we have either centralized or decentralized organization. Centralization is the system where the authority and responsibility lies in one single hand. On the other hand, decentralization means delegations of authority and responsibility to subordinates. Different departmentation is required depending on the type of the office. We will briefly discuss all these matters in this unit.

5.3 CENTRALIZATION AND DECENTRALIZATION

One of the most important problems to be decided by the management of a business concern is that how much authority should be concentrated in the hands of top managers and how much it should be delegated to the managers at lower levels. In other words, it is a problem concerned with the degree of decentralization. Some of the definitions of decentralization are as follows:

- **Allen Louis.** "Decentralization is the systematic effort to delegate to the lowest levels all authority except that which can only be exercised at central points".
- **Earl P. Strong.** "Decentralization means the division of a group of functions and activities into relatively autonomous units with overall authority and responsibility for their operation delegated to a head of each unit".

Thus, 'decentralization' means the decentralization of powers of decision-making to the levels where the work is to be performed. However, it may be noted that it is not necessary to decentralize all managerial activities. For example, in an organization, the sales function may be decentralized while the personnel function may not be. In that case, personnel function will be deemed to be centralized.

Thus, centralization implies that the decision-making prerogatives are retained by the higher managerial levels and not delegated to the levels where the work is to be performed. It may also be stated that there can be neither complete centralization (except in the case of a one-man enterprise) nor complete decentralization of authority. We may find that some company may have a greater degree of decentralization while some others may have less of it. Explaining decentralization, Fayol has very aptly stated: "everything that is to increase the importance of the sub-ordinate's role is decentralization and everything which goes to reduce it, is centralization".

Centralization can be defined as the act of consolidating power under a central control.

Advantages of centralization:

1) To facilitate personal leadership
2) To promote uniformity of action
3) To unify and integrate the total operations of the enterprise
4) To handle emergencies
5) To take quick decisions.

Disadvantages of centralization:

1) Decisions which are taken at a higher level are to be implemented by the sub-ordinates at the lower level. This may be resented by the sub-ordinates and they may not extend co-operation to the management.
2) As managers at a higher level have to take a large number of decisions, there may be delay in taking decisions.
3) Centralization increases the burden of the top managers.
4) The growth of lower level manager is affected. Because of these disadvantages of centralization, absolute centralization is not found in practice. Different organizations adopt centralization in different degrees.

Distinction between delegation and decentralization

There is a feeling that the terms 'delegation' and 'decentralization' have the same meaning and that there is no difference between them. But, in reality, these two terms are different and do not indicate the same meaning. Some of the differences between the two are given here:

1. While the delegation is a process, decentralization is the end-result of delegation.
2. In delegation, responsibility is not delegated while in decentralization; the superior is relieved of his responsibility for the work decentralized.
3. While delegation is essential in the management process, decentralization may or may not be practiced.
4. In delegation, control over a subordinate's performance of the jobs delegated is exercised by his superior who delegates authority, whereas in decentralization, the power to control may be delegated to the departments concerned.

Advantages of decentralization

The important advantages of decentralization are as follows:

(a) It relieves top executives from routine and time consuming detailed work. This enables them to devote greater attention to important issues relating to an enterprise.

(b) Decentralization gives power, initiative and responsibility to a number of persons and by this the development of future managers and executives is facilitated.

(c) Under decentralization, the subordinates are given power, prestige and status and this increases their morale and motivates them to a high level of performance.

(d) Decentralization helps the business concern in diversifying its products.

(e) Under decentralization, each of the department is made into a distinct profit center and this induces employees to improve the performance of their respective departments.

(f) Under decentralization, the performance of each unit is judged by the management on the basis of its profitability. This means a type of control is exercised by the management on each unit. Thus, decentralization promotes more effective control by the management.

Disadvantages of decentralization

The important limitations of decentralization are as follows:

(a) Each division or department of the enterprise enjoys complete freedom in relation to the formulation of policies etc. This may increase the problem of coordination and hamper the adoption of uniform policies.

(b) Decentralization requires the employment of highly paid managers for different divisions, and this will increase administrative expenses.

(c) Principle of decentralization cannot be applied to activities such as industrial relations, corporate laws, accounts etc.

(d) Decentralization requires the services of managers who are well equipped to run a division independently, but it is difficult to find such persons.

(e) Under decentralization, every division or unit may try to optimize its

performance at the cost of other units and this may lead to competition among the different units of the enterprise.



CHECK YOUR PROGRESS

Q 1: State two advantages and disadvantages of decentralisation process.

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5.4 DEPARTMENTATION OF OFFICE

There is no single best way of departmentation applicable to all organizations or to all situations. The pattern that will be used will depend on the given situation and what managers believe will yield the best result for them in the situation they face. However, there are a few basic methods for dividing responsibilities within an organization.

They are as follows:

- Functional basis.
- Territorial basis.
- Process basis.
- Product basis.
- Customer basis.
- Time basis.
- Number basis.

