

# Organizing as a function of management

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**Organizing** is the function of management which follows planning.

It is a function in which the synchronization and combination of:

- human,
- physical and
- financial resources takes place

Organizational function helps **in achievement of results** which is important for the functioning of a concern

According to *Chester Barnard*,

“Organizing is a function by which the concern is able *to define the role positions,*

the jobs related and

**the co-ordination between authority and responsibility”.**

Hence, a manager always has to organize in order to get results.

A manager performs organizing function with the help of following steps:-

**1. Identification of activities**

All the activities which have to be performed in a concern have to be identified first.

For example, preparation of accounts, making sales, record keeping, quality control, inventory control, etc. All these activities have to be grouped and classified into units.

**2. Departmentally organizing the activities -**

The manager tries to combine and group similar and related activities into units or departments.

This organization of dividing the whole concern into independent units and departments is called **departmentation**.

### 3. Classifying the authority

Once the departments are made, the manager likes to classify the powers and its extent to the managers.

This activity of giving a rank in order to the managerial positions is called **hierarchy**.

*The top management* is into formulation of policies,  
*the middle level management* into departmental supervision and  
*lower level management* into supervision of foremen.

#### **The clarification of authority help in:**

- bringing efficiency in the running of a concern
- achieving efficiency in the running of a concern
- avoiding wastage of time, money, effort, in avoidance of duplication or overlapping of efforts
- bringing smoothness in a concern's working.

#### **4. Co-ordination between authority and responsibility**

Relationships are established among various groups to enable smooth interaction toward the achievement of the organizational goal.

Each individual is made aware of his authority and **knows whom they have to take orders from** and *to whom they are accountable* and to whom they have to report.

A clear organizational structure is drawn and all the employees are made aware of it.

# Importance of Organizing Function

1. **Specialization** - Organizational structure is a network of relationships in which the work is divided into units and departments.

This division of work is helping in bringing specialization in various activities of concern.

2. **Well defined jobs** - Organizational structure helps in putting right men on right job which can be done by selecting people for various departments according to their qualifications, skill and experience.

This is helping in defining the jobs properly which clarifies the role of every person

## Importance of Organizing Function

**3. Clarifies authority** - Organizational structure helps in clarifying the role positions to every manager (status quo). This can be done by clarifying the powers to every manager.

Well defined jobs and responsibilities attached helps in bringing efficiency into managers working.

This helps in increasing productivity.

**4. Co-ordination** - Organization is a means of creating co-ordination among different departments of the enterprise.

It creates clear cut relationships among positions and ensure mutual co-operation among individuals. Harmony of work is brought by higher level managers exercising their authority over interconnected activities of lower level manager.

## Importance of Organizing Function

**5. Effective administration** - The organization structure is helpful in defining the jobs positions. The roles to be performed by different managers are clarified. Specialization is achieved through division of work. This all leads to efficient and effective administration.

**6. Growth and diversification** - A company's growth is totally dependent on how efficiently and smoothly a concern works.

Efficiency can be brought about by clarifying the role positions to the managers, co-ordination between authority and responsibility and concentrating on specialization.

In addition to this, a company can diversify if its potential grow.

This is possible only when the organization structure is well- defined.

## Importance of Organizing Function

**7. Sense of security** - Organizational structure clarifies the job positions. The roles assigned to every manager is clear. Co-ordination is possible.

Therefore, clarity of powers helps automatically in increasing mental satisfaction and thereby a sense of security in a concern. This is very important for job- satisfaction.

**8. Scope for new changes** - Where the roles and activities to be performed are clear and every person gets independence in his working, this provides enough space to a manager to develop his talents and flourish his knowledge. A manager gets ready for taking independent decisions which can be a road or path to adoption of new techniques of production.

This scope for bringing new changes into the running of an enterprise is possible only through a set of organizational structure.

# Principles of Organizing

The organizing process can be done efficiently if the managers have certain guidelines so that they can take decisions and can act. To organize in an effective manner, the following principles of organization can be used by a manager.

## 1. Principle of Specialization

According to the principle, the whole work of a concern should be divided amongst the subordinates on the basis of qualifications, abilities and skills. It is through division of work specialization can be achieved which results in effective organization.

## 2. Principle of Functional Definition

According to this principle, all the functions in a concern should be completely and clearly defined to the managers and subordinates.

This can be done by clearly defining the duties, responsibilities, authority and relationships of people towards each other.

Clarifications in authority-responsibility relationships helps in achieving co-ordination and thereby organization can take place effectively.

**For example**, *the primary functions of production, marketing and finance and the authority responsibility relationships in these departments should be clearly defined to every person attached to that department. Clarification in the authority-responsibility relationship helps in efficient organization.*

### 3. Principles of Span of Control/Supervision

According to this principle, span of control is a span of supervision which depicts the number of employees that can be handled and controlled effectively by a single manager.

According to this principle, a manager should be able to handle what number of employees under him should be decided.

