CHAPTER III Organizing

Contents

3.0 Objectives
3.1 Introduction
3.2 Meaning of Organizing
3.3 Nature of Organizing
3.4 Importance of Organizing
3.5 Types of Organization
    3.5.1 Formal Organization
    3.5.2 Informal Organization
3.6 Process of Organizing
3.7 Key concepts of Organizing
    3.7.1 Departmentation
    3.7.2 Span of Management
    3.7.3 Delegation of Authority
    3.7.4 Centralization vs Decentralization
3.8 Principles of Organizing
3.9 Group Dynamics and Committees.

3.0 Objectives

This unit aims at introducing the meaning of organizing and concepts related to organizing and organization. It gives a brief explanation about organizing, organization, departmentation, span of control, delegation of authority, centralization and decentralization and principles of organizing.

After reading this unit, you will be able to:

- define organizing, organization and organization structure;
- know the difference between organizing and organization;
- identify formal and informal organizations;

- know the different bases of departmentation with their respective advantages and disadvantages;
- describe the span of control, delegation of authority and decentralization; and
- know the basic principles of organizing.

3.1 Introduction

Organizing is one of the key functions of management. It is explained in this unit in terms of its three elements: departmentation, span of management and delegation. The discussion that deals with delegation focuses on centralization and decentralization as well. Since organizing implies arranging people, group dynamics and committees are also taken care of in this unit.

3.2 Meaning of Organizing

What is Organizing?

"Organizing involves the establishment of an intentional structure of roles through determination and enumeration of the activities required to achieve the goals of an enterprise and each part of it; the grouping of these activities, the assignment of such groups of activities to the manager, the delegation of authority and informational relationship horizontally and vertically in the organization structure" (Harold Koontz and O'Donnell, 1985) are important aspects of the organizing function.

As we can see from the above definition and many other definitions given by other authors, organizing is a process and it involves the following activities.

- Identification of key activities necessary to achieve objectives
- Grouping of these activities in a manageable manner
- Assignment of each group of activities to a manager who has the authority and responsibility to manage
- Delegation of authority to managers so as to accomplish their duties efficiently
- Coordination of different groups of activities horizontally or vertically.

It is also possible to see that organizing is a process of creating a coherent whole (organization), whereas organization is any human association created to achieve some

common objectives of members of the group. In other words, organizing is the process and organization is a social grouping.

3.3 Nature of Organizing

Organizing possesses the following characteristics.

3.1 Division of Labor: -The total work of an organization can be divided into many parts for effective performance of the work. The division of labour results in the creation of specialized persons, because a person does the same work again and again.

Specialization in turn has the following advantages.

a) It eliminates waste of time, energy and resources. Efficient utilization of resources is made possible.
b) It increases quality of output, and
c) It increases quantity of product without any additional capital. It increases productivity.

3.3.2 **Co-ordination: -**Each and every department or section of the organization should have relationship with each other to get mutual co-operation. This will result in sharing resources and experiences, which will help them to tackle problems and increase productivity.

3.3.3 Objectives: -The objectives of the organization should be defined clearly. The objectives cannot be achieved without the existence of a good organizational structure. In turn, the organization cannot exist without objectives for a long period. Hence, objectives are the inherent characteristics of organizations.

3.3.4 Authority-Responsibility Structure: -An organization means an arrangement of position of executives by adopting rank system. The position of each of the executives is defined with regard to the extent of authority deligated and responsibility assigned to him/her to discharge the duties. This structure indicates who has authority over whom and the responsibility of each person at different ranks of the structure.

3.3.5 **Communication: -**Every organization has its own communication systems and methods. The channels of communication may be divided into formal, informal, downward, upward or horizontal. It is through communication that organizations achieve mutual co-operation.

3. 4 Importance of Organizing

Organizing creates the relationship between top-level executives and lower level staff members. The following are achieved through the process of organizing.

3.4.1 Facilitate administration: -Duplication of work, wrong planning, inefficient personnel, lack of motivation, improper allocation of duties and responsibilities, absence of coordination, communication gap, improper instructions are the ingredients of ineffective administration. This ineffective administration can be removed by having a sound organization.

3.4.2 **Facilitates growth and diversification: -**The growth of business means an increase in the scale of operation; diversification means starting of production of a new type of product. For both growth and diversification, organization identifies the necessary activities, raises the necessary resources and determines how and when to use it.

3.4.3 Increases the efficiency of management: -Under good organization, there is division of work and specialization, which are the tools:

a) for optimum utilization of workers' ability, resources, materials, technology, etc in full;

b) for placing proportionate importance on the various activities of the enterprise. Money and efforts are spent in proportion to the contribution made by each and every department. More money and time are given to a department that contributes more than others.

c) for avoiding confusion, delay and duplication of work through dividing and regrouping of activities into a manageable whole.

3.4.4 Improves the efficiency and quality of work through synergism

It facilitates co-ordination. Through coordination it helps parts to contribute their roles more efficiently and effectively, as every part is a specialist for its duties. No part is working alone. In order to get more results as the theory of synergism states. "A whole is greater than the sum of the parts" all parts should be coordinated properly.

3.4.5 Encourage creativity and initiative

A sound organizational structure will give an opportunity for the staff to show their hidden talents, which will help the enterprise to achieve the business goals and earn higher profits. It provides opportunities for training new staff members and give refresher courses to existing employees.

The spirit of constructive and creative approach in management will be developed through clear distribution of authority and responsibility incentives can be offered for specialized work and freedom can be given to personal work. This will be possible through a properly worked out organization.

3.4.6 Establishs lines of authority /-vertical division of labor/

As it is already stated, organization is the arrangement of position of executives by adopting rank system. This represents who in the organization reports to whom and who has authority over whom. This creates order within the group. Its absence almost always leads to chaotic situations where every one tends to tell everyone else what to do.

3.4.7 Improves communication

A good organization structure clearly defines channels of communication among the members of the organization. This develops transparency among members and improves flow of information. A good organization structure also develops morale, honesty, devotion to duty and loyalty to the business firm. This will help remove corruption, secretiveness and unjustified influence.

3.5 Types of Organization

Organizations can be classified on the basis of legality authority deligated and responsibility assigned to the personnel and their relationship with each other. On the basis of this, an organization can be either formal or informal.

3.5.1 Formal Organization

It is the intentional structure of roles in a formally and legally organized enterprise. It is flexible enough in structure as to furnish an environment in which individual performance, both present and future, contributes most effectively to group goals; it allows for discretion, for taking advantage of creative talents and for recognition of individual likes and capacities in the most formal organizations. The establishment of effective formal organization must be based on the principles that pertain to the unity of objectives and organizational efficiency. Developing a responsive organizational structure committed to quality is another important task in the establishment of formal organization.

Organizational structure is the framework of jobs and departments that directs the behavior of individuals and groups toward achieving the objectives of the organization (Ivancevich et al., 1994, p. 254).

a) Characteristics of Formal Organization

i) It is properly planned.
ii) It is based on delegated authority.
iii) It is deliberately impersonal.
iv) The responsibility and accountability at all levels of organization are clearly defined.
v) Unity of command is normally maintained.
vi) It provides for division of labor.

b) Advantages of Formal Organization

i) The definite boundaries of each worker are clearly fixed and this avoids conflict among the workers.
ii) Overlapping of responsibility is easily avoided.

iii) Shifting responsibility is very difficult.

iv) A sense of security arises from classification of the task

v) There is no chance for favoritism in evaluation and placement of the employee.

vi) It makes the organization less dependent on one man.

c) Disadvantages of Formal Organization

i) In certain cases, the formal organization may reduce the initiativity of employees.

ii) Sometimes authority is used for the sake of convenience of the employee without considering the need for using the authority.

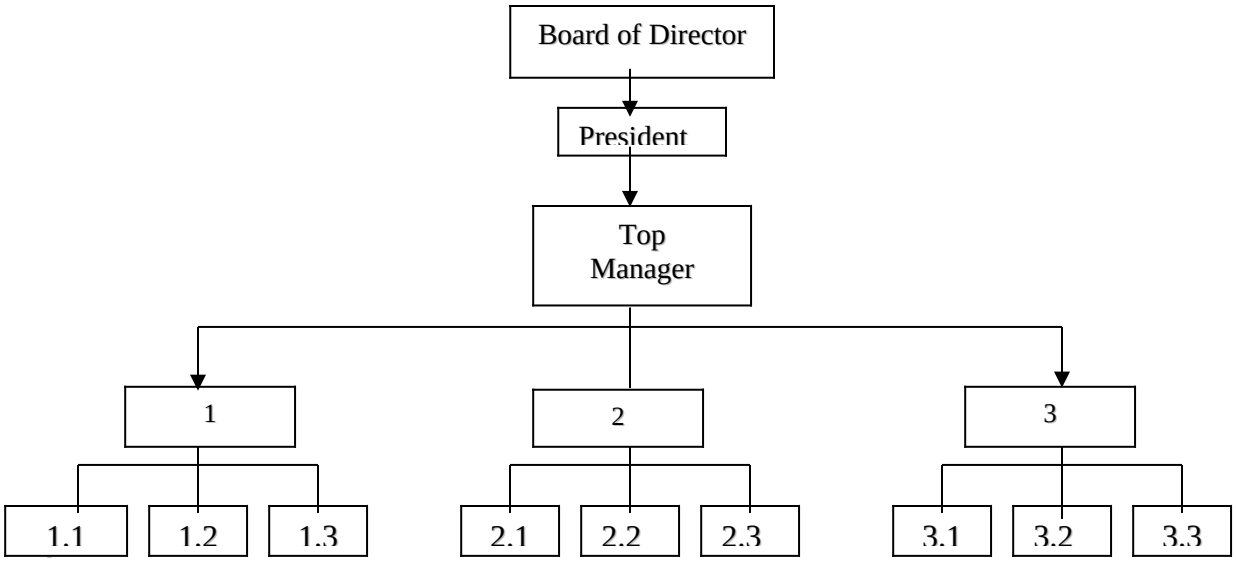
iii) It does not consider the sentiments and values of the employees in the social organization.

iv) It may reduce the speed of information communication.

