Ans. to Q.No. 7:

i) Difficulty in accurate forecasting.

ii) Fast changing environment.



3.15 MODEL QUESTIONS

Q.1: Define business forecasting. Discuss its advantages and limitations.

Q.2: Define planning. Discuss its features.

Q.3: Discuss the importance of planning.

Q.4: Discuss the planning process.

Q.5: Differentiate between Functional planning and Operational planning.

Q.6: Write short note:

i. Policy

ii. Strategy

iii. Pervasiveness of planning.

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UNIT 4: ORGANISING AND STAFFING

UNIT STRUCTURE

4.1 Learning Objectives

4.2 Meaning and Importance of Organising

4.3 Meaning of Organisation and its Characteristice

4.4 Different Types of organisational Structure

4.5 Span of Control

4.6 Types of Departmentation

4.7 Concept of Staffing and its importance

4.8 Let Us Sum Up

4.9 Further Readings

4.10 Answers to Check Your Progress

4.11 Model Questions

4.1 LEARNING OBJECTIVES

After going through this unit you will be able to:

- discuss the concept and importance of organization
- outline the different types of organization
- define the concept of Span of Control and affecting span of control
- discuss the types of departmentation
- describe the concept and the features of staffing
- define the importance of staffing in organizations

4.2 INTRODUCTION

In the previous unit you have learnt the basic concept of functions of management i.e. Planning, Organisating, Staffing, Directing and Controlling. In the last unit, the first of its function viz., planning is explained thoroughly. This enables you know how to decide the future course of action. The first function, planning is concerned with thinking process.

In this unit you will study how to arrange the various resources including employees in an institution or organization to get the expected results. Often you may come across the term 'Organising' in your daily life such as organising a conference, a meeting, a picnic, a get together, a marriage party etc. Organising aims to co-relate people to each other and enable them to work together for a common purpose. The organised group of people in a collective sense is known as organisation. Here you will learn the meaning, importance, principles and other related aspects of organising.

You must have observed the various functions organised in your locality or city by various institutions and organisations. You may have noticed that they have applied various process for doing so. It is therefore, best for you to understand the term organising first.

4.2 MEANING AND IMPORTANCE OF ORGANISING

Meaning of Organising:

The term 'organising' means systematic arrangement of activities. It refers to the method in which the work of a group of people is arranged and distributed among them to achieve the desired objectives of an organisation. Organising is bringing together various resources (physical, financial and human) and establishing relationship among the resources for achieving common objectives.

Thus, organising is the process of establishing orderly uses for all the resources available. The primary focus of organising is determining both what individual employees will do in an organisation and how their individual efforts should be combined for attaining the specific objectives.

The term 'organising' is not same as the term 'organisation'. Organising is a function of management where as organisation refers to a group of people who are working together to ahieve some common objectives.

As a management function, the term 'organising' refers to the process of -

a. bringing together human and non- human resources (e.g. materials, machines, money, men), and

b. defining and establishing the authority responsibility relationships for achieving the objectives.

Louis. A . Allen states “Organising is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority, establishing relationships for the puspose of enabling people to work together most effectively in accomplishing objectives.”

Koontz and O’ Dounell define Organising as “the establishment of authority relationships with the provision for co-ordination between them both vertically and horizontally in the enterprise”

A study of the above definitions shows that organising involves in :

a) identifing and grouping of work,

b) defining the responsibility,

c) delegating of authority,

d) establishing of structural relationship and

e) co-ordinating interrelated activities.

Importance of Organising

The Organising function is extremely important in management process as it is the primary mechanism in the hands of managers to organise the plans. Organising creates and maintains relationship between all organisational resources by indicating which resources are to be used for specified activities and when, where, and how they are to be used. A thorough organising effort helps managers to reduce the possibility of duplication of efforts and also idle or unutilised resources.

The importance of organising is briefly explained below :

1. Organising increases managerial efficiency as it avoids delays, duplication or confusion in performance and removes friction or rivalry among employees. All activities are spelled out in order of their importance and are alloted to individuals as fixed duties. The assignment of fixed duties provide certainty and promptness in the doing of the work without any hassle.

2. It Promotes Specilization : The detailed job specifications help to place the right persons in the right jobs on the basis of their knowledge, skill and experience. By matching jobs with individuals and vice-verse,

organisation enlists both the benefits of functional and occupational specialisation.

3. It ensures flow of activities : Organisation structures are developed on scientific management basis (i.e. time, motion and fatigue study) to ensure logical flow of activities. Through the study of scientific management the activities and assignments are arranged in such a manner that it facilitates their performance in an easy and comfortable manner.

4. It Clarifies Authority and Power : The process of organising clarifies the authority of management of the different departments. This minimises the conflict and confusion about the powers of managers.

5. It acts as a source of Support, Security and Satisfaction : It provides a definite status, position in relation to others within the organisation.

6. It ensures better communication : Organisation structure provides a network of relationships. This makes interaction and communication among the members and departments of the organisation more effective.

