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.

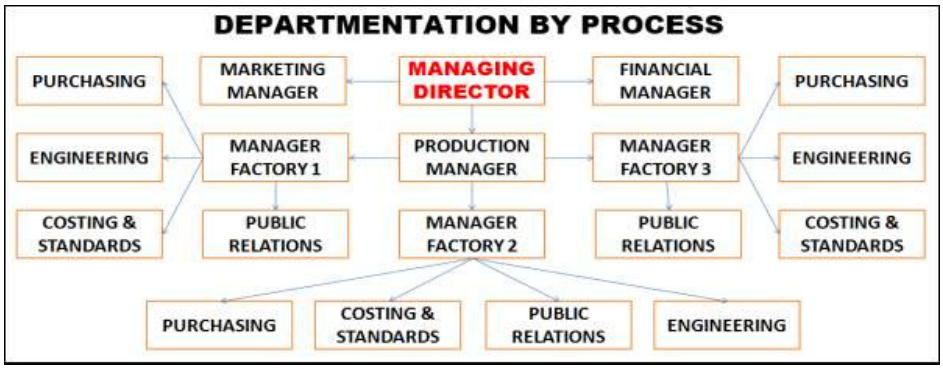


Figure 4.8: Departmentation by Process

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.
5. Responsibility can be fixed.

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 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. This danger can be averted by centralizing all major policy decisions.



Figure 4.9: Departmentation by Product

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. Coordinating various departments will also pose many serious problems.
3. It may also develop an unequal development of customer groups in times of expansion and disappearance of certain customer groups in times of recession.
4. 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.

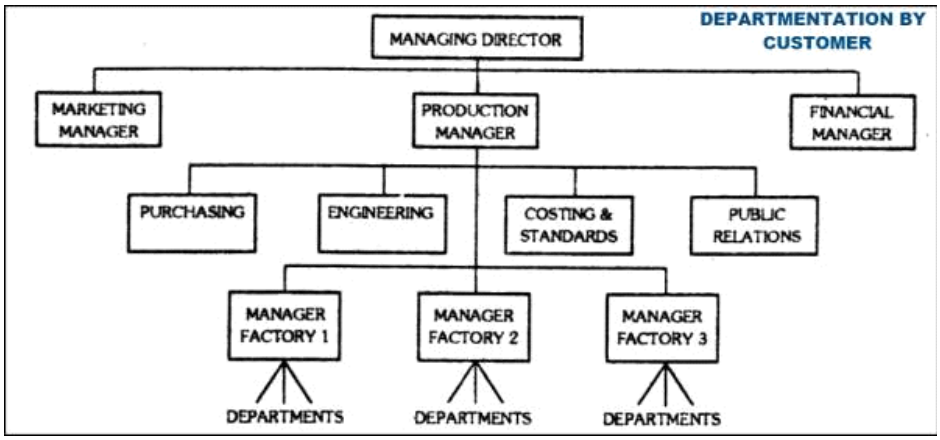


Figure 4.10: Departmentation by Customer

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 the number prescribed for each unit. However, this type of departmentation is not found in business concerns.

4.7 CONCEPT OF STAFFING AND ITS IMPORTANCE

The term 'Staffing' relates to the recruitment, selection, development, training and compensation of the managerial personnel. Staffing, like all other managerial functions, is the duty which the apex management performs at all times. In a newly created enterprise, the staffing would come as a. third step—next to planning and organizing—but in a going enterprise the staffing process is continuous.

In order to define and clarify the group of employees included in the staffing concept, it must be stated that the staffing function is concerned with the placement, growth and development of all of those members of the organization whose function it is to get things done through an effort of other individuals. Staffing is an integral part of human resource management. It facilitates procurement and placement of right people on the right jobs.

"The managerial function of staffing involves manning the organizational structure through effective and proper selection, appraisal, and development of personnel to fill the roles designed into the structure."

— Koontz and O'Donnell

Staffing is the function of human relationship in the organizational structure with competent staff. Staffing is that part of the management function which is concerned with people at work and with their relationship within the organisation.

Staffing may be defined as that function of management, which is concerned with selecting, developing, maintaining and utilizing the manpower such that the objectives of the organisation are achieved economically and effectively.

Features of Staffing:

The following are the features or nature or characteristics of the staffing function:

1. It is an universal function. It is the responsibility of every manager.
2. It is a continuous function performed by every manager to ensure successful functioning of his department and to develop his successors.
3. It is a dynamic and never ending process. With changes in the size and environment of the organization, changes take place in personnel.
4. Human resources expect and deserve dignity. So the success of the staffing function lies in involving every individual in the organisation in the task of achieving organizational goals.
5. It is a difficult function with problems of social, philosophical and psychological nature.

Importance of staffing:

1. Staffing function help in discovering of qualified and competent personnel for various jobs in the organisation.
2. Since the right person is recruited for the right jobs, it leads for maximum productivity and higher performance.
3. It promotes optimum utilization of human resources.
4. It increases job satisfaction and morale of the workers through adequate remuneration for each job.
5. Since the staffing helps to ensure maximum utilization of human resources, the labour costs per unit or production will be reduced.
6. It leads to efficient functioning of the organization due to systematic programmes for selection, training and appraisal of employees are required by proper staffing function.
7. The use of latest technology can be achieved by the right person, selected in the organization.