The following arrangements or organizational structures are commonly used in most firms and enterprises.

a) Pure Line Organization Structure

It is an arrangement in which all authority flows in a direct and vertical line from the board of directors to the president, to the manager of key line functions, to subordinate managers and down to operative personnel. Each individual reports to only one other person. The following chart shows the structure of pure line organization.



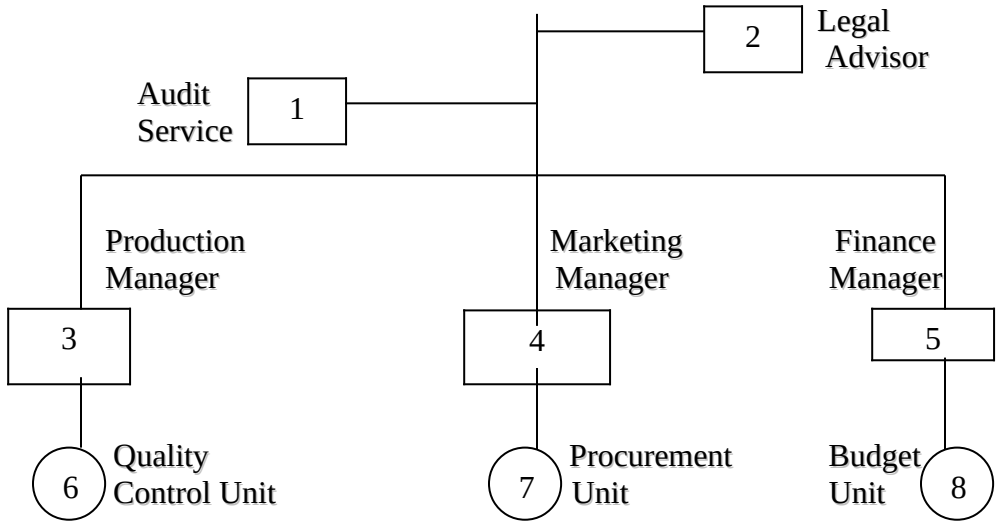
1. Production Manager
   1.1 Production First Level Manager or Supervisor
   1.2 Production First Level Manager or Supervisor
   1.3 Production First Level Manager or Supervisor
2. Marketing Manager
   2.1 Marketing First Level Manager or Supervisor
   2.2 Marketing First Level Manager or Supervisor
   2.3 Marketing First Level Manager or Supervisor
3. Finance Manager
   3.1 Finance First Level Manager or Supervisor
   3.2 Finance First Level Manager or Supervisor
   3.3 Finance First Level Manager or Supervisor

b) Line –and-Staff Organization Structure

It is a form of organization that applies mainly to complex enterprises where handling all the activities becomes difficult for line managers. This requires the assignment of some specialized staff to advise line managers on certain issues. It means, in this case, it becomes necessary to organize both line and staff personnel.

Staff personnel cannot command or issue orders, but act in a strictly advisory capacity, because of their technical and professional skills in areas such as law, accounting, auditing, data processing, advertising or publicity, engineering, etc. The following chart shows the structure of line-and-staff organization.

General Manager



Key

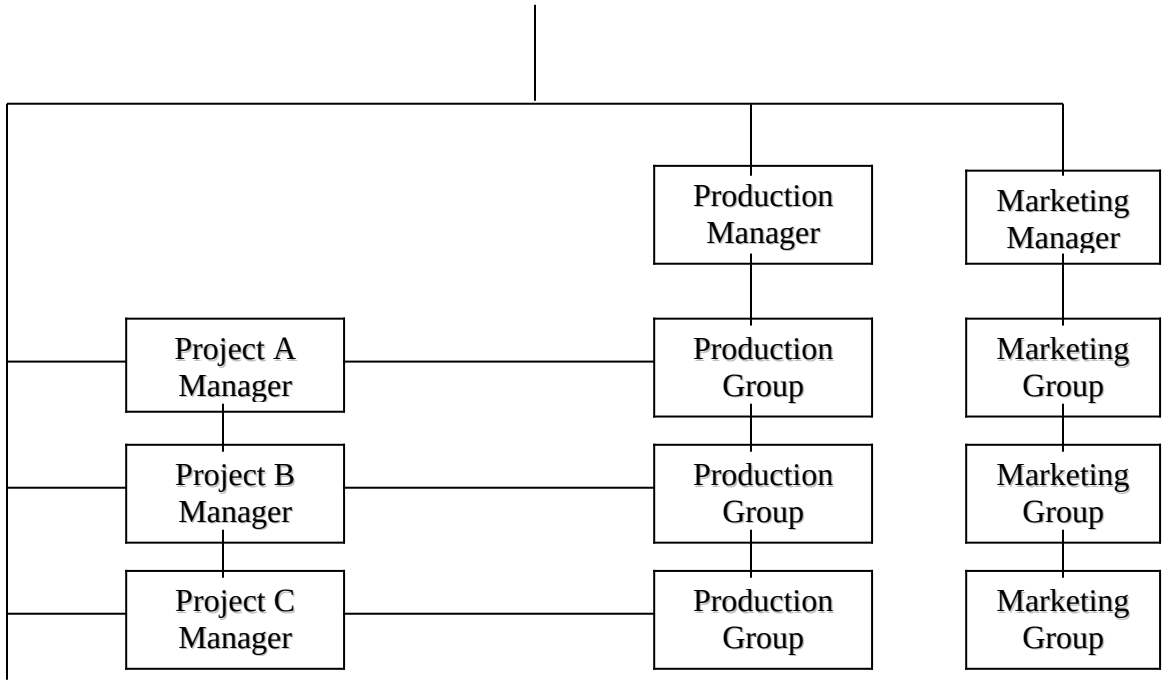
1. Staff official
2. Staff official
3. Line official (middle level manager)
4. Line official (middle level manager)
5. Line official (middle level manager)
6. First level manager or supervisor
7. First level manager or supervisor
8. First level manager or supervisor

c) Matrix organization Structure

It is a form of organization in which some managers report to two bosses rather than to the traditional single boss as in the case of pure line or line-and-staff organization.

Every matrix contains three unique and critical roles:

- the top manager-heads and balances the dual chains of command;
- the matrix bosses or functional production managers who share subordinates;
- the managers who report to two different matrix bosses.



The chart above shows that the production manager is in charge of three groups of subordinates, each of which is also assigned to either project A, B, or C. Therefore, the groups of subordinates report to both their functional manager and to their project managers. In turn, the functional managers and the project managers report to the top manager, who oversees the organization.

Matrix Organization is used:

- When it is absolutely necessary that the groups be highly responsive to two sectors at the same time, such as markets and technology;
- When the bosses face uncertainties that generate very high information processing requirements;
- When they must deal with strong financial and/ or human resources.

The following are some of the common disadvantages of matrix organization.

- It violates the unity of- command principle because the subordinates are accountable to two managers.
- It may lead to power struggles. One manager may compete with another manager for the services of a joint subordinate.

This weakness can be minimized if senior managers stress that harmony and cooperation are absolutely essential.

d) The Functional Organization Structure

This is a structure that is most widely used because of its simple logical and common since appeal. It is the module from which other forms are built. In its simple form, the functional structure consists of the three major areas of business: production, marketing and finance.

This organizational structure is characterized by the following features:

- Specialization by function.

  This structure orients employees toward a special activity, and helps them to concentrate competence in particular ways.

- Sub-goal emphasis.

  This structure forces departmental heads to concentrate on sub-unit goals to meet the standards and achieve the targets.

- Pyramidal growth.

  Added positions and departments are made part of the existing functional structure. Each function grows by adding layers to be the base of the pyramid. The span of supervision and the number of levels reporting to each manager within the functional pyramid are the results of the growth of each function.

- Line-and- Staff division

  The distinction between line and staff activities is observed in all functional structures. In fact, functional organization is a modified form of line-and-staff structure. Line functions have direct responsibility for achieving the basic purpose of the organization. They command while the staff gives support and advice.

- Functional relationship.

  When the need arises some managers are made to supervise multiple departments. Departmentation can take place with all the three types of authority: line, staff and functional authority. Functional authority is subordinate to line authority and is a way of relating specialists to work in the organization. Functional specialists have a limited scope of command authority.

