

## **ORGANISING**

Organizing is the management function that follows after planning, it involves the assignment of tasks, the grouping of tasks into departments, and the assignment of authority with adequate responsibility and allocation of resources across the organization to achieve common goals

Organizing can be defined as a process that initiates the implementation of plans **by clarifying jobs and working relationships and effectively deploying resources for the attainment of identified and desired results (goals).**

### Definitions

“Organising is the process of defining and grouping the activities of the enterprise and establishing authority relationships among them” – Theo Haimman

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

“To organize a business is to provide it with everything useful to its functioning: raw materials, machines and tools, capital and personnel”. – Henry Fayol

“In its broadest sense organizing refers to the relationship between various factors present in a giving endeavor or enterprise”. – William Spriegel

“Organising is the establishment of effective authority relationships among selected work, persons and workplaces for a group to work together efficiently”. – G. R. Terry

## STEPS IN THE PROCESS OF ORGANISING



From the above description, the following steps emerge in the process of organizing:

**(i) Identification and division of work:** The first step in the process of organizing involves identifying and dividing the work that has to be done by previously determined plans. **The work is divided into manageable**

activities so that duplication can be avoided and the burden of work can be shared among the employees.

**(ii) Departmentalisation:** Once work has been divided into small and manageable activities then those activities which are similar in nature are grouped. Such sets facilitate specialization.

This grouping process is called **departmentalization**. **Departments can be created using several criteria as a basis**. Examples of some of the most popularly used basis are territory (north, south, west, etc.) and products (appliances, clothes, cosmetics, etc).

**(iii) Assignment of duties:** It is necessary to define the work of different job positions and accordingly allocate work to various employees. **Once departments have been formed, each of them is placed under the charge of an individual**. Jobs are then allocated to the members of each department by their skills and competencies.

**(iv) Establishing authority and reporting relationships:** Merely allocating work is not enough. Each individual should also know to whom he has to take orders and to whom he is accountable. The establishment of such clear relationships helps to create a hierarchal structure and helps in coordination amongst various departments.

## IMPORTANCE OF ORGANISING



The following points highlight the crucial role that organizing plays in any business enterprise:

- (i) **Benefits of specialization:** Organising leads to a systematic allocation of jobs amongst the workforce.
- This reduces the workload as well as enhances productivity because of the specific workers performing a specific job regularly.

- Repetitive performance of a particular task allows a worker to **gain experience** in that area and **leads to specialization**.
- (ii) **Clarity in working relationships:** The establishment of working relationships clarifies lines of communication and specifies who is to report to whom.  
**It helps in creating a hierarchical order thereby enabling the fixation of responsibility and specification of the extent of authority to be exercised by an individual.**
- (iii) **Optimum utilization of resources:** Organising leads to the proper usage of all material, financial and human resources.
- **The proper assignment of jobs avoids overlapping work and also makes possible the best use of resources.**
  - Avoidance of duplication of work helps in preventing confusion and minimizing the wastage of resources and efforts.
- (iv) **Adaptation to change:** It allows the organization structure to be suitably modified and the revision of inter-relationships amongst managerial levels to pave the way for a smooth transition.  
**It also provides much-needed stability to the enterprise as it can then continue to survive and grow despite changes.**
- (v) **Effective administration:** This helps to avoid confusion and duplication. The clarity in working relationships enables the proper execution of work.  
**Management of an enterprise thereby becomes easy and this brings effectiveness to administration.**
- (vi) **Development of personnel:** Effective delegation allows managers to reduce their workload by assigning routine jobs to their subordinates.
- The reduction in workload by delegation is not just necessary because of the limited capacity of an individual **but also allows the manager to develop new methods and ways of performing tasks.**

- It gives them the time to explore areas for growth and the opportunity to innovate thereby strengthening the company's competitive position.
  - **The delegation also develops in the subordinate the ability to deal effectively with challenges and helps them to realize their full potential.**
- (vii) Expansion and growth:** Organising helps in the growth and diversification of an enterprise by enabling it to deviate from existing norms and take up new challenges.
- **It allows a business enterprise to add more job positions, and departments and even diversify its product lines.**
  - New geographical territories can be added to current areas of operation and this will help to increase customer base, sales, and profit.