Let us discuss these methods in the following ways:

Departmentation by Function: The most commonly accepted practice is the grouping of the activities in accordance with the functions of an enterprise. The basic enterprise functions generally consist of production, marketing, finance, etc. This method is more logical and hence present in almost all enterprises at some level.

Merits of Departmentation by function:

- It is a logical and time proven method.
- This method follows the principle of specialization.
- Authority and responsibilities can be clearly defined and fixed.
- Since the top managers are responsible for the end results, control shall become effective.

Demerits of Departmentation by function:

- This type of departmentation shall develop a loyalty towards the functions and not towards the enterprise as a whole.
- Coordination of different functions shall become difficult.
- Only the departmental heads are held responsible for defective work.
- This pattern is not a best training ground for promotable top management people.



Fig 5.1: Departmentation by Function Chart

2. **Departmentation by Territories:** When the organization is large and geographically dispersed, departmentation on territorial basis is the best. This is also considered suitable where the branches produce the same goods or perform similar services at various locations.

Merits of Departmentation by Territory:

- This method is highly suitable when the needs of the local customers are to be satisfied effectively.
- Certain economies of localized operation can be availed.
- Sales activities can be conducted more effectively. Sales personnel can spend more time on sales rather than on traveling.
- The executives of territorial departments shall become thoroughly familiar with the key details and can take on the spot decisions in times of emergency.

Demerits of Departmentation by Territory:

- This type of departmentation requires more persons with general managerial abilities needed in the future at higher levels.
- Coordination shall become difficult and the problem of maintaining top management control shall also acute.
- Territorial grouping may sometime cause some problems if authority over financial matters is also decentralized.



Fig 5.2: Departmentation by Territory Chart

3. **Departmentation by Process:** Activities can also be grouped according to the process involved or the equipment used. This form of departmentation is often employed in manufacturing enterprises. It is also called equipment departmentation. Large retail or marketing enterprises may also have process departments for receiving goods in stores, transportation, wrapping and delivery. Departmentation by process is usually decided on the basis of costs that are mainly on economic considerations.

Merits of Departmentation by Process:

The following are the important merits of this type of departmentation:

1. It is suitable for all organizations irrespective of their size.
2. The equipment can be economically used to their maximum capacity.
3. It saves money and consequently reduce the cost of production.
4. Better timing and customer service can be ensured.



Fig 5.3: Departmentation by Process Chart

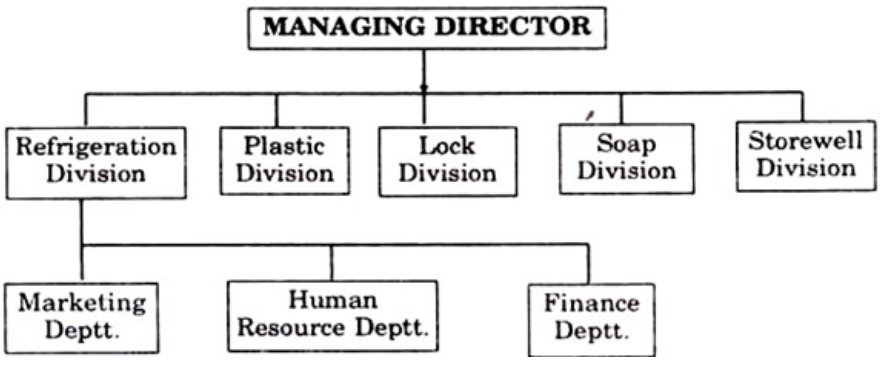
4. **Departmentation by Product:** This type of departmentation is desirable for large undertakings which deal with a variety of products or product lines. To departmentalise on product basis means to establish each product or group of closely related products in a product line as a relatively autonomous integrated unit within the overall framework of the company. Under this method, an executive will be in charge of and responsible for all the activities relating to a particular product from production to distribution.

Merits of Departmentation on basis of Product:

1. This pattern of departmentation facilitates the optimum use of specialized skill, labour and capital.
2. Various economies relating to production, assembly and handling can be availed.
3. All the activities connected with a particular product can be effectively coordinated.
4. Better timing and customer service can be ensured.

Demerits of Departmentation on product basis:

1. This type of departmentation will often result in unnecessary duplication of work and ultimately result in an increase in the production cost.
2. The problem of maintaining headquarters control shall also be more acute.
3. Their pattern can also create difficulties in co-ordination with the organizational structure.
4. Successful managers will be tempted to acquire more and more powers and build up their own empire.



5.4: Departmentation by Product Chart

5. **Departmentation by Customer:** Departmentation can also be made on the basis of customers served that are customer departmentation. In this case, the firm shows its paramount interest in the welfare of the customer and attention given to them. Under this method, the customers are divided into separate categories, such as distributors, retailers and consumers, and the task of satisfying the needs of different categories of customers assigned to specific departments.

Merits of departmentation by customer:

1. Customers are the key to any organization. Particularly in modern times, the needs of the customers should be satisfied effectively. This pattern of departmentation aims to satisfy the customers in a better and effective way.
2. It is highly useful where a product or service of wide variety is offered through many marketing channels and outlets.