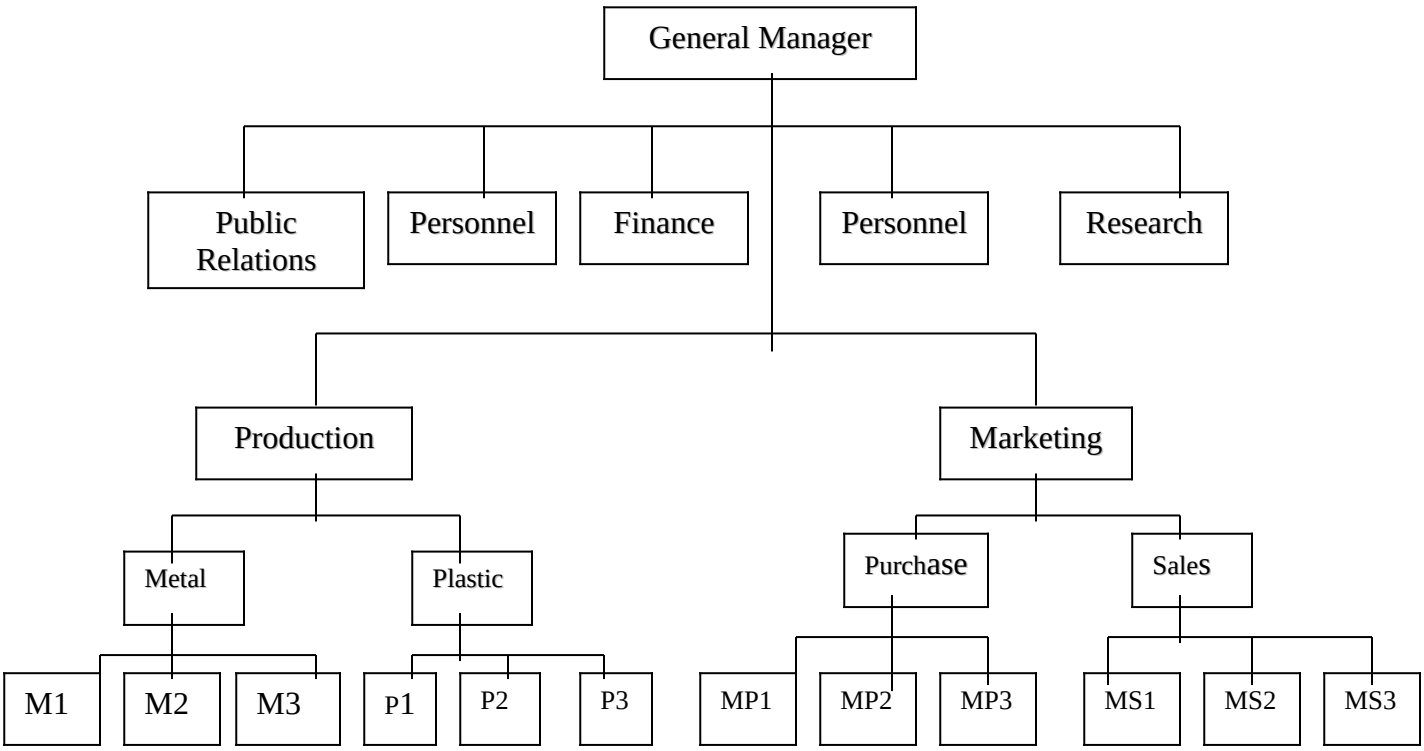
- Centralization and decentralization.

  In a functional organizational structure one person heads all of one kind of work. Authority is centralized to a great extent. As a result, coordination within function is simplified.

- Span of control.

  In functional structures, the span of management is limited. So there is a tendency for these structures to be tall. Managers exercise close supervision and rely on impersonal rules and procedures to manage individuals in organization.

The following figure shows functional organization structure.



Key:

- M1, M2 and M3 stand for Metal Production Supervisors
- P1, P2 and P3 stand for Plastic Production Supervisors
- MP1, MP2 and MP3 stand for Marketing purchase supervisors

- MS1, MS2 and MS3 stand for Marketing Sales supervisors

3.5.2 Informal Organization

It is a network of personal and social relations not established or required by the formal organization, but arising spontaneously as people associate with one another on the basis of the likes and dislikes of members without considering the rules, regulations and procedures of the organization. The relationship does not appear on an organization chart.

Informal organizations are influenced by the number of people in the group, the actual personnel involved what the group is concerned with its changing leadership and the continuing process of change.

a) Characteristics of Informal Organization

i) It arises without any external causes, i.e. voluntarily.
ii) It is a social structure formed to meet personal needs.
iii) It has no place in the organization chart.
iv) It acts as an agency of social control.
v) It can be found on all levels of organization within the managerial hierarchy.
vi) Its rules and traditions are not written but are commonly followed.
vii) It develops from habits, conduct, customs and behavior of social groups.
viii) It is one of the parts of the total organization.
ix) There is no structure and definiteness to the informal organization.

b) Advantages of Informal Organization

The advantages of informal organization are:

i) It fills up the gaps and deficiency of the formal organization.
ii) It gives satisfaction to the workers and maintains the stability of work
iii) It is a useful channel of communication.

iv) Its presence encourages the executives to plan to work correctly and act accordingly.
v) It also fills up the gaps among the abilities of the managers.

c) Disadvantages of Informal Organization

The disadvantages of informal organization are:

i) It has the nature of upsetting the morality of the workers.

ii) It indirectly reduces the efforts of management to promote greater productivity.

iii) It spreads rumors among the workers regarding the functioning of the organization unnecessarily.

3.5.3 Check your progress.

Answer the questions in your notebook. Do not look into the text while writing the answers. When you have finished check how many questions you have answered correctly by referring to sections indicated at the end of each question.

a) Define the organizing. (3.1)

b) What are the characteristics of organizing? (3.3)

c) Why is organizing important? (3.4)

d) What is formal organization? (3.5.1)

e) What are the characteristics of formal organization?

f) What is informal organization? What are its characteristics?

g) What is the difference between a pure line organization and a staff organization?

h) State three unique and critical roles contained in a matrix organization.

i) What are the uses of a matrix organization?

j) State two disadvantages of a matrix organization.

k) What is a functional organization? State at least five of its characteristics.

l) What are some of the disadvantages of formal organization?

m) What are some of the disadvantages of an informal organization?

3.6 Process of Organizing

Organizing as a function of management follows these steps.

3.6.1 Determination of Activities

This includes the identification of the required activities and the division of these activities to achieve the objectives of the organization in to homogenous groups.

3.6.2 Grouping of Activities

The tasks to be done are grouped into reasonably homogenous or similar activities and are arranged under one individual or department. Eg. Finance department.

3.6.3 Allotment of Duties to Specified Persons /Departmentalization/

The grouped activities are allotted to specified persons. In other words:

a) Sales activities are assigned to the sales manager.
b) Purchasing activities are assigned to the purchasing manager.
c) Production activities are assigned to the production manager.

Besides, adequate staff members are appointed under the specified persons. The specified persons are specialized in their respective fields.

3.6.4 Delegation of Authority

Assignment of duties or allotment of duties to specified persons is followed by delegation of authority. It will be very difficult for a person to perform the duties effectively if there is no authority to do it. While delegating authority, responsibilities are also fixed. Authority and responsibility should be in parity with each other.

- Authority: - represents the legitimate exercise of power. It is a power derived from the rights that come with a position.
- Responsibility:-is accountability for the attainment of objectives, the use of resources and the adherence to organizational policy.
- Power: - is the ability to influence, command, or apply force. It is usually derived from the control of resources.

3.6.5 Defining Relationship

When a group of persons are working together for a common goal, it becomes necessary to define the relationship among them in clear terms. If it is done, each person will know

who his boss is, from whom he has to receive orders, or to whom he is answerable. In other words, each boss should know what authority he has and over which person.

3.6.6 Co-ordination of Various Activities

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

3.7 Key Elements of Organizing

3.7.1 Departmentation

Departmentation is a process by which similar activities of a business are grouped into units for the purpose of facilitating smooth administration at all levels. It is one of the key concepts of organizing.

"Departmentation is a process of dividing the large monolithic functional organization into small and flexible administrative units" (Koontz & O'Donnell).

3.7.1.1 Need and Importance of Departmentation

Departmentation contributed to the success of the organization in a number of ways given below.

a) Departmentation increases the operating efficiency of the employees. It facilitates the grouping of activities, which are of similar nature.

a) There is a fixation of responsibilities to various executives of the organization. Executives will be alert and efficient in their duties.

b) The departmental heads (managers) are given certain powers and are allowed to make their own decisions. By doing so, the prestige and skills of the departmental heads are increased.

c) The working of the various departments are evaluated by the top management and the departments which are not managed properly are identified. This makes the departmental heads efficient, responsible and accountable.

d) There is a possibility of the expansion of the organization because of fixing of the responsibilities to the executives.

e) Besides, departmentation gives other advantages such as facilitating budget preparation, effective control of expenditure, attaining specialization, better co-ordination among the managerial personnel, etc.

3.7.1.2 Factors Considered in Departmentation

The following factors are to be taken into consideration in departmentation.

a. Specification: Departmentation is concerned with identifying and specifying organizational activities as coherent whole. Departmentation should yield the advantages of specialization. Specialization may be functional such as sales, finance, production and personnel.

b. Control: As a general rule, there should be scope for automatically checking the activity of one person by another person. There should be a proper control under departmentation and simplification of control process.

c. Co-ordination: The whole business activities are grouped department wise and it requires co-ordination in order to direct organizational activities in the same direction.

One department should be organized so that it can support the other department and vice-versa. No department is independent but is interdependent with other departments of the same organization.

d. Securing Attention: Sometimes, certain functions emerge within a unit that desires a special treatment. Hence, the activity may be entrusted to a separate division or a higher level of organization according to its importance. Even an unusually important activity of the business could be given a recognition in the organization.

e. Recognition of Local Conditions: The departmentation should take into consideration the local conditions of the place concerned. Local conditions may include such factors as the area dispersion, diversity of customers needs, types of product and availability of specialized man power

f. Economy: The departmental arrangement will be effective if the departmentation is done with minimum expenses. Cost of departmentation should not exceed benefits generated from departmentation.

