

# Principles of Management

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# Chapter 6: Organizing

- As you know, there are seven functions of management.
- After the S\_M\_A\_R\_T goals are fixed, the first and foremost function is planning, which we have discussed earlier.

- As detailed earlier, there are four resources viz. men, machines, material and money which have to be brought together in the proportion as per plan.
- When we talk about organizing, it is not only the organizing of men, but also the organizing of machines, materials and money.

- After planning, we should not jump to actions.
- Organizing is the function for preparing for action.
- Before we start any action, the resources must be properly mapped.

- Whatever might be the business objectives, there is a need for organizing, which comprises of structuring the resources in a systematic manner with a view to achieve the pre-set goals of any Endeavour.

# Functions of organizing

## Determination of activities:

- It includes deciding and division of various activities required to achieve the objectives of an organization.
- The entire work is divided into various parts and again each part is sub-divided into various sub-parts.
- For example, the purchase work may be divided into requisition of items, placing of an order, storage etc.

# Functions of organizing

## Grouping of activities:

- Identical activities are grouped under one individual or one department.
- For example, the activities of sales such as canvassing, advertisements and debt collection are grouped under sales department.



# Functions of organizing

## Allotment of duties to specified persons:

- In order to ensure effective performance, the grouped activities are allotted to specified competent persons, specialized in their fields. Adequate staff members are appointed under them and are appropriately trained.

# Functions of organizing

## Delegation of authority:

- Assignment of duties or allotment of duties to specified persons is followed by delegation of authority.
- While delegating authority, responsibility is also fixed. E.g. the production manager may be delegated with the authority to produce the goods and fixed with the responsibility of producing quality of goods.

# Functions of organizing

## Defining relationship:

- When a group of persons is working together for a common goal, it becomes necessary to define the relationship between them in clear terms.
- Each person has to know as to who is his superior, from whom he has to receive orders, and to whom he is answerable.
- Each superior must know what authority he has and over which persons.

# Functions of organizing

## Co-ordination of various activities:

- The delegated authority and responsibility should be coordinated by the chief managerial staff.
- There must be a separate and responsible person to see whether all the activities are going on to accomplish the objectives of the organization or not.

# Principles of organizing

- Defining and fixing the duties, responsibilities and authority of each worker.
- The activities at all levels of organization structure should be geared up to achieve the main objectives of the organization.
- Deciding and division of various activities required to achieve the objectives of an organization. Identical activities are grouped under one individual or one department.

# Principles of organizing-continued

- Coordination must exist among the workers. The delegated authority and responsibility should be coordinated by the chief managerial staff.
- Assignment of duties or allotment of duties to specified persons is followed by delegation of authority. While delegating authority, responsibility is also fixed.

# Principles of organizing-continued

- Each person is responsible for the work completed by him.
- While allocating duties to persons, the extent of liabilities of the person should be clearly explained to the concerned person.
- The work should be completed with minimum members, in less time, with minimum resources and within the right time.

# Principles of organizing-continued

- The organization should distribute the work in such a way that there should be an equal status and equal authority and powers among the same line officers.
- A subordinate should receive the instructions or directions only from one superior.
- The line of authority flows from the top level to bottom level. It also establishes the line of communication.



# Principles of organizing-continued

- The major plan is sub-divided into sub-plans which are taken by groups or departments. All these groups have to cooperate to attain the main objectives.
- There are number of decisions taken by the officers to run the business. If a complicated problem arises, more than one member examines the problems and takes decisions. Whenever the decision is taken jointly, it gives a benefit for a long period.

# Nature of organizing

- Division of labor
- Coordination
- Clearly defined objectives
- Authority responsibility structure: A subordinate has one superior and a superior has control over the subordinate specifically.
- Communication: The success of management depends upon the effective system of communication.

SL. N O.	FORMAL ORGANIZATION	INFORMAL ORGANIZATION
1	Classification of activities within the enterprise, indicates who reports to whom, and explains the vertical journal of communication which connects the chief executive to the workers.	An organization structure which establishes the relationships on the basis of likes and dislikes of officers without considering the rules, regulations and procedures.
2	An organization structure clearly defines the duties, responsibilities, authority and relationship as prescribed by the top management.	Friendship, mutual understanding and confidence are some of the reasons for this type of organization.
3	Each and every person is assigned duties and given the required amount of authority and responsibility to carry out this job.	It arises voluntarily.
4	It creates the coordination of activities of every person to achieve the common objectives.	It is a social structure formed to meet personal needs.
5	It induces the worker to work most efficiently.	No place in organization chart