Demerits of departmentation by customer:

1. There may not be enough work in each department. Hence, some salesmen have to remain idle.
2. It may also develop an unequal development of customer groups in times of expansion and disappearance of certain customer groups in times of recession.
3. It may also create a tendency to remain rigid. Consequently, it may also become difficult to adjust to the situation in case there is a fluctuation in the activities of the enterprise.

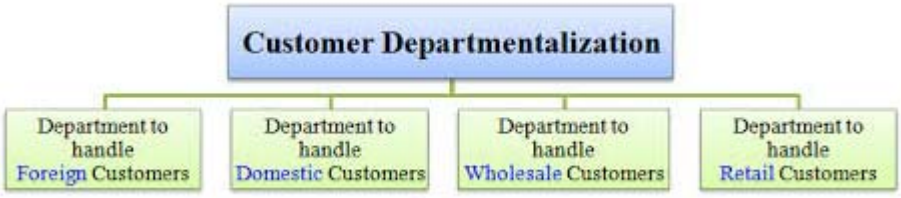


Fig 5.5: Departmentation by Customer Chart

6. **Departmentation by Time:** It is a common practice to departmentalize activities on time basis. Enterprise engaged in continuous process can follow this pattern. We are familiar with the second shift, third shift, or night shifts, etc. Under this method, the activities performed in each

shift are similar and almost identical. But they are departmentalized on time basis. This kind of departmentation is generally found in public utilities and manufacturing establishments.

7. **Departmentation by Number:** In case of departmentation by number, activities are grouped on the basis of their performance by certain number of persons. For instance, in the army, soldiers are grouped into squaders, battalions, companies, brigades and regiments based on

5.5 DEPARTMENTS OF A MODERN OFFICE

In Simple terms we can say office is place where business is carried on.Each office has a personality of its own. This personality is a reflection of the purpose for which an office exists. In organizing a new office the office manager must first determine the prime reason existence of that office and then add the necessary ingredients to bring about an efficient operation entity that achieves pre- determined results. Although offices differ from one another in prime responsibility, many activities are commonly carried out by all the offices. Some of these activities are.(i) Processing Incoming mail.(ii) Processing Outgoing mail.(iii) Dictation.(iv) Transcription.(v) Typing.(vi) Printing.(vii) Copying.(viii) Filing.(ix) Records Retrieval.(x) Records Disposal; and(xi) Communication.

As we know that departmentation is a process of dividing the large functional organization into smaller and flexible administrative units. Departmentation is an integral part of overall process of organizing.

Depending on these activities different departments are required in a modern office. In modern office, the paper work is replaced by computers to some extent.

Techniques of Organisation: Following steps are needed to organize a modern office:

1. The objective of the office has to be studied.
2. Total volume of the work assessed and staff requirements for each job estimated.
3. Decision has to be taken regarding method of grouping.

4. Decision has to be taken on the degree of specialization to be used in the allocation of work.
5. Decision has to be taken about the size of work groups, span of control etc.
6. The grouping of workers should be such that relations between them are cordial.
7. Allocation of duties, responsibilities and authority decided before the preparation of organizational chart.



CHECK YOUR PROGRESS

Q 2: Write two merits of Departmentation by Territory

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5.6 LET US SUM UP

In this unit, we have discussed about office, its functions and different activities performed in the office.

- Depending on the type and size of an organization, we have either centralized or decentralized organization.
- There is no single best way of departmentation applicable to all organizations or to all situations. Based on the nature of work, the departmentations can be of following types:
  - Functional basis.
  - Territorial basis.
  - Process basis.
  - Product basis.
  - Customer basis.
  - Time basis.
  - Number basis.

- In modern office, the paper work is replaced by computers to some extent.

5.7 FURTHER READING

1) R. K. Chopra and Ankita Chopra (2009), Office Management, Published by Himalaya Publishing House.
2) V. Balachandran and V. Chandrasekaran (2009), Office Management, Published by Tata Mc Graw Hill Education Private Limited.

5.8 ANSWER TO CHECK YOUR PROGRESS

Answer to Q. no 1:

Advantages of decentralization

- It relieves top executives from routine and time-consuming detailed work. This enables them to devote greater attention to important issues relating to an enterprise.
- Decentralization gives power, initiative and responsibility to a number of persons and by this the development of future managers and executives is facilitated.

Disadvantages of decentralization

- Each division or department of the enterprise enjoys complete freedom in relation to the formulation of policies etc. This may increase the problem of coordination and hamper the adoption of uniform policies.
- Decentralization requires the employment of highly paid managers for different divisions, and this will increase administrative expenses.

Answer to Q. no 2:

Merits of Departmentation by Territory:

- This method is highly suitable when the needs of the local customers are to be satisfied effectively.
- Certain economies of localized operation can be availed.

5.9 MODEL QUESTION

Q 1: Define Centralization and Decentralization of an Organization, stating it's advantages and disadvantages.

Q 2: Discuss briefly how departmentation can be done and merits and demerits of different departments.

Q 3: Discuss the activities of a modern office.

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