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STUDY COURSE MATERIAL

SESSION-2020-
21CLASS-XII

TOPIC: ORGANISING

DAY-1

❖ TEACING MATERIAL

MEANING OF ORGANISING

Organising can be defined as "*identifying and grouping different activities in the organisation and bringing together the physical, financial and human resources to establish most productive relations for the achievement of specific goal of organisation*"

Definitions of Organising:

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

In general words, organising refers to arranging everything in orderly form and making most efficient use of resources. When the managers are performing organising function it results in creation of an organisational structure which shapes the system of working.

Example. Your school plans to conduct Sports Day or annual function. All the teachers and students are assigned different duties, various resources are arranged and a coordinator is appointed whom every one report for the work done and pending. This whole arrangement is called organizing.

ORGANISING PROCESS

The process of organising consists of following steps:

1. Identification and Division of Work. The first step in the organising is identifying and dividing the work as per plan. The division of work make sure there is no duplication of work and there is no burden of work on one person. Work can be shared among the employees.

The manager divides the work into smaller units and each unit of work is called a job.

For example, in a bank every individual is assigned a job. One cashier accepts cash, one cashier makes payments, one person issues cheque books, one person receives cheques, etc.

With division of work into jobs the banks work very smoothly and systematically

2. Departmentalisation. After dividing the work in smaller jobs, related and similar jobs are grouped together and put under one department. The departmentation or grouping of jobs can be done by the

organisation in different ways. But the most common two ways are

(a) Functional departmentation. Under this method jobs related to common function are grouped under one department. For example, all the jobs related to production are grouped under production department, jobs related to sales are grouped under sales department and so on.

(b) Divisional departmentation. When an organisation is producing more than one type of products then they prefer divisional departmentation. Under this jobs related to one product are grouped under one department. For example, if an organisation is producing cosmetics, textile and medicines then jobs related to production, sale and marketing of cosmetics are grouped under one department, jobs related to textile under one department, jobs related to textile under one and so on.

3. Assignment of Duties. After dividing the organisation into specialised departments each individual working in different departments is assigned a duty matching to his skill and qualifications. The work is assigned according to the ability of individuals. Employees are assigned duties by giving them a document called job description. This document clearly defines the contents and responsibilities related to the job.

4. Establishing Reporting Relationship. After grouping the activities in different departments the employees have to perform the job and to perform the job every individual needs some authority. So, in the fourth step of organising process all the individuals are assigned some authority matching to the job they have to perform. The assignment of the authority results in creation of results superior-subordinate relationship and the question of who reports to whom is clarified. The individual of higher authority becomes the superior with less authority becomes the subordinate. With the establishment of authority, managerial hierarchy.

The establishment of authority also helps in creation of managerial level. The managers with maximum authority are considered as top level managers, managers with little less authority become part of middle level management and managers with minimum authority are grouped in lower level management.

DAY-2

❖ TEACINGMATERIAL

IMPORTANCE/SIGNIFICANCE OF ORGANISING

1. Benefits in specialisation. In organising, every individual is assigned a part of total work and not the whole task. Due to this division of work into smaller units and assignment of units according to the qualification leads to specialisation. The specialisation automatically comes when an individual is performing one job repeatedly.

2. Clarity in working relationship. In the organising function, it is clearly defined that what all and how much power and authority is enjoyed by different individuals or managers. Each manager knows very clearly to whom he can give order and from whom he has to receive the order. The superior-subordinate relation is clearly defined in organising.

3. Optimum utilisation of resources. In the organising function, there are very few chances of duplication of work or over-lapping of work because the jobs are assigned to different individuals by clearly defining the job in job description document. So, there are no chances that the same work is performed by two or more individuals.

4. Adoption to change. Whenever the changes take place in the business environment then with the help of organising function these changes can be adopted systematically because organising function creates different departments and group related activities under each department. With this, changes can be adopted only in that area which may be affected by these changes and changes can be easily communicated to whole organisation through departments. Organisational structures can be suitably modified according to changes.

5. Effective administration. In the organising function, the similar and related jobs are grouped under one department which leads to unification of efforts and harmony in work. The organising function establishes relation between different departments keeping in mind the co-ordination among different departments, By bringing clarity in working relationship administrative efficiency improves .

6. Expansion and growth. With optimum utilisation of resources and proper division of work and departmentation, companies can easily meet the challenges and can expand their activities in a planned manner.

7. Development of personnel. Delegation of authority is an important part of organising. By delegating the routine the managers can concentrate to develop new methods and ways of performing job. It gives them time to innovate new technologies and areas for growth of the companies. Delegation not only reduces the work load of managers but it also helps them to use and realise their full potential for more creative work.

ORGANISATIONAL STRUCTURE

Meaning and Consideration

When the managers are performing organising function an organisational structure gets created automatically which defines the job positions, the authority, responsibilities of different employees.

Organisational structure can be defined as "Network of job positions, responsibilities and authority at different levels." Or it can be called "as a frame work within which managerial and operational tasks are performed. It specifies the relations between people, work and resources. Span of management gives shape to organisational structure.