# Process of organizing

Determining activities



Grouping activities



Assigning duties



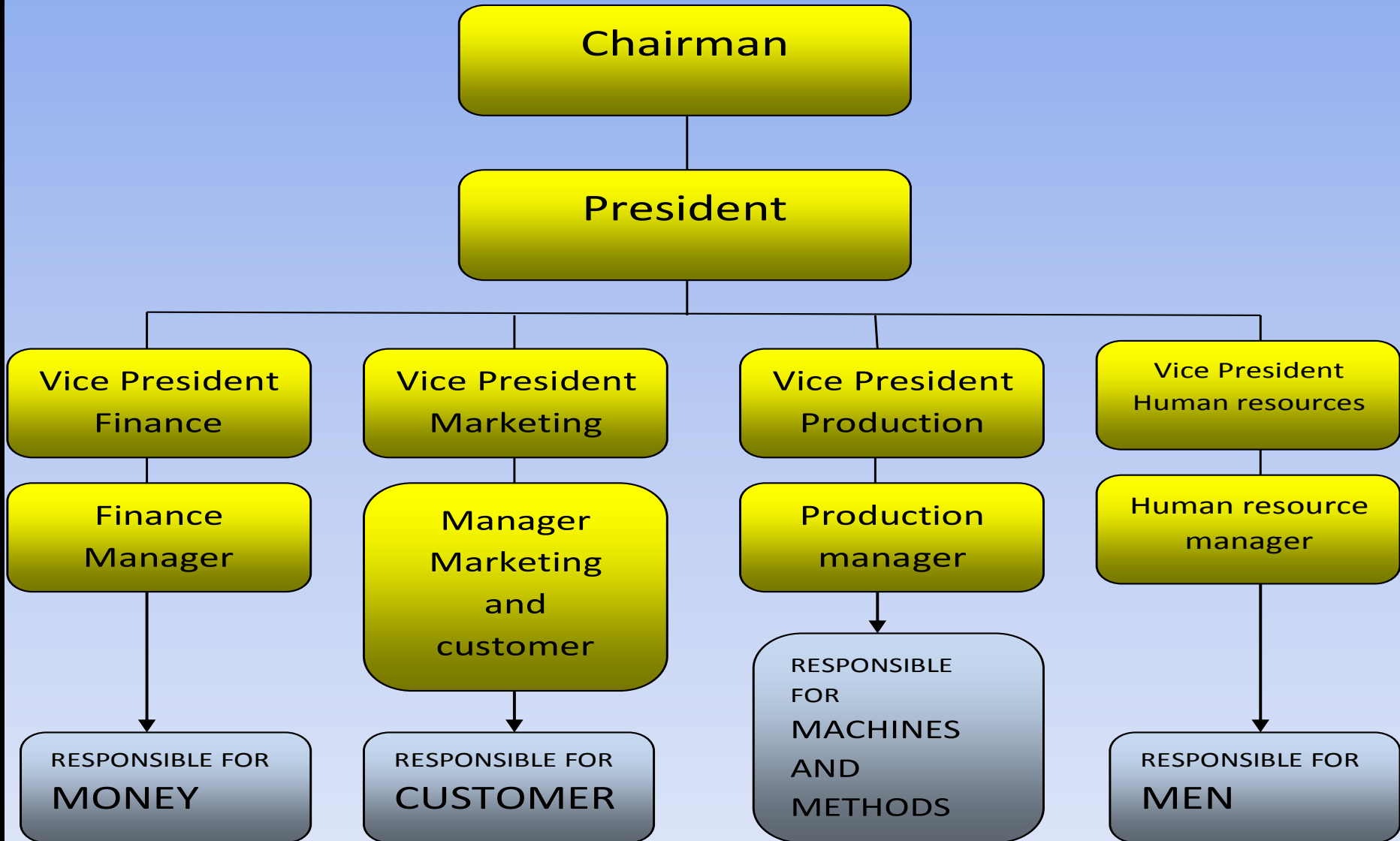
Delegating authority



Coordinating activities

# Organization Chart

chart



# Theories of Organizing:

## Classical theory

This theory is based on the following four principles:

### 1. Division of labor:

- The production of a commodity is divided into the maximum number of different divisions. The work of each division is looked after by different persons.

# Theories of Organizing:

## Classical theory ( Continued)

This theory is based on the following four principles:

### 2. Scalar and functional processes:

- The scalar process deals with the growth of organization vertically. The functional process deals with the growth of organization horizontally. The scalar principles refer to the existence of relationship between superior and subordinate.

# Theories of Organizing:

## Classical theory(continued)

This theory is based on the following four principles

3. Structure: The organization structure may be defined as the prescribed patterns of work related behavior of workers which result in the accomplishment of organizational objectives.
4. Span of control: It means an effective supervision of maximum number of persons by a supervisor.



# Theories of Organizing:

## Neo-classical theory

- It is developed to fill up gaps and deficiencies in the classical theory and is concerned with human relations movement.

## Modern organization theory

- Modern theories include the systems approach, the socio-technical approach and the contingency or situational approach.

# Theories of Organizing:

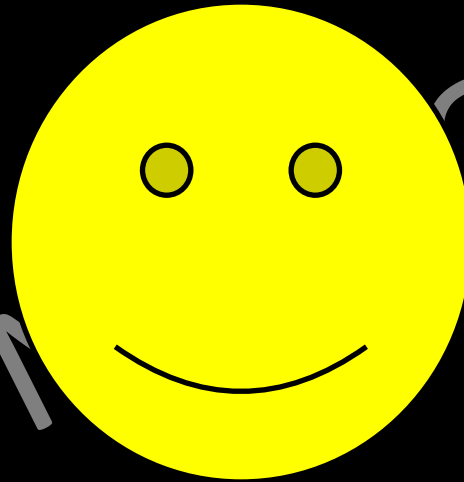
## Motivation theory

- It is concerned with the study of work motivation of employees of the organization. The works are performed effectively if proper motivation is given to the employees. The motivation may be in monetary as well as non-monetary terms.

## Decision theory

- Organization as a structure of decision makers.

# THANK YOU



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