3.7.1.3 Bases or Patterns or Types of Departmentation

There are certain basic methods of dividing the duties and responsibilities within an organization structure. They are:

a) Departmentation by functions
b) Departmentation by products or service
c) Departmentation by regions (area or location) or territory
d) Departmentation by customers
e) Departmentation by process
f) Departmentation by time
g) Departmentation by numbers
h) Departmentation by marketing channels

a) Departmentation by Enterprise Function

Functional departmentation is perhaps the most logical and basic form of departmentalization. It is a form of departmentalization in which everyone engaged in one functional activity, such as marketing or finance, is grouped into one unit. It works best when the organizational environment is stable and tight control over processes and operations is desired.

It is used mainly (but not only) by smaller firms that offer a limited line of products, because:

- it makes efficient use of specialized resources;
- it makes supervision easier;
- it makes it easier to mobilize specialized skills, and bring them to bear where they are most needed.

i) Advantages: The following are the advantages of functional departmentation.

- It is a logical reflection of functions.

- It maintains power and prestige of major functions
- It follows the principle of occupational specialization /fosters development of expertise/.
- It simplifies training
- It furnishes means of light control at the top.
- It requires little internal coordination.
- It requires fewer interpersonal skills.

ii) Disadvantages

Functional departmentation

- reemphasizes overall company objectives.
- overspecializes and narrows view points of key personnel.
- reduces coordination between functions.
- responsibility for profits is at the top only.
- slows adaptation to changes in environment.
- limits development of general managers.
- slows response time in large organization.
- causes bottlenecks due to sequential task performance.
- does not encourage innovation; has narrow perspective
- fosters conflicts over products priorities.
- does not foster development of general managers.
- obscures responsibility for the overall task.

b) Departmentation by Product or Service

This type of departmentation comes as a result of organizing a company by divisions that bring together all those involved with a certain type of product or service. This type of departmentation is made by the large multi-product companies. Each department is responsible for a product or related family /product line/.

It is a logical pattern to follow when a product type calls for manufacturing technology and marketing methods that differ greatly from those used in the rest of the organization.

i) Advantages of Product Departmentation:

- Places attention and effort on product line.
- Facilitates use of specialized capital, facilities, skills and knowledge.
- Permits growth and diversity of products and services.
- Improves coordination of functional activities.
- Places responsibility for profits at the product level.
- Furnishes measurable training round for general managers.
- Flexible strategy could be developed for different products.

ii) Disadvantages of Product Departmentation

- Requires more persons with general managerial abilities.
- It is expensive.
- Presents increased problem of top management control.
- There is a danger of duplication of work.
- Creates conflicts between divisional tasks and corporate priorities.

c) Departmentation by Region or Area or Territory (Geographical)

This brings together in one department all activities performed in the region where the unit conducts its business. This arrangement follows logical pattern when a plant must be located as close as possible to:

- its sources of raw materials - mining and oil producing companies;
- its major markets;
- its major sources of specialized labor.

Territorial departmentation is especially attractive to large-scale firms or other enterprises whose activities are physically or geographically dispersed and its customers needs and characteristics vary greatly.

It is most often used in sales and in production; it is not used in finance, which is usually concentrated at the headquarters.

i) Advantages of Geographical Departmentation

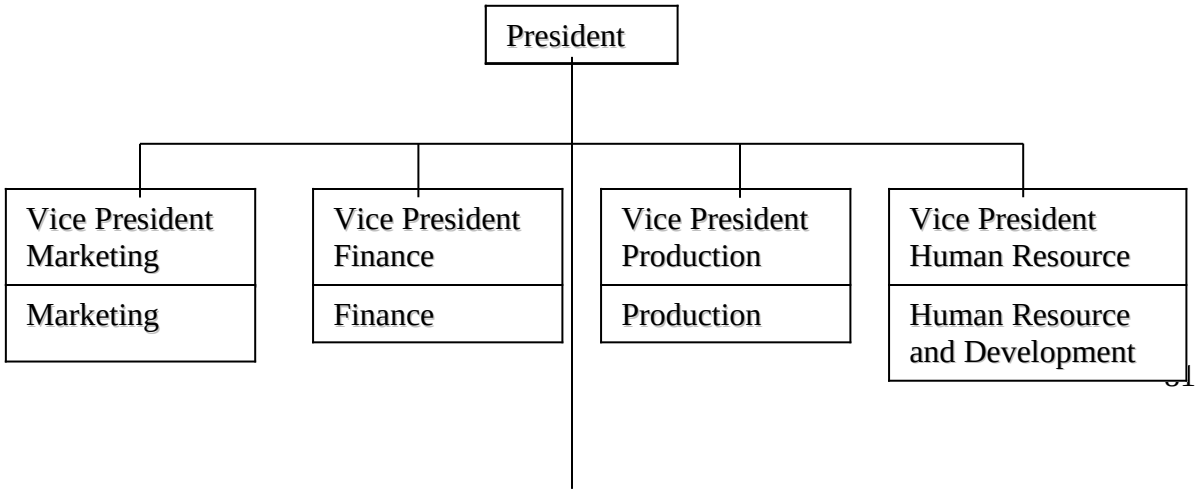
- It makes possible effective span of control.
- It reduces the cost of operation and gains saving in time.

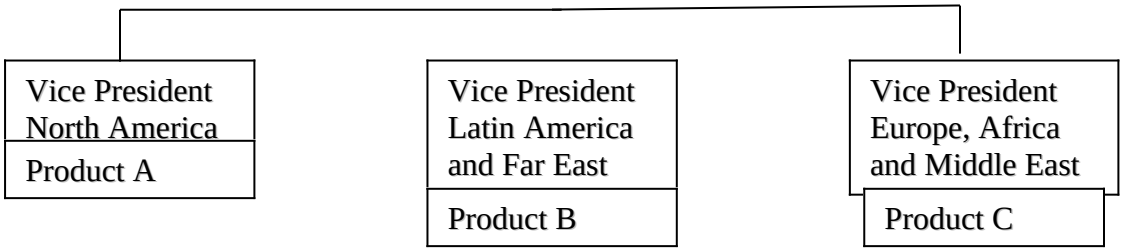
- The sales may be increased with the help of intimate knowledge about the tastes and preferences of the customers in the local market.
- Regional managers could win the confidence of customers and remove the competitors from the market.
- Accounts are prepared area-wise. So, the profitability of each area is known to the management.
- It provides opportunities to mangers to improve their skill in various fields.
- Control process is very easy to manage.

ii) Disadvantages of Geographical Departmentation

- It increases the number of personnel and involves high cost of operation.
- The control of head office is a less effective one.
- It may also involve duplication of work.
- A small business concern cannot manage the high cost of operation.

Geographical or territorial and product departmentation can be structured according to the chart shown below:





d) Departmentation by Customers

It occurs when a division sells most or all of its products to a particular class of customers. This type of departmentation is preferred when the various needs of customers are different in nature. For example a bank may divide its loan section into a number of heads and assign them to various departments.

- loan to businessmen
- loan to farmers
- loan to professionals, and so on.

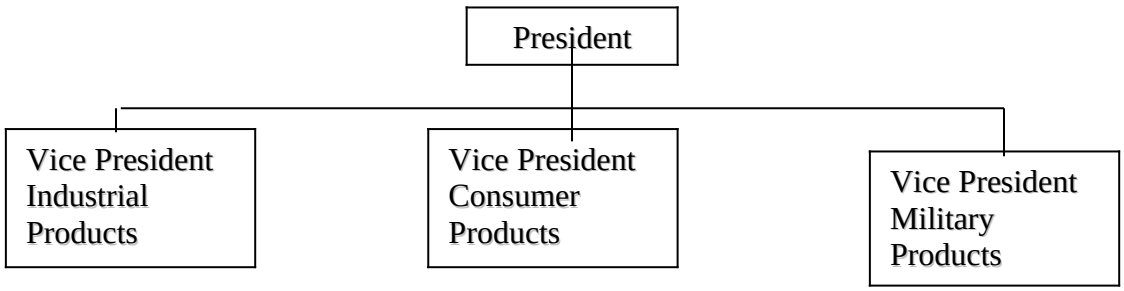
i) Advantages of Departmentation by Customers

- It fulfils the expectations and needs of customers.
- It develops specialization among the organizational staff.
- It gives customers a feeling that they have an understanding supplier.
- Customers will get better service and the supplier can boost its sales by understanding customers needs.

ii) Disadvantages of Departmentation by Customers

- May be difficult to coordinate operations between competing customer demands.
- Requires managers and staff experts in customers' problems.
- Customer groups may not always be clearly defined.
- There is a wastage of available resources and facilities
- There may be duplication of activities.

The chart below shows an organizational structure of departmentation by customers.



e) Departmentation by Process or Equipment

In this kind of departmentation, people and materials are brought together in order to carry out a particular operation. This type of departmentation is followed when the production activities are carried on in many places.

For example, a textile factory may have many departments such as ginning, spinning, weaving, dyeing and printing, packing and sales distribution. Textile, sugar, beverage and many other factories also follow these kind of departmentation.

i) Advantages

- Process or equipment departmentation has economic advantages.
  - The costlier machines can be used effectively.
  - There is no duplication of activities.
- It uses specialized technology.
- It utilizes special skills.
- It simplifies training.
- It helps top managers to have effective performance control.
- It is used in processing industrial products.

ii) Disadvantages of Departmentation by process or Equipment

- Coordination of departments is difficult.
- Responsibility for profit is at the top.
- Is unsuitable for developing general managers.
- More specialists are essential for each process.

