

# Principles of Management

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# Chapter 9: Departmentation

- We have seen various functions of management viz. Planning, Organizing, staffing, directing, coordinating and controlling.
- Departmentation is a part of organizing process.
- When the organization grows, it becomes complex.
- Departmentation is needed when we want to handle complexity.

- Departmentation involves grouping of common activities and resources under a single person's control required for pre-determined activity.
- The activities are grouped on the basis of functions of the organization.
- This work is done by the Chief Executive of the Organization.

## For example:

- The photocopying machine in marketing section is overloaded and the utilization is 125%.
- The photocopying machine in finance section has the utilization of 100%.
- The photocopying machine in HR section has the utilization of 60% and
- the photocopying machine in production section is utilized to only 10%.

## Problem:

- We see that there is machine idle time in three sections and in one section; there are queues of people waiting for photocopying.
- Can the marketing people go to other sections? It depends on the management policy.
- Marketing people can also go out to make photocopies.

# Solution:

- Actually it is prudent to have a photocopying department with may be two machines only with one person who will cater to all the organization for their photocopying requirements.
- This is departmentation, which turns complexity into simplicity.

- However, it is a must to utilize the resources optimally.
- If the departmentation is done, it must facilitate resource optimization.
- If this is not possible, then departmentation will not serve its purpose.



- Another example is of a big finance company.
- It expands and creates many branches in the same city.
- However, it is found that half of the branches do not have any footfall.
- The resources viz. men, materials and machines are idling.
- Then the business will be in a loss. It can be like that proverb: Operation successful, patient dead.

# PROCESS OF DEPARTMENTATION

**IDENTIFICATION OF WORK**

**ANALYSIS OF DETAILS OF EACH  
WORK**

**DESCRIPTION OF THE FUNCTION**

**GROUPING OF SIMILAR  
ACTIVITIES**

**ENTRUSTING THE GROUPED ACTIVITIES TO A SEPARATE  
PERSON SPECIALISED IN THE RESPECTIVE FIELD AND  
PROVIDING HIM WITH SUITABLE STAFF**

**FIXING THE SCOPE OF AUTHORITY AND RESPONSIBILITY OF  
THE DEPARTMENT HEADS.**

# NEED AND IMPORTANCE OF DEPARTMENTATION

Departmentation increases the operating efficiency of the employees because it facilitates the grouping of activities which are of similar nature.

There is a fixation of responsibilities to various executives of the organization. It makes the executive to be alert and efficient in his duties.

The departmental heads are given certain powers and are allowed to take their own decisions. It increases the prestige and skill of the departmental heads.

The work of various departments is evaluated by the top management and the department which is not managed properly is identified. This makes all the departmental heads efficient and alert.

# FACTORS IN DEPARTMENTATION

Departmentation should yield the advantages of **specialization**. Specialization may be functional such as sales, finance, production and personnel.

There should be a proper **control** under departmentation and simplification of control process. There should be scope for automatically checking the activity of one person by another person, a separate executive.

The whole business activities are grouped department-wise and it requires coordination. The purchase department should be located near the production department. This will facilitate easy **coordination**.

An **unusually important activity** of the business should be recognized. If **greater attention** is necessary, the activity may be entrusted to a separate division or a higher level of organization according to its importance.

