b) Principle of unity of command is not generally followed because the subordinates may get instructions not only from the immediate boss but also from bosses in other departments.

c) The creation of a number of departments and divisions along with the executives and subordinates involve heavy expenditure.

4.4.3 Line and Staff Organizational Structure

Most large organisations belong to this type of organizational structure. These organisations have direct, vertical relationships between different levels and also specialists responsible for advising and assisting line managers. Such organisations have both line and staff departments. Staff departments provide line people with advice and assistance in specialized areas (for example, quality control advising production department).

The line functions are production and marketing whereas the staff functions include personnel, quality control, research and development, finance, accounting etc. The staff authority of functional authority organisational structure is replaced by staff responsibility so that the principle of unity of command is not violated.

Three types of specialized staffs can be identified:

(i) Advising,

(ii) Service and

(iii) Control.

Some staffs perform only one of these functions but some may perform two or all the three functions. The primary advantage is the use of expertise of staff specialists by the line personnel. The span of control of line managers can be increased because they are relieved of many functions which the staff people perform to assist the line.

The following diagram explains the concept of Line and Staff Organisation

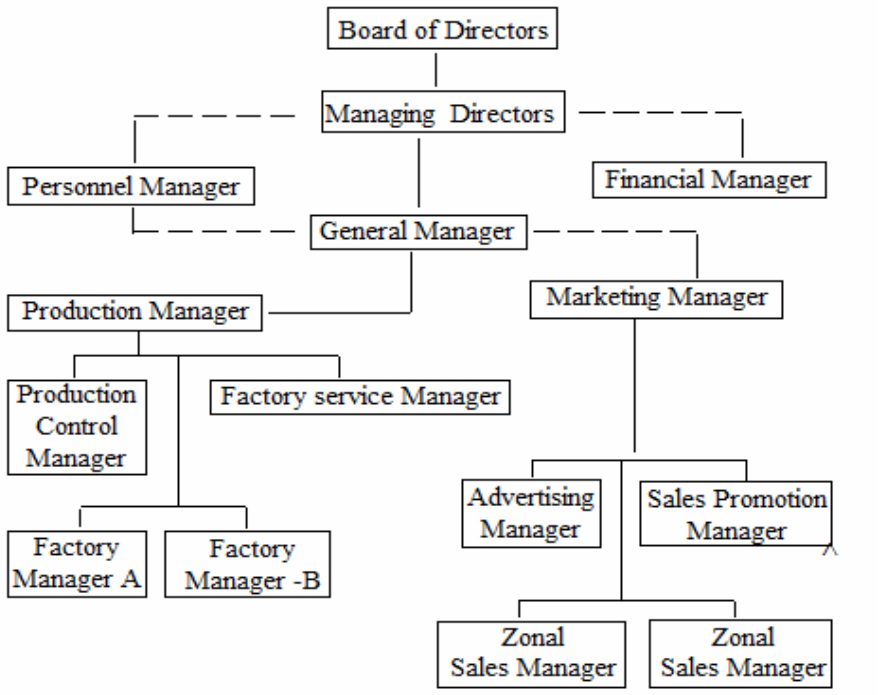


Figure 4.3: Line and Staff Organisational Structure

Complexities of Line and Staff Organizational Structure:

i) Even through a line and staff structure allows higher flexibility and specialization it may create conflict between line and staff personnel.

ii) Line managers may not like staff personnel telling them what to do and how to do it even though they recognize the specialists' knowledge and expertise.

iii) Some staff people have difficulty adjusting to the role, especially when line managers are reluctant to accept advice.

iv) Staff people may resent their lack of authority and this may cause line and staff conflict.

4.4.4 Committee form of Organisational Structure

Here, a number of persons may come together to take a decision, decide a course of action, advise line officers on some matters. It is a method of collective thinking, cooperative judgement and common decision. A committee may be assigned some

managerial functions or some advisory or exploratory service may be expected from it. A committee is not a separate type of organisation as such. But it is a method of attaching persons or groups to line departments for advice and guidance in business planning and execution. With the growth of organisations the need for committee is more.

Features of Committee form of Organisational Structure are:

a) Formed for managing certain problems/situations

b) Are temporary structures.

Advantages:

1. Committee decisions are better than individual decisions
2. Better interaction between committee members leads to better co-ordination of activities
3. Committee members can be motivated to participate in group decision making.
4. Group discussion may lead to creative thinking.

Disadvantages:

1. Committees may delay decisions, consume more time and hence more expensive.
2. Group action may lead to compromise and indecision.
3. 'Buck passing' may result.