This decision can be taken by choosing either from a wide or narrow span.

**There are two types of span of control:**

**Wide span of control**

**Narrow span of control**



- a. **Wide span of control-** It is one in which a manager can supervise and control effectively a large group of persons at one time.

*The features of this span are:-*

- i. Less overhead cost of supervision
- ii. Prompt response from the employees
- iii. Better communication
- iv. Better supervision
- v. Better co-ordination
- vi. Suitable for repetitive jobs

According to this span, one manager can effectively and efficiently handle a large number of subordinates at one time.

## Principles of Organizing

**b. Narrow span of control-** According to this span, the work and authority is divided amongst many subordinates and

a manager doesn't supervises and control a very big group of people under him.

The manager according to a narrow span supervises a selected number of employees at one time.

*The features are:-*

- i. Work which requires tight control and supervision, for example, handicrafts, ivory work, etc. which requires craftsmanship, there narrow span is more helpful.
- ii. Co-ordination is difficult to be achieved.
- iii. Communication gaps can come.
- iv. Messages can be distorted.
- v. Specialization work can be achieved.

### Factors influencing Span of Control

- a. **Managerial abilities-** In the concerns where managers are capable, qualified and experienced, wide span of control is always helpful.
- b. **Competence of subordinates-** Where the subordinates are capable and competent and their understanding levels are proper, the subordinates tend to very frequently visit the superiors for solving their problems. In such cases, the manager can handle large number of employees. Hence wide span is suitable.
- c. **Nature of work-** If the work is of repetitive nature, wide span of supervision is more helpful. On the other hand, if work requires mental skill or craftsmanship, tight control and supervision is required in which narrow span is more helpful.

### Factors influencing Span of Control

**d. Delegation of authority-** When the work is delegated to lower levels in an efficient and proper way, confusions are less and congeniality of the environment can be maintained. In such cases, wide span of control is suitable and the supervisors can manage and control large number of sub-ordinates at one time.

**e. Degree of decentralization-** Decentralization is done in order to achieve specialization in which authority is shared by many people and managers at different levels. In such cases, a tall structure is helpful. There are certain concerns where decentralization is done in very effective way which results in direct and personal communication between superiors and sub-ordinates and there the superiors can manage large number of subordinates very easily. In such cases, wide span again helps.

### 4. Principle of Scalar Chain

Scalar chain is a chain of command or authority which flows from top to bottom.

With a chain of authority available, wastages of resources are minimized, communication is affected, overlapping of work is avoided and easy organization takes place.

A scalar chain of command facilitates work flow in an organization which helps in achievement of effective results.

As the authority flows from top to bottom, it clarifies the authority positions to managers at all level and that facilitates effective organization.

### **5. Principle of Unity of Command**

It implies one subordinate-one superior relationship.

Every subordinate is answerable and accountable to one boss at one time.

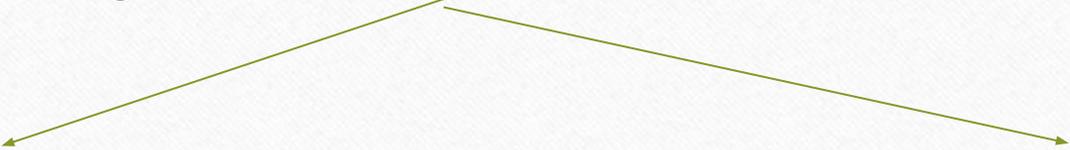
This helps in avoiding communication gaps and feedback and response is prompt.

Unity of command also helps in effective combination of resources, that is, physical, financial resources which helps in easy co-ordination and, therefore, effective organization.

# Classification of Organizations

Organizations are basically clasified on the basis of relationships.

There are two **types of organizations** formed on the basis of relationships in an organization



Formal

Informal

### Formal Organization

This is one which refers to a structure of well defined jobs each bearing a measure of authority and responsibility.

It is a conscious determination by which people accomplish goals by adhering to the norms laid down by the structure.

This kind of organization is an arbitrary set up in which each person is responsible for his performance.

Formal organization has a formal set up to achieve pre- determined goals.

### Informal Organization

It refers to a network of personal and social relationships which spontaneously originates within the formal set up.

Informal organizations develop relationships which are built on likes, dislikes, feelings and emotions.

It emerges from the formal organization and it is not based on any rules and regulations as in case of formal organization.

# Relationship between Formal and Informal Organizations

For a concerns working both formal and informal organization are important.

Formal organization originates from the set organizational structure and informal organization originates from formal organization.

For an efficient organization, both formal and informal organizations are required.

Formal organization can work independently. But informal organization depends totally upon the formal organization.

### **Formal and informal organization helps in:**

- bringing efficient working organization and smoothness in a concern.
- Within the formal organization, the members undertake the assigned duties in co-operation with each other. They interact and communicate amongst themselves.

THANK YOU FOR YOUR ATTENTION