- Heavy cost of operation - separate rooms for operation and other facilities should be provided for all the process.

f. Departmentation by Time

Business activities can grouped together on the basis of the time of performance. If the work is not completed within the normal working hours, extra time will be given to complete after the normal working hours. Whatever may be the work performed after the normal working hours, a separate department will be in charge of this type of activity.

For example: - University extension programs have their coordinator. Hospitals, fire departments, steel furnaces etc. use same methods.

i) Advantages

- Services can be rendered beyond the typical 8-hour day.
- It enables activities/ processes not to be interrupted.
- Expensive capital equipment can be used for more hours (more than 8 hours a day)
- It is convenient for employees to work at any shift

ii) Disadvantages

- Supervision may be lacking during the night shift.
- There is the fatigue factor, i.e., it is difficult for most people to switch from day to night shift and vice versa.
- The changing of the shifts may cause problems in coordination and communication.
- The payment of overtime rates can increase the cost of the product or service.

g) Departmentation by Numbers

It was once an important method in the organization of tribes, clans and armies. The essential fact is not what these people do, where they work or what they work with, but that the success of the undertaking depends only upon the number of people involved in it. Its usefulness has declined with each passing century. Because:

- technology has advanced, demanding more specialized and different skills;

- groups composed of specialized personnel are frequently more efficient than those based on mere number;
- it is useful only at the lowest level of the organization structure.

Departmentation by number is still used in the army where soldiers are grouped into squads, battalions, companies, brigades, and regiments. The principles that govern span of management or span of control or span of supervision are used in this type of departmentation.

h) Departmentation by Marketing Channels

This type of departmentation is adopted on the basis of the channel of distribution chosen by the particular business unit. Normally the channel of distribution is selected by the business unit on the basis of nature of goods and marketability of the product.

3.7.2 Span of Management

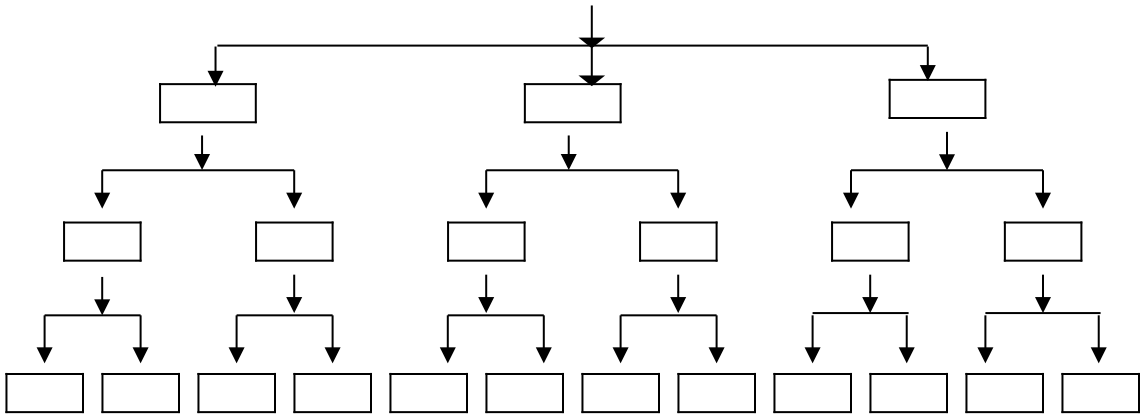
3.7.2.1 Definition

Span of management is the number of subordinates who report directly to a given manager or the number of people managed efficiently by a single officer in an organization. Span of management may be narrow or wide. The alternative names for span of management are span of control, span of supervision, span of authority and span of responsibility.

A narrow span of control is where the number of subordinates under a given supervisor are very few. A narrow span of supervision has the following characteristics:

a) The organizational structure is tall, i.e., there is a long distance between top level management and supervisors.
b) There are many managerial levels between top and lower level management.
c) The number of employees supervised by a manager will be very few.

The following chart shows an organizational structure with a narrow span of control.



a) Advantages of Narrow Span of Supervision

i) Close supervision of employees or work is possible.

ii) Close control is simple.

iii) Fast communication between subordinates and superiors is possible.

b) Disadvantages of Narrow Span of Supervision

i) Superiors tend to get too involved in subordinates' work.

ii) There are many levels of management, and therefore the cost is high.

iii) The distance between the lowest level and the top level is long.

A wide span of control is an arrangement where the number of subordinates under a given supervisor are many. A wide span has the following characteristics

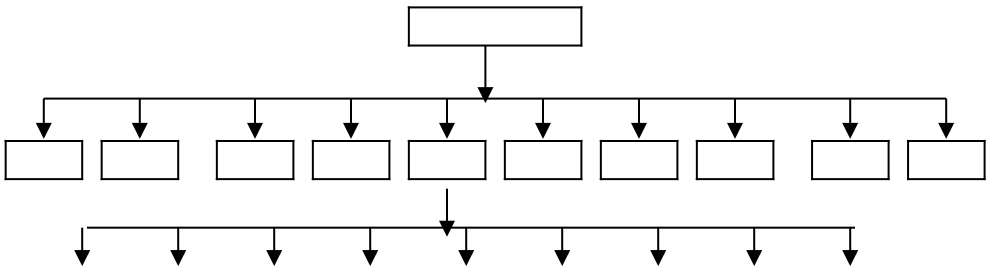
a) The organizational structure is flat.

b) There are few managerial levels between the top and lower level managers.

c) There are few middle level managers.

d) There is short distance between the top-level management and the supervisors.

The following chart shows an organizational structure with a wide span of control.



a) Advantages of Wide Span of Supervision

i) Superiors are forced to delegate authority.

ii) Clear policies are required.

iii) Subordinates are carefully selected.

b) Disadvantages of Wide Span of Supervision.

i) There is a tendency of becoming decision bottlenecks on the part of overloaded superiors.

ii) There is a danger of losing control on the part of superiors.

iii) A wide span requires exceptionally qualitative managers.

The appropriate span of control must be determined by the management of the respective organization, because the span of management affects the efficient utilization of managers and effective performance of their subordinates. If the span of control is too wide, managers will be overextended. The subordinates will get little guidance or control, and this will lead to frustration. On the other hand, if the span of control is too narrow managers can be underutilized. Subordinates can also be:

- too close supervision by superiors;
- dependent because of very close and frequent supervision.

3.7.2.2 Factors Affecting Span of Management

No formula exists for determining the ideal span of control. The ideal number of people that one person can supervise depends on a variety of factors. The following are some of the factors which influence the span of management.

a) Subordinate Training or Quality of Subordinates

The better the training of subordinates, the less the impact of necessary superior-subordinate relationships. Well-trained subordinates require not only less of their managers time but also fewer contacts with them.

b) Clarity of Delegation of Authority

As managers delegate their authority, they have to clearly define the delegation. To undertake a well-defined task, a well-trained subordinate can get it done with a minimum of the superiors' time and attention.

c) Clarity of Plans

If plans are well defined, workable, if the authority to undertake them has been delegated, and if the subordinate understands what is expected, little of a supervisors time will be required.

If policies are clear, consistent with the operation and goals of a department, and if the subordinate understands them, there will certainly be fewer demands on the superior's time and attention.

d) Use of Objective Standards

Good objective standards:

i) reveal with ease any deviations from plans.

ii) enable managers to avoid many time-consuming contacts.

iii) enable managers to direct attention to exceptions at points.

iv) enable the successful execution of plans.

e) Rate of Change

The rate of change is an important determinant of the degree to which policies can be formulated and the stability of policies maintained

- rapid rate of change/ Narrow span of management
- stable and durable/ Wider span of management

f) Variety of Tasks

This refers to the number of different types of jobs being managed. The greater the variety of jobs supervised by a manager, the higher time it requires. As the number of subordinates increases the contact required will be more.

g) Proximity

Physical dispersion of jobs being managed affects span of management. If organizational activities are geographically dispersed, subordinates performance will be out of their supervisor's sight. Besides, as the number of subordinates increases the problem becomes more.

h) Communication Techniques

Methods of communication may be divided into two, i.e. oral and written. Oral communication requires more time and energy and these can be avoided by the written communication. Clear and concise communication increases span of control.

Easy style of leaders may create wide span if it is properly handled.

i) Complexity of Jobs

Complexity of jobs refers to the scope and depth of jobs. Job scope is the number of different types of operations performed in the job. Job depth is the freedom of employees to plan and organize their work to work at their own pace and to move around and communicate as desired.

j) Quality of a Manager

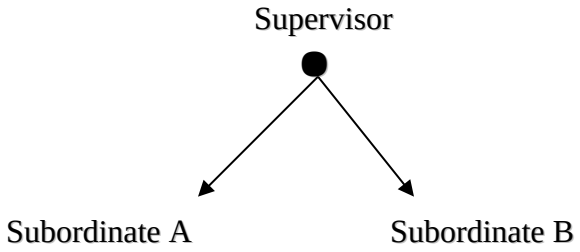
A competent and trained manager can effectively supervise more than one subordinate that do not have specialization. Other factors include the amount of personal contact needed or the degree of interaction required, the utilization of technology, non-managerial responsibilities of the manager, and the size of personnel that exist at the different management levels of organization.

3.7.2.3 Graicuna's Theory of Span of Management

V.A. Graicuna identified the relationship prevailing between the superior and the subordinates. The relationships are classified into three categories.