CHECK YOUR PROGRESS

Q4. State different types of departmentation.

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Q.5 State two importance of Staffing.

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4.8 LET US SUM UP

In this unit we have discussed the following:

- Organising means systematic arrangement of activities.
- Organising is important because –
  - It increases managerial efficiency.
  - it provides specialisation.
  - it ensures flow of activities.
  - it helps in smooth delegation of Authority.
- The structure of different organisation may be of different types depending on the nature, method, process, technology and the social environment of the enterprise.
- 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:
  1. Functional basis.
  2. Territorial basis.
  3. Process basis.
  4. Product basis.

5. Customer basis.
6. Time basis.
7. Number basis.

- At the end of the unit, we have discussed about staffing.Staffing may be defined as that function of management, which is concerned with selecting, developing, maintaining and utilizing the manpower such that the objectives of the organisation are achieved economically and effectively.



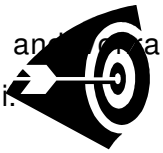
4.9 FURTHER READING

1) Drucker, Peter F. (2014), *Practice of Management*, Allied Publications, New Delhi.

2) Koontz, Harold and Weihrich, Heinz (2007), *Essentials of Management*, Tata McGraw Hills, New Delhi.

3) Rao, V. S. P. and Hari Krishna, V. (2005), *Management : Text and Cases*, Excel Books, New Delhi.

4) Robbins, Stephen P., Judge, Timothy A. and [illegible]a N.(2016), *Organizational Behavior*, Prentice Hall, Delhi.



4.10 ANSWER TO CHECK YOUR PROGRESS

Ans to Q No 1: 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"

Ans to Q No 2: i)Organising increases managerial efficiency

ii) It Promotes Specilization

Ans to Q No3: Span of management or control means the number of people reporting directly to an authority.

Ans to Q No 4: Departmentation can be done based on

1. Functional basis.
2. Territorial basis.

3. Process basis.
4. Product basis.
5. Customer basis.
6. Time basis.
7. Number basis.

Ans to Q No 5:

1. Staffing function help in discovering of qualified and competent personnel for various jobs in the organisation.
2. Since the right person is recruited for the right jobs, it leads for maximum productivity and higher performance.



4.11 MODEL QUESTIONS

1. Define organization. Briefly discuss the importance of organization.
2. Explain different types of organization.
3. What do you understand by span of control? Discuss the various factors determining span of control.
4. Highlight the different bases of departmentation.
5. Define staffing. Why is it important in organizations?

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UNIT 5: CONTROLLING

UNIT STRUCTURE

5.1 Learning Objectives

5.2 Introduction

5.3 Meaning and Importance of Control

5.4 Steps in Control Process

5.5 Types of control

5.6 Dimensions of control

5.7 Resistance to control

5.8 Techniques of Managerial Control

5.8.1 Budgetary Control Techniques

5.8.2 Non Budgetary Control Techniques

5.9 Let Us Sum Up

5.10 Further Reading

5.11 Answers to Check Your progress

5.12 Model Questions

5.1 LEARNING OBJECTIVES

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

- define the meaning and importance of management control
- describe the necessary steps in control process
- discuss the resistance to control
- classify the techniques of managerial control into budgetary and non-budgetary.

5.2 INTRODUCTION

Control is one of the most important elements of the managerial process. This function intends to ensure that everything occurs in conformity with the plans and predetermined goals which are successfully achieved. Thus, this function aims to make things happen in order to achieve goals. In this unit, we will discuss the meaning and some important aspects of control.

5.3 MEANING AND IMPORTANCE OF CONTROL

Meaning of control:

Control is the exercise of checking and correcting organisational functions in order to ensure that things occur in accordance with the planning. Control is a process of analysing and examining whether actual performance is going on according to planned performance and if not where the deviations are occuring and when to take measures for correction. It is a process of comparison and verification between planned and actual performance. Philip Kotler defines Control "as the process of taking steps to bring actual results and desired results closer together." According to Massie, "control is the process that measures current performance and guides it towards some predetermined goals".

Importance of Control :

Control is one of the important elements of management process. No manager can complete the management process without control. It is the only way of managers to know whether or not organisation's goals are being met and why or why not. The importance of control is discussed as follows:

a) **Smooth functioning of the enterprise:** The control function helps an enterprise in performing its activities smoothly. In this connection Peter Drucker has said that control maintains the equilibrium between ends and means, output and effort. In presence of such equilibrium position, an enterprise can perform its function smoothly. By the help of control an enterprise can maintain equilibrium between planning and purpose of the organisation.

b) **Management of big enterprise:** The control function is very much essential in the management of large organisations. In large organisations numerous complexities are associated. Large organisations produce variety of products, use automatic and computerised system of production, and also cover vast geographical areas. So, in case of these organisations, uniformity of actions and behaviour among the employees can be ensured only through effective control system.