Narrow span of management results in tall structure where as wide span result in fat structure.

Span of management means how many employees or subordinates can be effectively managed by one manager or how many subordinates can be effectively controlled by one superior. When the authority and responsibility relationships are established in organising process then the managers must keep in mind the span of control.

After deciding the span a scalar chain is developed of all the superiors and subordinates because the span of control clearly specifies who has to report to whom.

Importance of Organisational Structure

1. Structure organises properly all the operations of business and ensures Dec communications.
2. A clear structure makes it easy to check the responsibility of each part of business.
3. A clear idea about the working style of an enterprise can be known from organizational structure.
4. Organisational structure allows correlation and co-ordination among human, physical and financial resources.
5. It clearly defines the levels of management and span of control under each level.

Types of Organisational Structure

Whenever the manager is performing organising functions, it results in formation of an organisational structure, which depicts the working style of an organisation.

The organisational structure can be defined as "A network of job positions, responsibilities and authority at different levels of organisation."

This structure shows the authority-responsibility relationship between the people working at different job positions. This structure makes clear who is reporting to whom? Or who is the boss and who is the subordinate?

The organisational structure can mainly be of two types which are:

- (i) Functional Structure
- (ii) Divisional Structure

(i) Functional Structure

When the activities or jobs are grouped keeping in mind the functions or the job then it is called functional structure. For example, all the jobs related to production are grouped in production department, related to sales in sales department, related to purchase in purchase department and so on. Within the departments also grouping is done on the basis of specialized functions. Even Territory wise grouping is also included in functional structure, e.g., North region South west, etc. For example, the production department can be further classified into store department, quality control department, assembly department, etc. Within each department and sub-department a chain of superior and subordinates is created to work systematically.

Advantages

1. Occupational Specialisation: In functional structure emphasis is placed on specific functions. This promotes efficiency in utilisation of manpower as by performing specific their performance improves and they become specialised in their task of similar jobs.
- 2, Promotes control and coordination within department: Due to similar activities grouped in one department there is easy supervision and better control.
3. Increases managerial and operational efficiency: Minimum cost leads to increase in profit.
4. It leads to minimum duplication of efforts: This results in economies of scale and a profit and lowering of cost.
5. Easy and effective training: As training focuses only in limited skills or one function only.
6. Due attention to different function: Each function gets due attention under functional structure.

Disadvantages

- 1. Places less importance to overall objective of organisation:** Functional structure places less emphasis on overall enterprise objectives than the objectives pursued by functional head. They fail to give priority to organisational interest. This may lead to pursuing departmental interest at the cost of organisational interest.
- 2. Problems of coordination:** As each department is specialised in their own function so they fail to understand the priority of other department.
- 3. Inflexibility:** In functional structure, employees develop narrow perspective as they get training in one area or skill only. They cannot be transferred to other departments. Functional heads do not get training for top management positions as they are unable to gather experience in diverse areas.

4. Conflict of interest: There can be conflict of interest between different departments.

Example: Sales department insists on giving discount to increase sales. Finance department puts objection as it will reduce the revenue.

5. Difficult to fix accountability: In case of failure of organisational objective, the departmental head blames other departments as all departments are inter-related and it is very difficult to find out which department is going against the organisational goal.

Example: The sales department may blame production for poor quality, Production output may pass blame on purchase for low quality raw materials purchase may be due to less finance given by finance department and so on.

Suitability

Functional Structure are suitable for:

1. Division of work as per functions
2. Specialisation in every function
3. Grouping of similar nature of jobs
4. Uniproduct or single or one type of product manufacturing company

ii) Divisional Structure

When the organisation is large in size and is producing more than one type of product then activities related to one product are grouped under one department.

For example, if an organisation is producing soap, textiles, medicine, cosmetics, etc. then all the activities related to medicine will be grouped under medicine department, all the activities of textiles in textiles department and so on.

Divisional structure is suitable only to multiproduct manufacturing large organisation.

Advantages

- 1.Product specialisation.** All the activities related to one type of product are grouped under one department only which brings integration and co-ordination in the activities.
- 2. Fast decision-making.** The decisions are taken much faster in divisional structure because there is no dependence on other departments for taking decisions.
- 3. Accountability.** In this type of structure, the performance of individual departments can easily be assessed and you can hold the department accountable for non-accomplishment of objectives.
- 4.Flexibility.** Fast decision-making leads to flexibility.
- 5. Expansion and growth.** New departments can be added without disturbing departments.

Disadvantages

- 1. More resources required.** Each department will require all the resources as every division will be working as an independent unit.
- 2.Product focus department.** Each department focuses on their product only and they fail to keep themselves as a part of one common organisation.
- 3. Conflict.** Conflict may arise among departments on allocation of resources.
- 4. Increase in cost.** It may lead to increase in cost due to duplication of activities, providing each division with separate set of similar functions increases expenditures.

Suitability

Divisional structure are suitable for:

1. Organisations producing multi-product or different line of products.
2. Organisations which require product specialisation. as under divisional.
3. Organisations which require each division to be self contained as under divisional structure each department has production, sale finance department.
4. Growing companies which plan to add more line of products in future.