7. It stimulates creative and innovative thinking : Identified areas of work and delegation of proper amount of authority promote creativity and innovativeness among the empolyees, in their respective fields as well as in the organisation as a whole.

8. It helps in the smooth Delegation of Authority: Executive can delegate the authority downwards so that they can get the things done smoothly. It also helps in fixing up the responsibility for the task. A good organisation will clearly define the authority-responsibility relationship.

9. It provides scope for training and development: Management personnel are trained to acquire a wide and varied experience in diverse activities by their placement in different jobs through job rotation and thus they are prepared for higher jobs which require generalists rather than specialists. For example if bumper crop production is the objective, the organising process can be divided into major tasks such as tilling, planting, fertilisation, watering, allocating resources like equipment and manpower etc.

Thus, organisation is the result of the organising process. Let us discuss it in detail in the following sections

4.3 MEANING OF ORGANISATION AND ITS CHARACTERISTICS

Meaning of Organisation :

Organisation is the structural framework of duties and responsibilities required of personnel in performing various functions with a view to achieve organizational goals. Management tries to combine various activities to accomplish predetermined goals. Organisation is the process of identifying and grouping work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives. In an organisation, the work of each and every person is defined and authority and responsibility is fixed for establishing the same.

Characteristics of Organisation

The following are the important characteristics of organization.

- **Specialization and division of work.** The entire philosophy of organization is centered on the concepts of specialization and division of work. The division of work is assigning responsibility for each organizational component to a specific individual or group thereof. It becomes specialization when the responsibility for a specific task lies with a designated expert in that field. The efforts of the operatives are coordinated to allow the process at hand to function correctly. Certain operatives occupy positions of management at various points in the process to ensure coordination.
- **Orientation towards goals.** Every organization has its own purposes and objectives. Organizing is the function employed to achieve the overall goals of the organization. Organization harmonizes the individual goals of the employees with overall objectives of the firm.

- **Composition of individuals and groups.** Individuals form a group and the groups form an organization. Thus, organization is the composition of individual and groups. Individuals are grouped into departments and their work is coordinated and directed towards organizational goals.
- **Continuity.** An organization is a group of people with a defined relationship in which they work together to achieve the goals of that organization. This relationship does not come to end after completing each task. Organization is a never ending process.
- **Well defined authority-responsibility relationships.** An organisation consists of various positions arranged in a hierarchy with well-defined authority and responsibility. There is always a central authority from which a chain of authority relationship stretches throughout the organisation. The hierarchy of positions defines the lines of communication and pattern of relationships.
- **Cooperative relationships.** An organisation creates cooperative relationship among various members of the group. An organisation cannot be constituted by a single person. Organisation is a system which helps in creating meaningful relationship among persons.

4.4 DIFFERENT TYPES OF ORGANISATIONAL STRUCTURE

The term organisational structure explains the positions and official relationships among the various individuals working in an organisation. It simply means the systematic arrangement of people working for the organisation in order to achieve certain goals. It is the framework of authority relationship among the employees.

The structure may be of different types depending on the nature, method, process, technology and the social environment of the enterprise. The different types of the structure are given below:

4.4.1 Line Organizational Structure

A line organisation has only direct, vertical relationships between different levels in the firm. There is only line departments-

departments directly involved in accomplishing the primary goal of the organisation. For example, in a typical firm, line departments include production and marketing. In a line organisation authority follows the chain of command. The line structure is the oldest from of organisation this is also known as the 'Military Organisation' as a military organisation is formed in this fashion. The concept of line structure may be explained by means of a diagram