4.4.5 Project Organizational Structure

A project organisation is a temporary organisation designed to achieve specific results by using teams of specialists from different functional areas in the organisation. The project team focuses all its energies, resources and results on the assigned project. Once the project has been completed, the team members from various cross functional departments may go back to their previous positions or may be assigned to a new project. Some of the examples of projects are: research and development projects, product development, construction of a new plant, housing complex, shopping complex, bridge etc.

A project organisation structure is led by a Project Manager and assisted by a team of Functional Specialists. The team focuses all its energies, skills and resources on the project. When the project is completed, the project team is abolished and its members move on to a new project or return to their parent department in the enterprise. Below is the project structure shown in a diagram form.

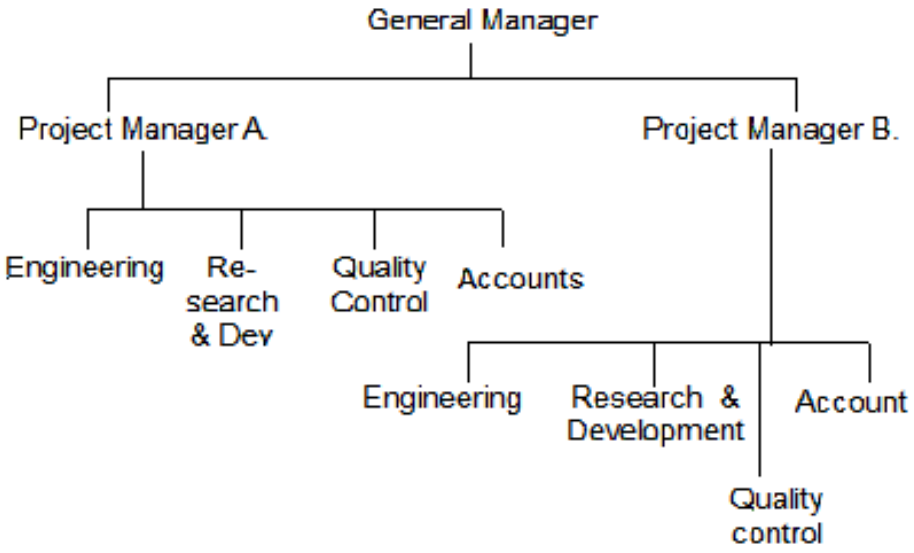


Figure 4.4: Project Organisational Structure

Characteristics of project organisation:

1. Personnel are assigned to a project from the existing permanent organisation and are under the direction and control of the project manager.
2. The project manager specifies what effort is needed and when work will be performed whereas the concerned department manager executes the work using his resources.
3. The project manager gets the needed support from production, quality control, engineering etc. for completion of the project.
4. The authority over the project team members is shared by project manager and the respective functional managers in the permanent organisation.
5. The services of the specialists (project team members) are temporarily loaned to the project manager till the completion of the project.

6. There may be conflict between the project manager and the departmental manager on the issue of exercising authority over team members.
7. Since authority relationships are overlapping with possibilities of conflicts, informal relationships between project manager and departmental managers (functional managers) become more important than formal prescription of authority.
8. Full and free communication is essential among those working on the project.

Importance of Project Organizational Structure

Project organizational structure is most valuable when:

i) Work is defined by a specific goal and target date for completion.
ii) Work is unique and unfamiliar to the organisation.
iii) Work is complex having independent activities and specialized skills are necessary for accomplishment.
iv) Work is critical in terms of possible gains or losses.
v) Work is not repetitive in nature.

4.4.6. Matrix Organisational Structure

Under this types of structure, there are functional managers and Project Managers. Functional managers are in charge of specialised resources, such as production, quality control, inventories, marketing and finance. Project managers are in charge of one or more projects. They are authorised to prepare projects strategies and they call on the various functional managers for the necessary resources.Matrix Organisation is suitable for a large number of small projects. A matrix organization is also known as a combined organisational structure. The matrix organisation has two chains of command. Here the flow of authority is both vertical (line authority) as well as horizontal. Separate departmens have to share the resources with the rest of the organization and cannot claim any exclusive right. The specimen of a matrix organization is given below.