## ORGANISATION STRUCTURE

- Organizational structure is the outcome of the organizing process. **An effective structure will result in increased profitability of the enterprise.** The need for an adequate organizational structure is felt by an enterprise whenever it grows in size or complexity. It is only those enterprises that do not focus on growth that can maintain a particular structure for a long period.
- As an organization grows, coordination becomes difficult due to **the emergence of new functions and an increase in structural hierarchies.**
- **Peter Drucker** emphasizes the importance of having an appropriate organizational structure when he says, **“organization structure is an indispensable means, and the wrong structure will seriously impair business performance and even destroy it.”**



- The organization structure can be defined as the framework within which managerial and operating tasks are performed. **It specifies the relationships between people, work, and resources.**
- The span of management, to a large extent gives shape to the organizational structure. **The span of management refers to the number of subordinates that can be effectively managed by a superior.**
- A proper organizational structure is **essential to ensure a smooth flow of communication and better control over the operations of a business enterprise.**

For example, Sunita opened her travel agency. The success of her travel agency depends on a harmonious relationship between the customer and the employees of the travel agency.

- To achieve this objective, she has divided the entire work of the agency into three subheads based on the functions namely operations, sales, and administration.
- Operations include travel counselor, reservation and ticketing, and customer care. Sales include the Accounts executive.
- Administration includes Book Keeper, cashiers, and utility personnel.
- This division of work based on functions has resulted in an organizational structure specifying the line of authority and responsibility.

## TYPES OF ORGANISATION STRUCTURES

The organizational structure can be classified under two categories which are as follows:

### (i) Functional structure and (ii) Divisional structure



## ***Functional structure***

- **Grouping jobs of similar nature under function** and organizing these major functions as separate departments create a functional structure.
- All departments report to a coordinating head. For example, in a manufacturing concern division of work into key functions will include production, purchase, marketing, accounts, and personnel.

## ***Advantages:***

The functional structure has many advantages to offer. Important among them are as follows:

- 1) A functional structure leads to occupational specialization since the emphasis is placed on specific functions. **This promotes efficiency in the utilization of manpower as employees perform similar tasks within a department and can improve performance.**
- 2) It promotes control and coordination within a department because of the similarity in the tasks being performed.
- 3) It helps in **increasing managerial and operational efficiency** and this results in increased profit.
- 4) It leads to **minimizing duplication of effort** which results in economies of scale and this lowers cost.
- 5) It makes **training employees easier** as the focus is only on a limited range of skills.
- 6) It ensures that different functions get due attention.



### ***Disadvantages:***

The functional structure has certain disadvantages that an organization must take into consideration before it adopts it.

- a) A functional structure places **less emphasis on overall enterprise objectives** than the objectives pursued by a functional head. Pursuing departmental interests at the cost of organizational interests can also hinder the interaction between two or more departments.
- b) **It may lead to problems in coordination as information has to be exchanged across functionally differentiated departments.**
- c) A conflict of interests may arise when the interests of two or more departments are **not compatible**.
  - For example, the sales department insisting on a customer-friendly design may cause difficulties in production.
  - Such dissension can prove to be harmful in terms of the fulfillment of organizational interests.
  - Interdepartmental conflicts can also arise in the absence of a clear separation of responsibility.
- d) It may lead to inflexibility as people with the same skills and knowledge base may develop a narrow perspective and thus, have difficulty appreciating another point of view. **Functional heads do not get training for top management positions because they are unable to gather experience in diverse areas.**

***Suitability:*** It is most suitable when the size of the organization is large, has diversified activities, and operations require a high degree of specialization.

## **MULTIPLE CHOICE QUESTIONS**

**Q1: Organizing is a process by which the manager**

- (a) Establishes order out of chaos
- (b) Removes conflict among people overwork or responsibility sharing
- (c) Creates an environment suitable for teamwork
- (d) All of the above**

**Q2: It is defined as the framework within which managerial and operating tasks are performed.**

- (a) Span of management
- (b) Organisational structure**
- (c) Informal organisation
- (d) None of the above

**Q3: It refers to the number of subordinates that can be effectively managed by a superior,**

- (a) Organisational structure
- (b) Informal organisation
- (c) Span of management**
- (d) None of the above

**Q4: Uranus Limited is a company dealing in metal products. The work is mainly divided into functions including production, purchase, marketing, accounts, and personnel. Identify the type of organizational structure followed by the organization.**

- (a) Functional structure**
- (b) Relational structure
- (c) Divisional structure
- (d) None of the above

**Q5: Which of the following is not a feature of functional structure?**

- (a) It promotes functional specialization.
- (b) Managerial development is difficult.
- (c) It is easy to fix responsibility for performance.**
- (d) It is an economical structure to maintain.