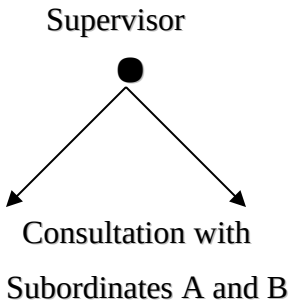
a**) Direct Single Relationship**

This is a relationship in which a supervisor has direct contact with his subordinates individually. The figure below shows that the supervisor has direct condct with subordinate A and subordinate B.



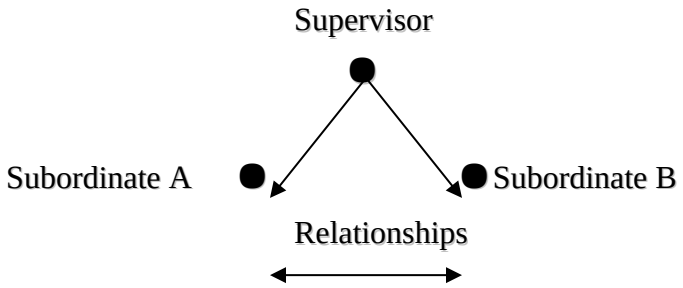
b) Direct Group Relationship

In this case a supervisor has direct relationship with his subordinates jointly. The figure below shows that the supervisor consults with two of his subordinates, A and B.



c) Cross Relationship

In cross relationship, a subordinate has relationship with another subordinate mutually. The figure below shows that subordinates A and B have cross relationship with each other.



The number of direct group and cross-interpersonal relationships increases geometrically as the number of subordinates under the supervisor increases arithmetically.

Formula: - Number of relationships $= n\left(\frac{2^n}{2} + n - 1\right)$

Where: n = the number of subordinates

$$= n\left(\frac{2^n}{2} + n - 1\right)$$

When n = 5

$$= 5\left(\frac{2^5}{2} + 5 - 1\right)$$

$$= 5 \text{ x } \left(\frac{32}{2} + 4\right)$$

$$= 5 \text{ x } (16 + 4)$$

$$= 5 \text{ x } 20$$

$$= \underline{\underline{100}}$$

Check your progress by answering the following questions on your notebook.

a) What are the steps that are followed in the organizing process? (3.6)
b) What are the three most important elements of organizing? (3.7)
c) Why is departmentation important? Give six reasons. (3.7.1.1)
d) What are some of the factors that need to be considered in the process of departmentation?
e) State seven bases of departmentation.
f) State at least three advantages of departmentation by enterprise function.
g) State at least six disadvantages of functional departmentation.
h) What are the advantages of product or service departmentation? What are the disadvantages?
i) What are the advantages of geographical departmentation? What are its disadvantages?
j) What are the advantages of geographical departmentation by customers? What are the disadvantages?

k) What are the advantages of departmentation by process or equipment? What are its disadvantages?

l) What are the advantages and disadvantages of departmentation by time?

m) What does span of management mean? What other alternative names can we use for span of management?

n) What is a narrow span of management? What are its characteristics?

o) What are the advantages and disadvantages of a narrow span of management?

p) What is a wide span of management? What are its characteristics?

q) What are the advantages and disadvantages of a wide span of management?

r) What are the factors that affect span of management? Identify at least ten.

s) According to V.A. Graicuna, what are the three categories of relationship that prevail between a superior and subordinates in an organization?

t) What does the formula $n(\frac{2n}{2}+n+1)$ indicate?

3.7.3 Delegation of Authority

It is the act of entrusting formal authority and assigning responsibility to a subordinate for completion of specific activities. Just as no one person in an enterprise can do all the tasks necessary for accomplishing a group purpose, it is also impossible, for one person to exercise all the authority for making decisions as the enterprise grows.

3.7.3.1 The Steps Followed in the Delegation process

The delegation of authority involves the following key activities

a) Analyze how time is spent.

b) Decide which task can be delegated and the expected results Authority and tasks delegated must be clearly stated, and should be modified when necessary for accomplishing these tasks.

c) Decide who should get the assignment. The right person should be selected from members based on merit or effective performance of job.

d) Delegate the authority. Assign the task with the right authority to the right person.

e) Create an obligation (responsibility)

f) Establish a feedback system

g) Follow unity-of-command and chain-of-command principles as you delegate.

3.7.3.2 Factors That Determine the Delegation of Authority

Most of the factors that affect delegation lie in the personal attitudes of both superiors and subordinates towards delegation. Some of them are discussed as follows.

a) Personal Attitudes of Superiors

i) Receptiveness/ Avoidance of Risk

Decision-making always involves some discretion, and a subordinate's decision is not likely to be exactly the one a superior would have made. Therefore, managers who delegate authority must be willing to give other people's ideas a chance and be ready to take the risk, due to the possible mistake that could be committed by the subordinate. One has to give up the old saying, " If you want something done right, do it yourself."

ii) Willingness To Let Decision Making Authority Go

A manager who is ready to effectively delegate authority must be willing to release the right to make decisions to subordinates. If the manager has an autocratic attitude, delegation will not be effective. Some managers fear that a subordinate who looks so good bight replace him/her.

iii) Perfectionism/Unwillingness To let Others Make Mistakes

Since superiors cannot delegate responsibility for performance, they should not delegate authority unless they are willing to find means of getting feedback; that is, of assuring themselves that the authority is being used to support enterprise or department goals and plans. If superiors target to be perfect in their job and if they fear subordinates may not be as perfect as themselves, they avoid delegation.

iv) Willingness To Trust Subordinates/ Confidence in Subordinates

Superiors have no alternative to trusting their subordinates, for delegation implies a trustful attitude between them. Some people do not like to delegate and argue that it is easier for a manager to do a task than to teach a subordinate how to do it.

b) Attitudes of Subordinates

Subordinates may refuse accepting delegation of authority because of any of the following reasons.

i) Love of spoon-feeding. They want superiors to do the job or show them how to do it.

ii) Fear of criticism.

iii) Lack of information or resource.

iv) Lack of self-confidence.

v) Too much workload.

vi) Inadequate incentives.

vii) Fear of failure.

3.7.3.3 Guides for Overcoming Weak Delegation

The five practical guidelines of delegation are:

i) Define assignments and delegate authority in the light of results expected.

ii) Select the person in the light of the job to be done.

iii) Maintain open lines of communication to avoid misunderstanding among and between organizational members.

iv) Establish proper controls because responsibility cannot be abandoned by the superior.

v) Reward effective delegation and successful assumption of authority.

3.7.3.4 Advantages of Delegation

i) Delegation allows for promptness in action.

ii) It enables managers to perform higher-level work Managers get enough time to pursue other tasks.

iii) It can be a training experience for supportive staff. It helps to develop subordinates and satisfy customers by giving them better service.

iv) It can result in better decisions.

v) It can improve morale Subordinates gain feelings of belongingness and being needed which leads to a genuine commitment on the part of the subordinates.

vi) The expansion and diversification of business activities is possible

3.7.3.5 Disadvantages of Delegation

Delegation has two potential limitations.

i) Control at the top may be more difficult

The further decisions are removed from the highest level, the more difficult it is to pen point problem areas and to take effective corrective action.

ii) A manager may over time lose touch with what is really happening in the organization

Without proper communication and feedback channel, the subordinate may make decisions and take actions without the knowledge of the superior.

3.7.3.6 Principles of Delegation

a) Delegation has to be based on results expected

The superior should clearly know what he expects from the subordinate before the delegation authority.

b) Non-delegation of responsibility

A superior can delegate authority but not responsibility. Assigning duties does not relieve the delegator from being accountable for whatever happens in the process of carrying out the responsibilities assigned.

c) Authority and responsibility should commensurate with each other.

The parity principle states that authority and responsibility must balance each other. Authority without responsibility will make the subordinate a careless person. Responsibility without authority will make the subordinate an inefficient person. So there should be a proper balance between authority and responsibility.

d) Unity of command

An employee should have one and only one immediate manager. Jesus said "No man can serve two masters." If a subordinate gets orders, instructions and directions from more than one superior, it will create uncertainty and confusion in the organization. In such a situation, the subordinate will find it very difficult to determine whose instructions, orders or directory he should carry out first. Therefore, a subordinate should get instruction from only one superior. The key to avoiding problems with unity of command is make sure that employees clearly understand the lines of authority that directly affect them.

e) Definition of limitations of authority

The authority delegated should be well defined so that the subordinate can understand the limit of the authority delegated to him.

f) The scalar principle/chain of command

This principle suggests that there must be a clear line of authority running step by step from the highest to the lowest level of the organization. This clear line of authority will make it easier for organization members to understand to whom they are responsible. This principle also makes communication channels clear.

3.7.4 Centralization versus Decentralization as Features of Delegation

Centralization and decentralization are important features that become obvious in the process of delegation. This is due to the fact that authority is decentralized or centralized in the process of delegation.

a) Centralization is defined as the systematic and conscious reservation of authority at central points in the organization. In a centralized set-up, decision-making authority is concentrated in few hands at the top. Most of the time even though the degree might be high or low, both centralization and decentralization can appear and exist in an organization.

b) Decentralization implies the placing of greater power in the hands of persons away from the center. It means a greater number of important decisions are made at the lower levels and few of these decisions are subject to prior approval of the higher authorities. So decentralization can be defined as the systematic effort to delegate to the lowest levels all authority except that which can be exercised at central points. In

other words, there cannot be absolute decentralization. If managers delegate all authority without exception, their status as managers would cease, their position would be eliminated, and there would again be no organization.