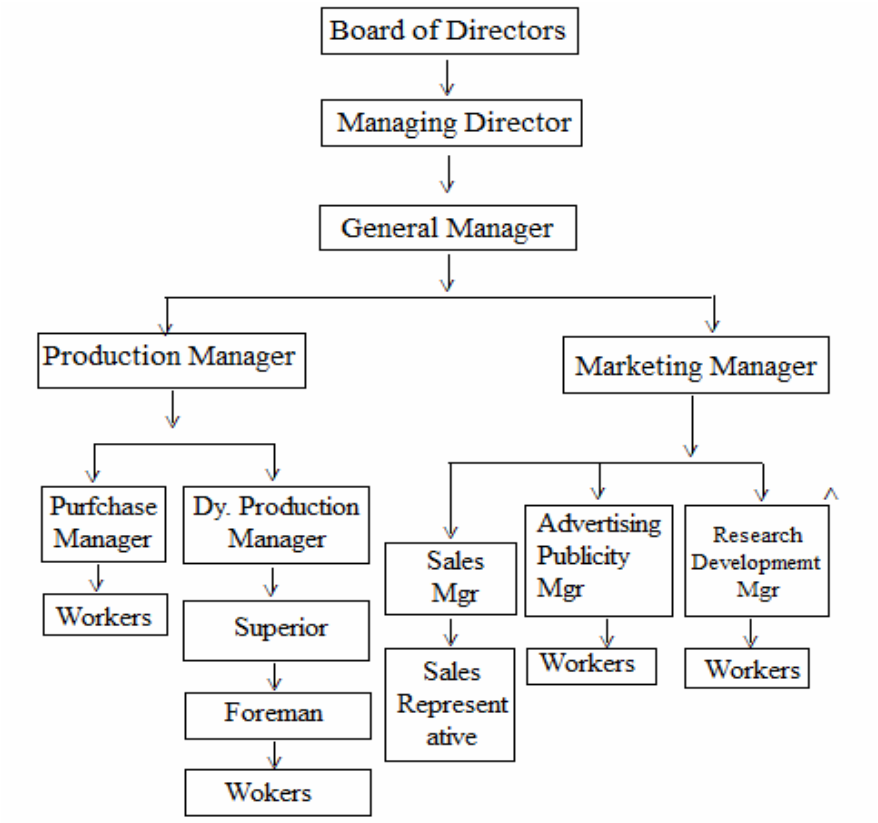


Figure 4.1: Line Organisational structure

Some of the advantages of a pure line organisation are:

i) A line structure tends to simplify and clarify responsibility, authority and accountability relationships. The levels of responsibility and authority are likely to be precise and understandable.

ii) A line structure promotes fast decision making and flexibility.

iii) Because line organisations are usually small, managements and employees have greater closeness.

However, there are some disadvantages also. They are:

i) As the firm grows larger, line organisation becomes ineffective.

ii) Improved speed and flexibility may not offset the lack of specialized knowledge.

iii) Managers may have to become experts in too many fields.

iv) There is a tendency to become overly dependent on the few key people who can perform numerous jobs.

4.4.2 Staff or Functional Organisational Structure

In this type of structure, there will be separate departments to look after different lines of activities. F.W. Taylor is the exponent of the Functional Organisation Structure. Here, the functions are done through specialised knowledge and advice. The departments are formed on the basis of the division of work and, hence, the efficiency of production and the skills of the employees are improved. Co-ordination and co-operation are enhanced to a great extent. The subordinates receive instructions not from one superior but from several functional specialists. Thus, the subordinates are accountable to different functional specialists for the performance of different functions. The jobs or positions in an organisation can be categorized as:

i) Line position: A position in the direct chain of command that is responsible for the achievement of an organization's goals and

ii) Staff position: A position intended to provide expertise, advice and support for the line positions.

The functional organisational structure has been shown by means of a diagram.

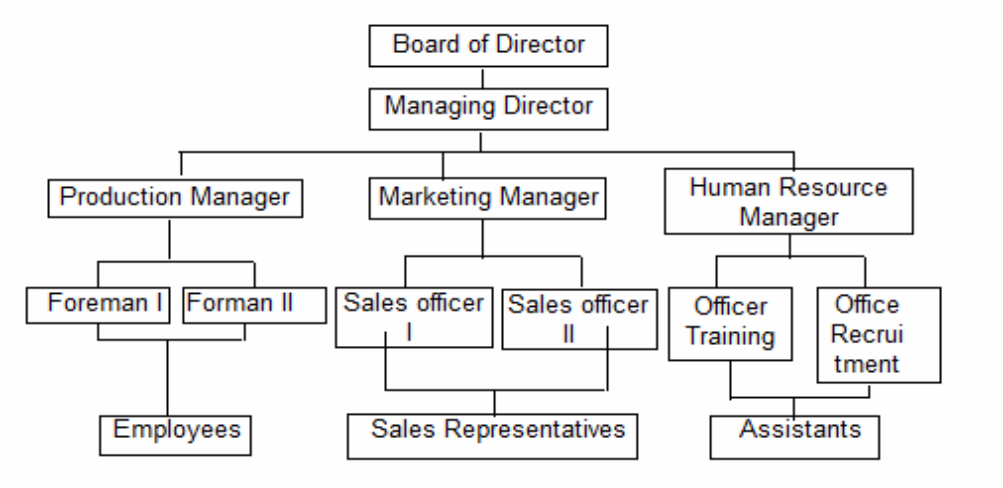


Figure 4.2: Functional Organisational structure

The line officers or managers have the direct authority (known as line authority) to be exercised by them to achieve the organizational goals. The staff officers or managers have staff authority (i.e., authority to advice the line) over the line. This is also known as functional authority.

An organisation where staff departments have authority over line personnel in narrow areas of specialization is known as functional authority organisation.

In the line organisation, the line managers cannot be experts in all the functions they are required to perform. But in the functional authority organisation, staff personnel who are specialists in some fields are given functional authority (The right of staff specialists to issue orders in their own names in designated areas).

Advantages

a) It promotes specialisation. Each department specialises in a particular line of work.
b) There is no overburdening of key executives.
c) There will be maximum efficiency as each individual concentrates on a particular task.

Disadvantages

a) Decision making process is delayed, as major decisions require the participation of maximum number of functional heads.