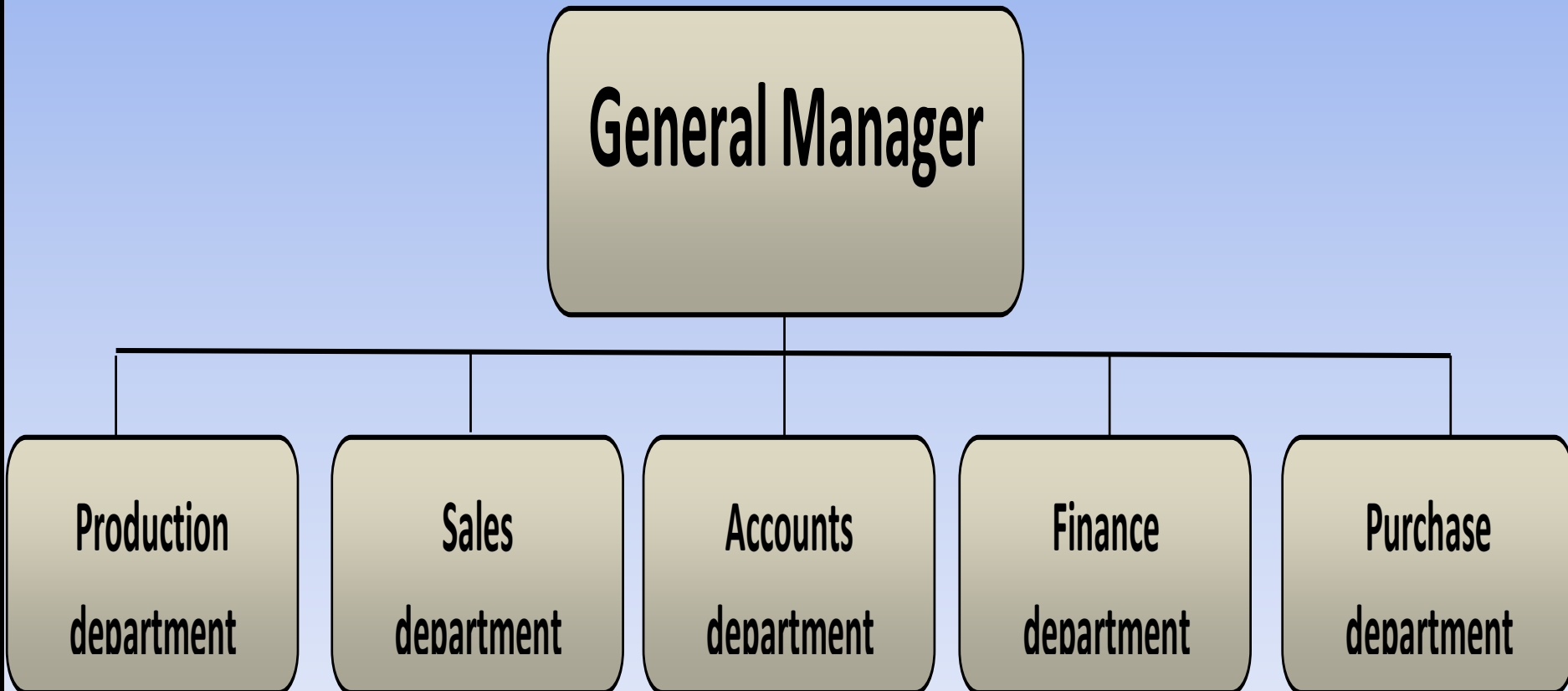
The departmentation should take into consideration the **local conditions** of the place concerned.

**Economy:** It should be borne in mind that expenses are incurred in the creation of separate departments. It means avoiding unnecessary expenditure and allowing essential expenditure.