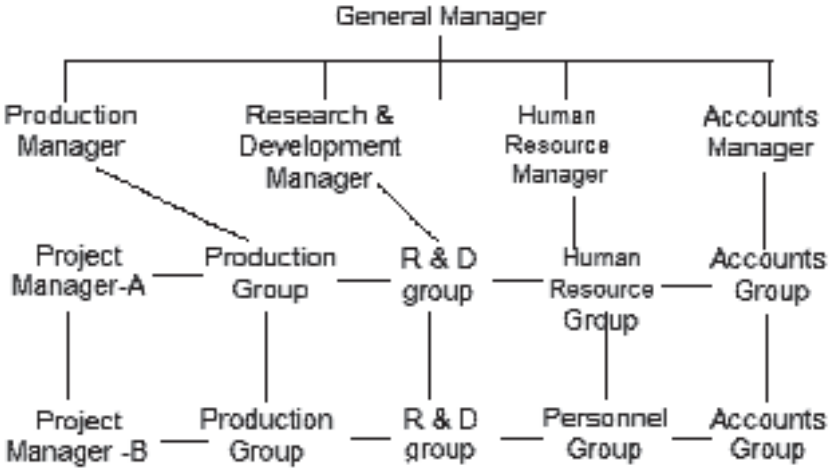


Figure 4.5: Matrix Organisational Structure

Like other structures Matrix Organization Structure also has merits and demerits as shown below :

Merits :

(I) It utilises the benefits of both functional organisation and technical specialisation.

(II) It is flexible. It allows better and quick response to the changes.

(III) It improves communication and interaction among project units and functional heads. It leads to better co-ordination.

Demerits :

(I) It does not follow the principle of unity of command.

(II) Quick decisions are not possible all the times.

4.5 SPAN OF CONTROL

Every person has a limited capacity to effectively supervise and control other people. No one can control an infinite number of subordinates. The capacity and ability of a person to supervise a large number of subordinates working under him is limited on account of time at his disposal, knowledge, energy, his personality, interest and other capabilities.

The term ‘span’ literally means the space between two supports of a structure, e.g., the space between two pillars of a bridge. The space between the two pillars should neither be too large nor too small. When

applied to management, 'span' refers to the number of subordinates a manager or supervisor can supervise, manage or control effectively and efficiently.

In the words of Spriegal, "Span of management or control means the number of people reporting directly to an authority. The principle of span of control implies that no single executive should have more people looking to him for guidance and leadership than he can reasonably be expected to serve."

Factors affecting span of control

1. Geographical dispersion, if the branches of a business are widely dispersed, then the manager will find it difficult to supervise each of them, as such the span of control will be smaller.
2. Capability of workers, if workers are highly capable, need little supervision, and can be left on their own, e.g.: Theory Y type of people, they need not be supervised much as they are motivated and take initiative to work; as such the span of control will be wider.
3. Capability of boss, an experienced boss with good understanding of the tasks, good knowledge of the workers and good relationships with the workers, will be able to supervise more workers.
4. Value-add of the boss, a boss that is adding value by training and developing new skills in the workers will need a narrow span of control than one who is focused only on performance management (this is the reverse of the capability of workers point above)
5. Similarity of task, if the tasks that the subordinates are performing are similar, then the span of control can be wider, as the manager can supervise them all at the same time.
6. Volume of other tasks, if the boss has other responsibilities, such as membership of committees, involvement in other projects, liaising with stakeholders, the number of direct reports will need to be smaller
7. Required administrative tasks, if the boss is required to have regular face to face meetings, complete appraisal and development plans, discuss remuneration benefits, write job descriptions and employment contracts, explain employment policy changes and other administrative tasks then the span of control is reduced.

CHECK YOUR PROGRESS

Q.1. Define Organising.

.....

.....

Q.2. State two importance of organising.

.....

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Q.3. What is Span of Control?

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4.6 TYPES OF DEPARTMENTATION

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 w ion.



They are as follows:

1. Functional basis.
2. Territorial basis.
3. Process basis.
4. Product basis.
5. Customer basis.
6. Time basis.
7. Number basis.

Let us discuss these methods in the following ways:

1. **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:

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

Demerits of Departmentation by function:

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

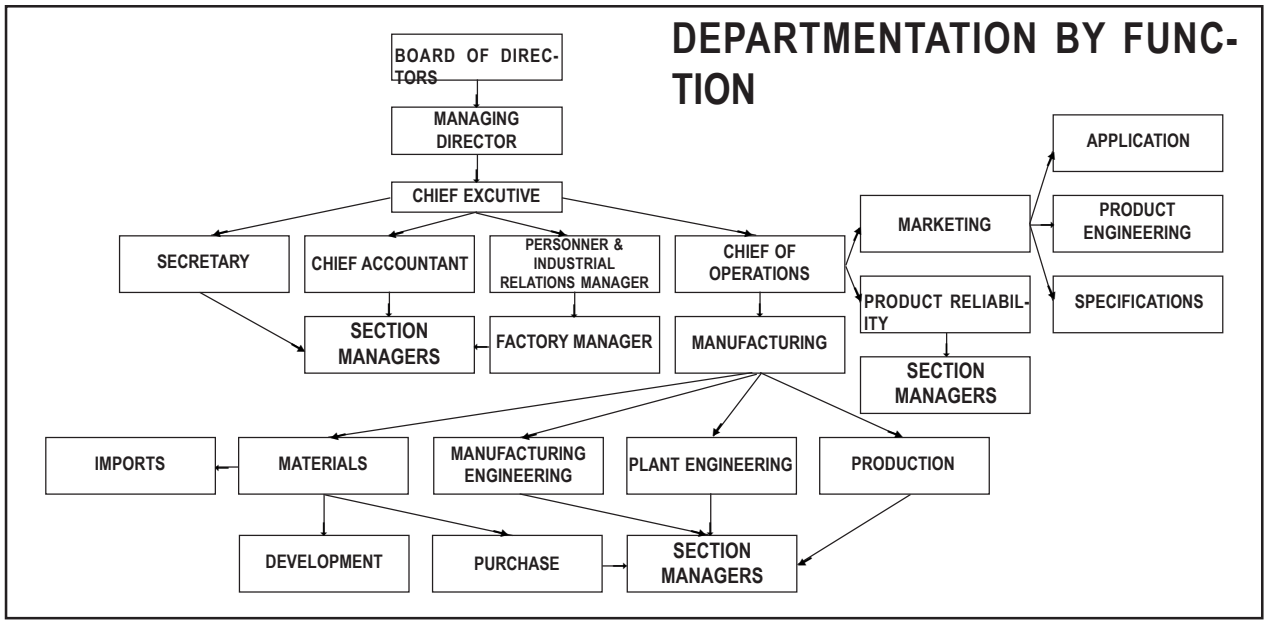


Figure 4.6: Departmentation by Functions

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:

1. This method is highly suitable when the needs of the local customers are to be satisfied effectively.
2. Certain economies of localized operation can be availed.
3. Sales activities can be conducted more effectively. Sales personnel can spend more time on sales rather than on traveling.
4. The executives of territorial departments shall become thoroughly familiar with the key details and can take on the spot decisions in times of emergency.
5. The department has an excellent training situation for all round managers needed in the future at higher levels.

Demerits of Departmentation by Territory:

1. This type of departmentation requires more persons with general managerial abilities.
2. Coordination shall become difficult and the problem of maintaining top management control shall also acute.
3. Territorial grouping may sometime cause some problems if authority over financial matters is also decentralized.

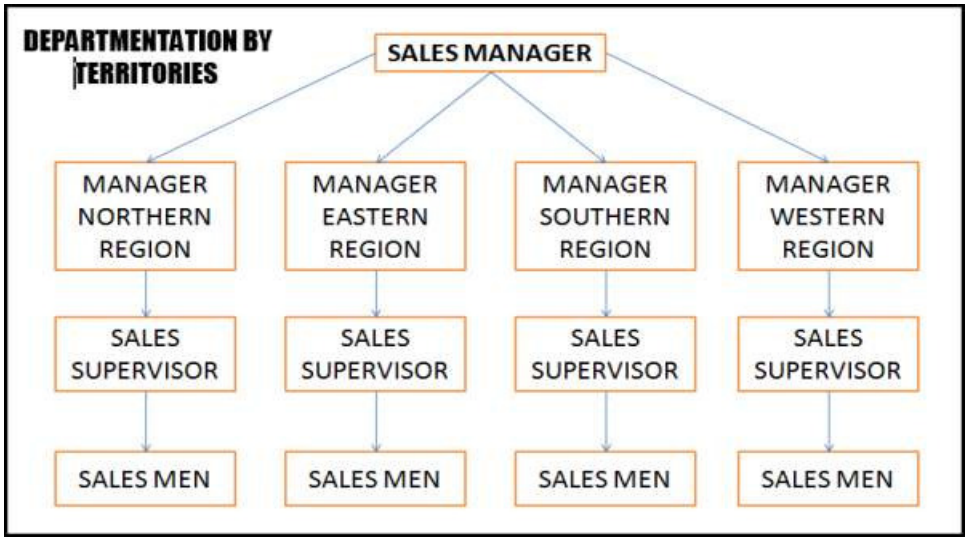


Figure 4.7: Departmentation by Territories

3. **Departmentation by Process:** Activities can also be grouped according to the process involved or the equipment used. This form of