The degree of decentralization is greater when:

i) the number of decisions made at lower levels of the organization are greater;
ii) the decisions made at lower levels of an organization are more important;
iii) more functions are affected by decisions made at lower levels of the organization;
iv) the manager has less checking on decisions made by others;
v) there is no checking on decisions made by others; and
vi) fewer people at the lower level in the hierarchy are consulted.

c) Factors Determining the Degree of Decentralization of Authority

Although the temperament of individual managers influences the extent to which authority is delegated, other factors also affect it. They are:

i) Costliness of the Decision

The more costly the action to be taken the more probable it is that the decision will be made at the upper levels of management. Costs may be in dollars and Cents Company's reputation, its competitive position and employee morale.

ii) Desire for Uniformity of Policy

Those who value consistency above all invariably go for centralized authority since this is the easiest road to such a goal.

iii) Size and Character of the Organization

The larger the organization, the more the decisions that are to be made, the more the places in which they must be made and the more difficult it is to coordinate them.

iv) History and Culture of the Enterprise

Whether authority will be decentralized frequently depends upon the way the business has been built. Owner founders have a tendency toward high centralization

of authority. Enterprises that result from mergers and consolidations are likely to show, at least at first, a definite tendency to retain decentralized authority, especially if the unit acquired is already operating profitably.

v) Management Philosophy

Sometimes top managers are not interested to delegate to others and they want to safeguard their authority as a source of power. In many cases, top managers may see decentralization as a way of organizational life that takes advantage of the innate desire of people to create, to be free, and to have status.

vi) Desire for Independence

Individuals and groups often desire a degree of independence from bosses who are far away. Individuals may become frustrated by delay in getting decisions made by long line communication and by the practice of giving a difficult problem to someone else to solve it even though it is ones own responsibility.

vii) Availability of Trained Managers

A real shortage of managers would limit decentralization of authority, since delegation of authority requires qualified managers. Executives who complain that they have no one to whom they can delegate authority are often trying to magnify their own value to the firm or confessing a failure to develop subordinates.

viii) Control Techniques

A good manager at any level of the organization cannot delegate authority without having some way of knowing whether it will be used properly. Some managers do not know how to control. They may think that it takes more time to correct a mistake committed by others than to do the job themselves.

ix) Decentralized Performance

It refers to the situation where the managers of an enterprise are dispersed over a geographic area.

The reason is basically a technical matter that depends upon such factors as

- the economies of the division of labor;
- the opportunities for using machines;

- the opportunities for using machines;
- the nature of the work to be performed; and
- the location of raw materials, labor supply and customers.

Authority tends to be decentralized when performance is decentralized.

x) Business Dynamics: the Pace of Change

If a business is growing fast and facing complex problems of expansion, its managers, particularly those responsible for top policy, may be forced to make a large share of the decisions; but strangely enough, this very dynamic condition may force these managers to delegate authority and take a calculated risk on the costs or error. This dilemma is resolved by implementing the following:

- Directing of delegation;
- Avoid delegating authority to untrained subordinates;
- Give close attention to rapid formation of policies;
- Accelerate training in management; and
- Slow the rate of change.

In old well-established or slow-moving business, there is a natural tendency to centralize authority, whatever danger too much centralization may carry.

xi) Environmental Influences

In addition to the internal factors, there are definite external forces affecting the extent of decentralization. Among the most important of these are governmental controls, national unionism, and tax policies (political, social and economic factors).

d) Advantages of Decentralization

i) It relieves top managers from the burden of decision-making.
ii) It encourages decision making and assumption of authority and responsibility.
iii) It promotes the use of broad control techniques
iv) Performance comparison between departments becomes possible.
v) It facilitates setting up of profit centers.
vi) It facilitates product diversification.
vii) It promotes development of general managers.

viii) It aids in adaptation to fast-changing environment.

e) Limitations of Decentralization

i) The uniformity of policies will be less.
ii) Coordination becomes complex.
iii) The top management may lose control.
iv) It requires qualified managers and subordinates.
v) Its cost is high.
vi) It is affected by external forces.
vii) It doesn't favor economic scale of some operations.

f) Guidelines to obtain the desired degree of decentralization

In order to obtain the degree of decentralization they want, top managers must:

i) understand decentralization which does not mean independence;
ii) establish policies to guide decision making along desired courses;
iii) delegate authority to the right person/subordinate;
iv) accompany delegation by controls designed to ensure that delegated authority is used properly;
v) realize that knowing the mere fact of delegation is not enough to ensure decentralization;
vi) make sure that a system of verifiable objective is established;
vii) provide a statement of each manager's duties and of the responsibility and the degree of authority delegated to that manager;
viii) the statement should be clear, written and easily understood by all employees who want to know;
ix) that the example and teaching of a superior has to start at the top of the organization;
x) develop a policy of promoting managers only when they have subordinates able to take their places.

3.7.5 Check your progress. Follow the instructions given in 3.5.3

a) What does delegation of authority mean?
b) What are the steps followed in the delegation of authority?
c) State that factors that determine the delegation of authority.
d) State five practical guidelines for overcoming weak delegation.
e) What are the advantages and disadvantages of delegation?
f) State six principles that govern the delegation of authority.
g) What does centralization mean?
h) What does decentralization mean?
i) Is it possible to decentralization or centralize authority absolutely?
j) When would the degree of decentralization be greater?
k) State the factors that determine the degree of decentralization of authority.
l) What should top managers do to obtain the desired degree of decentralization?
m) What should top managers do to obtain the desired degree of decentralization?
n) What is the difference between authority, responsibility and accountability?

3.8 Principles of Organizing

As a function of management, organizing operates on the basis of the following principles.

3.8.1 The Scalar or Chain-of Command Principle

Authority flows directly and clearly from the top executive in an organization to each subordinate at each succeeding level. It implies that the best results are obtained when a clear chain of command is established and followed. If the principle is not followed in organizing, individuals will not know to whom they are responsible. Compulsion, indecision, and inefficiency will be the result.

3.8.2The Unity-of-Objective Principle

This principle suggests that all individuals in the organization and the departments to which they belong should contribute to the principal objectives of the organization. A football team, according to this principle aims at winning all matches. The members of the team work toward this objective individually and as a team.

3.8.3 The Adequacy-of Authority or the Parity Principle

It means that each manager in the organization should be given sufficient authority to achieve the desired result. Authority and responsibility should be in parity with each other.

This principle will be violated, if a manager is instructed to produce a certain amount of products, but not given the authority to request personnel, materials, finance, equipment, etc.

3.8.4 The Responsibility-for-Results Principle

It states that even if a superior delegates authority to a subordinate to achieve a goal, the superior is still responsible for the result if the goal is not attained.

3.8.5 The Accountability Principle

It holds that when managers accept a plan from their superiors, they are duty bound to carry it out. In other words, they are accountable to their superiors for results. They are expected to put forth their best efforts to achieve the stated objective. In principle, while allocating duties to persons, the extent of liabilities of the person needs to be clearly explained to the concerned person.

3.8.6 The Division of Work Principle

According to this principle, work would be divided and grouped in a logical manner in order to eliminate duplication of effort and other forms of waste.

This principle will be violated when two people or two departments are performing work that could just as easily be done by one person or one department.

3.8.7 The Unity-of-Command Principle

This principle states that each individual in an organization should report to only one superior and should receive the instruction or direction from one authority or boss. Failure to comply with this principle may result in confusion, fear and inefficiency. However, this principle is often violated. In some organizations, there are many people who are responsible to two or more persons.

3.8.8 Principle of Definition

It is necessary to define and fix the duties, responsibilities and authority of each worker, and the organizational relationship of each worker with others.

3.8.9 Principle of Co-ordination /Unity of Direction/

Whenever coordination exists among the workers, objectives may be achieved quickly and each work can be done effectively. The major plan is divided into sub-plans in a good organizational set up. A particular group of department takes up each sub-plan. These groups or departments are requested to cooperate to attain the main objectives or in implementing the major plan of the organization.

3.8.10 Principle of Efficiency

According to this principle of an organization work should be completed with minimum members, in less time, with minimum resources and within the right time.

3.8.11 Principle of Uniformity and Balance (Equilibrium)

The organization should make the work distribution in such a manner that there should be an equal status and equal authority and powers among the same line officers. It is also essential that the sequence of work should be arranged scientifically. In certain periods, some sections or departments are overloaded and some departments are under loaded. During this period, due weight should be given on the basis of the new workload. The overloaded sections or departments can be further divided into sub sections or sub-departments. This entails effective control over all the organizational activities.

3.8.12 Principle of Continuity and Flexibility

It is essential that there should be a re-operation of objectives, re-adjustment of plans and privation of opportunities for the development of future management.

The organizational set up should be flexible to adjust to the changing environment of business. The organization should avoid complicated procedures and permit an expansion or contraction of business activities.

3.8.13 Principle of Leadership Facilitation

Span of control refers to the maximum number of members effectively supervised by a single individual. The number of members may be increased or decreased according to the nature of work done by the subordinate or the ability of the supervisor.

3.8.14 Principle of Simplicity and Homogeneity

The simplicity of the organizational structure enables the staff members to maintain equality and homogeneity. If equality and homogeneity are maintained in one organization, it is possible to determine whether the staff members discharge their duties to realize the objectives of the organization.

If the organization structure is a complex one, junior officers do not understand the level and the extent of responsibility for a particular activity.

3.8.15 Principle of Joint Decision

Whenever decisions are made jointly, the deciding group would be more duty bound to keep its word individually or as a group. This would be beneficial to the organization for a long period of time.