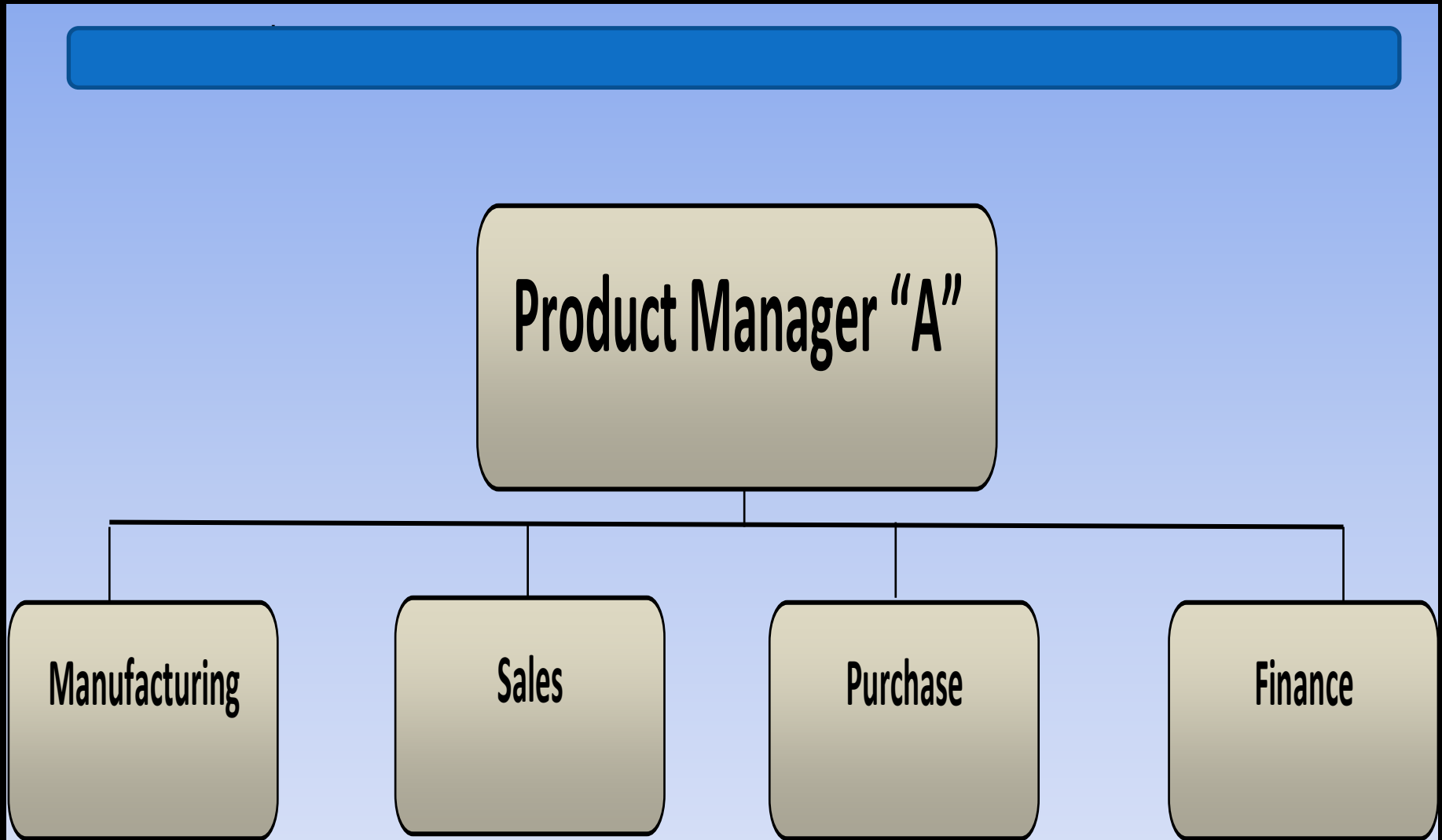
# Patterns of departmentation

## Departmentation by functions

departmentation by functions:



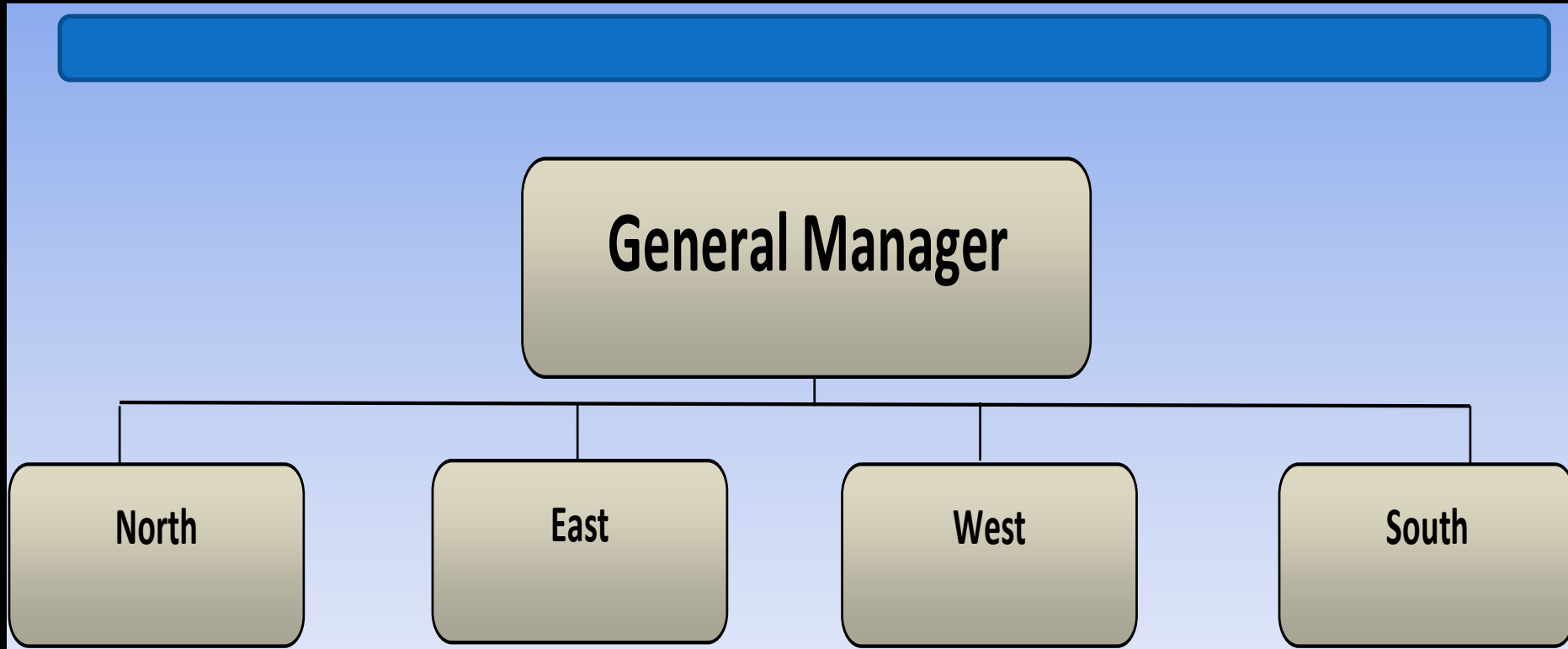
# Departmentation by product or service



# Departmentation by region or area

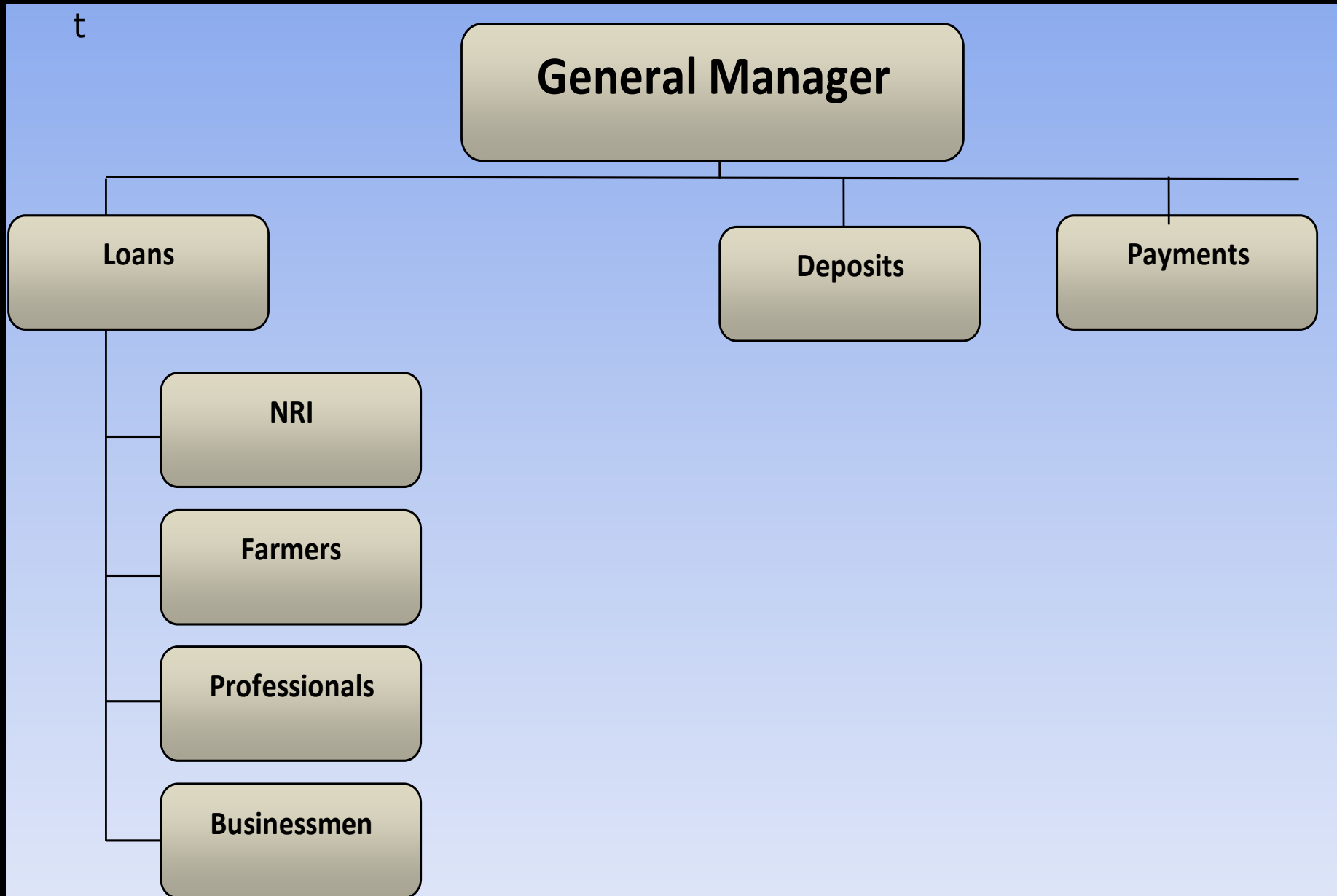
- Suitable for a business unit which is wholly dispersed.
- The business activities are grouped area-wise and a single person is made in-charge of the respective area.
- The local persons are appointed as salesmen in each area.
- It helps the business unit to increase the sales. The reason is that the local person is familiar with the local language, culture and preferences of the customers.

# Departmentation by region or area

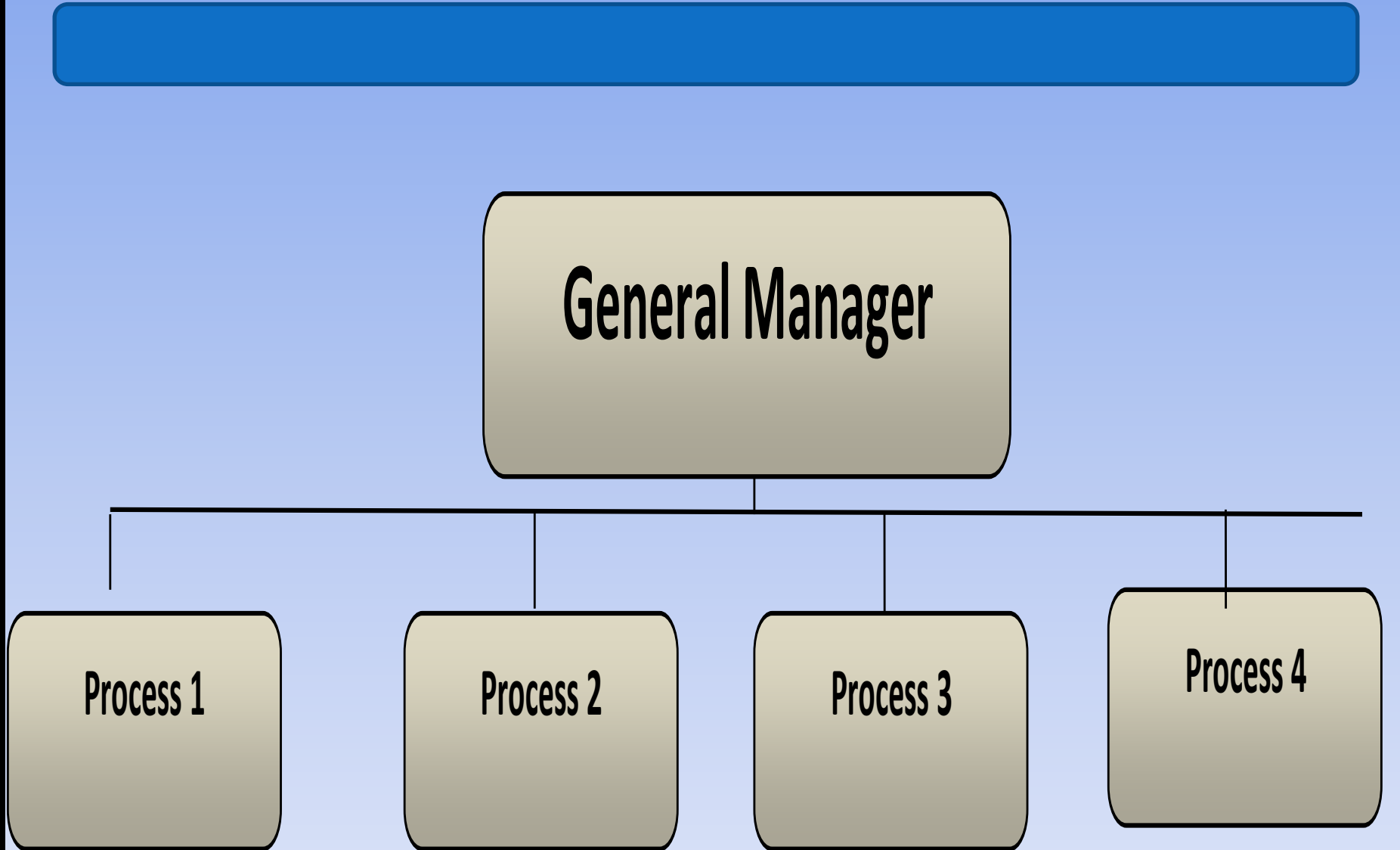




# Departmentation by customers



# Departmentation by Process



# Departmentation by time

- The business activities are grouped together on the basis of time of the performance. If the work is not completed within the normal working hours, extra time is be given to complete it after the normal working hours. Only interested persons are told to do the job and one person is responsible to supervise them. Whatever be the work performed after the normal working hours, a separate department is in-charge of that.

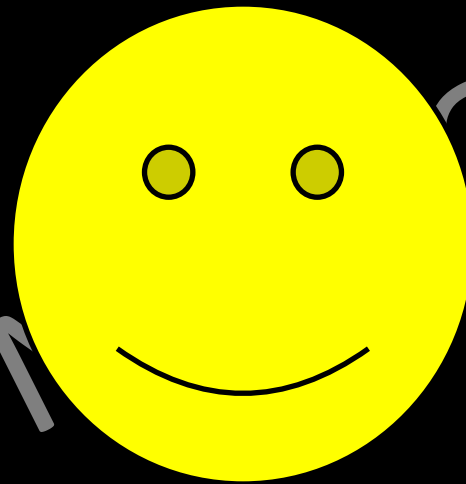
## Departmentation by numbers

- Small groups perform similar duties.
- Each group is supervised by a supervisor. E.g. in army, soldiers are grouped into squads, battalions, companies, brigades and regiments on the basis of allotment of men to each unit.
- The principles of span of management span of control or span of supervision is used under this type of departmentation.

## Departmentation by marketing channels

- As business has become increasingly market oriented, this method of departmentation has grown in importance.
- It is adopted on the basis of channel of distribution chosen by the particular business unit on the basis of nature of goods and marketability of the product.

**THANK YOU**



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