3.9 Group Dynamics and Committees

Managers deal with groups of people. They give direction to groups of people in the organization. Therefore they need to understand group dynamics (the interaction of people in-group setting). This understanding is made possible by studying psychology.

3.9.1 Behaviors Manifested by Groups

Groups show behaviors such as conformity, aggression, competition and cooperation. Conformity is compliance with existing rules or customs. Groups require members to conform by obeying group norms, accepting group sanctions, and giving up certain rights. Individuals conform because of fear, insecurity, and good judgment. The extent of conformity desired depends on the type of organization, the person's position within the organization, and the kind of task being performed. Aggression is offensive action that is caused by frustration, annoyance or attack. Aggression may be either socially acceptable or unacceptable.

Competition is a struggle between two or more individuals or groups to obtain encouragement.

Completion may be internal or external.

Cooperation is a joint effort by two or more people to attain a common goal and requires an individual to subordinate his or her self-interest.

3.9.2 Committees and Their Characteristics

A committee is a group of persons assigned or asked to investigate or act on some matter. Committees can be permanent or temporary.

a) Standing Committees are permanent committees. They can be given authority to make key decisions on matters such as guilt or innocence of some one accused of a crime, whether to go ahead with a major project and size of next year's budget. Other committees may have only advisory power by which they recommend what particular action may be taken to solve a problem.

b) Ad Hoc Committees are temporary committees formed for specific purposes. An ad hoc committee is usually dissolved after its recommendations have been submitted.

Committees are widely used to provide more information for decision-making. They facilitate coordination. They foster support for decision. They can broaden the knowledge of the people who participate in them.

3.9.3 Limitations of Committees

i) They are expensive.
ii) They often act slowly.
iii) They may come up with compromise solutions.
iv) They do not fix responsibility. Whatever decision is made, no individual takes the responsibility.

3.9.4 The Plural Executive

Most committees are purely advisory. But some have more power. A committee that has been assigned authority to make decisions and to perform management functions is referred to as a plural executive. Eg. A corporate board of directors is a plural executive, since it has the power to plan, organize, staff, direct and control.

Some organizations establish an "executive committee" or a "management committee" or a finance committee" or a "policy committee" that serves as a plural committee. These type of action oriented committees may formulate basic strategy, decide on key policies, allocate

money and other resources to various projects, settle disagreements between division of the enterprise or make other high-level decision.

3.9.5 Guidelines for Maximizing the Effectiveness of Committees

Committees usually spend a lot of time and money either attending committee meetings or preparing for them. So committee effectiveness can be achieved if the following principles for successful committee operations are observed.

i) Establish the right size of committee.

Deciding how large a committee should be is always judgmental, unless the size is specified by law. Large committees are designed when:

- the main purpose is to inform the members who comprise it;
- widely differing talents and experiences are needed to make the recommendation or decision;
- the scope of the committee's activity is very broad; if small committees are desired, it is wise to divide the work among subcommittees;
- speedy action is needed;
- the matter assigned to the committee must not be kept confidential; the more persons serving on a committee, the greater the chance of information leaks.

ii) Select the right members. The following are criteria for selecting the right members:

- interest in the purpose of the committee;
- knowledge and experience related to the committee's purpose;
- psychological compatibility (ability to compromise);
- sufficient time to prepare for and attend meetings.

iii) Select the right chairperson. An effective chairperson should have the following qualities: Planning ability, objectivity, diplomacy, experience and efficiency.

iv) Define instructions clearly. The following must be made clear:

- the committee's purpose;
- its authority;
- a deadline for completion of the committee's work;

- money, staff and other resources assigned to the committee;
- the name of the chairperson or how one is to be selected;
- whether the report will be oral or written; and
- to whom the final report will be made.

v) Define operating procedures clearly:

- where, and for how long the meeting will be held;
- what voting procedures will be followed;
- whether a non-committee member will be eligible to attend; and
- plans for reimbursement should be established.

vi) Provide needed information and staff assistance.

vii) Expedite the committee's work. Check frequently on the committee's progress to ensure that the deadline will be met.

viii) Require a final report read and signed by the members.

ix) Take action on the committee's report.

3.9.6 Summary of the Unit

As a key function of management, organizing involves many important activities: identifying and grouping similar tasks; assigning the tasks to a manager who is delegated the authority; and coordinating the different groups of activities.

Organizing is characterized by the following features: division of labor; coordination; objectives; authority-responsibility structure; and communication.

Organizing holds an important place in management because it facilitates administration, growth and diversification; increases the efficiency of management; improves the efficiency and quality of work through synergism; encourage creativity and initiative; establishes lines of authority; and improved communication within the organization.

On the basis of legality, authority delegated and responsibility assigned to the personnel and their relationship with each other, organizations can be classified as formal or informal.

Formal organization is the intentional structure of roles in a formally and legally established firm or enterprise.

Informal organization is a network of personal and social relations not established or required by the formal organization, but arising spontaneously as people associate with one another on the basis of preference without considering the rules and regulations of the organization.

Organizing firms or enterprises follows certain steps. After determining activities and grouping them, duties are assigned to specific persons who at the same time are entrusted with the authority to carry out the duties. The relationship of the persons working together will be defined and the activities coordinated.

In other words, the organizing process results in achieving its three key elements: departmentation deciding the span of control of each managerial level and delegation of authority.

Departmentation is a process by which similar activities of a business are grouped into units for the purpose of facilitating smooth administration at all levels. The grouping of activities is done on the bases of function, products or services, area or territory, customers, process or equipment, time, number and marketing channels.

Span of control or management is the number of subordinates who report directly to a given manager. In other words, it is the number of people managed efficiently by a single officer in an organization. A span of supervision is said to be narrow when the number of subordinates is few, and wide when the number subordinates supervised is comparatively many. A narrow span results in all tall organizational structure, while a wide span creates a flat organizational structure. Both structures have advantages and disadvantages.

Span of management is affected by the educational or training background of subordinates, the clarity of authority delegation, clarity of plans, use of objective standards, rate of change, variety of tasks, proximity, complexity of jobs, communication techniques and the manager's quality.

The third element of organizing is delegation of authority. Delegation is the act of entrusting formal authority and assigning responsibility to a subordinate for completion of specific activities.

Authority is delegated on the basis of certain principles. These principles include the following.

- Delegation has to be based on results expected.
- A superior can delegate authority, but not responsibility.
- Authority and responsibility must be in parity with each other.
- The delegation of authority must ensure that employees have only one immediate superior.
- Delegation of authority must be based on a clear chain of command and a well-defined authority.

In the process of delegation, centralization and decentralization are important features that become obvious.

Centralization is the systematic and conscious reservation of authority at central points in the organization.

Decentralization implies the placing of greater power in the hands of persons away from the center. The following are factors that determine the degree of decentralization of authority.

- The costliness of the decision.
- The desire for the uniformity of policy.
- The size, character, history and culture of the organization.
- The philosophy of the management.
- The desire for independence.
- The availability of trained managers.
- The control techniques employed.
- The decentralization of performance.
- The pace of change and other environmental influences.

The three elements of organizing mentioned above operate on the basis of certain principles. In the process of organizing, one has to base the steps he/ she takes on the following principles.

- A clear chain of command has to prevail.

- There must be unity of objectives in which case all individuals and departments to which they belong should contribute to the principal objectives of the organization.
- According to the parity principle, each manger in the organization should be given sufficient authority to achieve the desired results.
- A superior who delegates authority to a subordinate would still be responsible for the results attained by the subordinate.
- Accepting a plan for implementation makes one accountable to the superior for results, because he/she is duty-bound to carry it out.
- The division of labor principle requires that work be grouped logically and divided among people to eliminate duplication of effort.
- To carry out their responsibilities without any hindrance, employees need to get instructions or directives from only one superior to whom they should also report.

The other principles of organizing include unity of direction, the principle of efficiency, uniformity of balance, continuity and flexibility, leadership facilitation, simplicity and homogeneity and the principle of joint decision.

Joint decisions are made possible through the activities of formal groups created as task forces and/ or committees. Committee can be temporary (ad hoc) or permanent (standing). Even though group decisions are more reliable, committees act slowly, are expensive, may come up with compromise solutions and they do not fix responsibility.

At times standing committees can be entrusted with authority to make decisions and to perform management functions. These types of committees are referred to as plural executives, but can have different names such as executive committee, policy committee or management committee.

Groups manifest behaviors such as conformity, aggression, competition and cooperation during the interaction of the members as the group deals with some matters.

3.9.7 Check your progress by answering the following questions. Follow the instructions given in 3.5.2

a) Explain the following principles of organizing briefly:

i) scalar chain or chain of command principle;

ii) unity-of-objective principle;

iii) the adequacy-of-authority or parity principle;

iv) the responsibility-for-results principle;

v) the accountability principle;

vi) the division of work /labor principle;

vii) unity-of-command principle;

viii) unity-of-direction or the coordination principle;

ix) principle of continuity and flexibility;

x) principle of simplicity and homogeneity;

xi) principle of joint decision;

xii) principle of leadership facilitation;

xiii) principle of uniformity and balance or equilibrium;

xiv) principle of efficiency;

xv) principle of definition.

b) What does group dynamics mean?

c) Indicate and explain some of the behaviors manifested by groups.

d) What is a committee? Identify two types of committees and explain each.

e) What are the disadvantages of committees?

f) What is a plural executive?

g) State the major guidelines for maximizing the effectiveness of committees.