

UNIT-1

INTRODUCTION TO MANAGEMENT

Management is a social process of planning, organizing, co-ordinating, commanding and controlling for the purpose of achieving organizational goals by using limited resources effectively and efficiently by working with and through people.

MANAGEMENT DEFINITIONS :-

- Management is what a manager does.
- Management is a art of getting things done through and with the people in a formal organization.
- Management is the process of designing and maintaining an environment in which individuals working together in groups effectively to accomplish selected aims.
--Koontz and Weigh rich.
- Management is the art and science of decision making and leadership;
- Management is the coordination of Human and material resources essential in the effective and efficient attainment of objectives.

CONCEPT OF MANAGEMENT :-

The term Management refers to people at the top level in the organization concerned with decision making. The term Management has been used in different sense. Sometimes it is used to mean the “group of managerial personnel” in an organization. At other times it refers to the process of planning, organizing, staffing. Directing and controlling. It is also referred to as a body of knowledge, a practice and a discipline.

NATURE OF MANAGEMENT :-

- **Management is getting things done** as manager cannot work alone by himself; he gets it done through others. So, he motivates the sub-ordinates to accomplish the task of work assigned.
- **Management is an organized activity** as it is concerned with the efficient use of resources like men, money and materials in the organization.
- **Management is a group activity** management cannot exist independent of the group or organizations it manages. It is a cardinal part of any group activity and inspires workers to put forth their best efforts.
- **Management is an universal activity** as the management principles are universally applicable, as they can be modified to suit the given situation and the type of organization.
- **Management is purposeful** as management is a goal-oriented activity and is concerned with the accomplishment of goals through its functions.

- **Management is a process** as it involves planning, organizing, directing and controlling the efforts of human resources in the use of material resources.
- **Management is an integrating process** as it integrates men, machines and materials for performing various operations and accomplishing the stated goals.
- **Management is intangible** as it is abstract and cannot be seen with the eyes, but it is evidenced by the quality of the organization and the results.
- **Management is a profession** because some of its established principles are being applied in practice.
- **Management is inter-disciplinary** as it draws knowledge and concepts from other social psychology, sociology, anthropology, economics, etc. Management integrates the ideas and concepts from these disciplines and presents newer concepts.
- **Management is a science and an art:** as management has certain principles & laws which have wide applications, we treat it as science. As a management is concerned with the application of knowledge for the solution of the organizational problems, it is treated as an art.
- **Management is dynamic** as it adapts itself to the social changes and introduces innovations in methodology.
- **Management involves decision making** as management process involves decision making at various levels for getting things done by others.
- **Management applies economic principles** that underline the control of men and materials in the organization.
- **Management is concerned with direction and control of various activities** as it deals particularly with the active direction of the human effort.

IMPORTANCE / SIGNIFICANCE OF MANAGEMENT :-

Management plays a very unique role in modern society. It regulates our productive activities by organizing factors of production. A business which has all the resources like men, money, material and machinery cannot satisfy customers unless they are efficiently managed. Thus every business needs repeated stimulus which can only be provided by management.

Management is viewed as a very significant tool because of the following reasons ;

- **Determination of objectives :** the success of various operations of an organization mainly depends on the identification of its objectives. Objectives are identified and laid down by the management.
- **Achievement of objectives :** it is the management which directs the group effort towards achievement of various objectives.
- **Optimum utilization of resources :** it is the management which makes optimum utilization of various resources such as land, labour, capital and enterprise. “No ideology, no ism, no political theory can with greater output with less efforts, only sound management”, says Urwick and Brech.

- **Meets challenges** : through better planning and control, management steers a concern to meet the demands of the changing environment.
- **Provides innovation** : management infuses an enterprise with new ideals, imagination and vision.
- **Smooth running of business** : management helps in smooth running of business through better planning and control.
- **Social benefits** : management benefits the society, as it raises the standard of living of the people by providing good quality of products at the lowest prices.
- **Economy and efficiency** : management ensures economy and efficiency. As managers help the employees to perform better, the organizations can minimize their costs through sound management.
- **Key to economic growth** : the development of a nation mainly depends on the quality of the management of its resources. It is true for a developing country like India, where productivity is low and the resources are limited. By producing wealth, managers facilitate the increase in national income and thus, the living standard of the people. Management is thus the key to the economic growth.

FUNCTIONS OF MANAGEMENT :-

Functions of Management are the activities done by the top-level people in the Organization. The process of management covers certain functions to be performed in logical sequence.

Luther Gullick identified “POSDCORB” indicating

P--Planning,

O--Organizing,

S--Staffing,

D--Directing,

Co--Coordinating,

R--Reporting,

B--Budgeting,

As Functions of management reporting and budgeting are covered as elements of controlling and planning so it is not standard classification of functions.

Henry Fayol gave a list of five functions as elements of management process.

--Planning,

--Organizing,

- Commanding,
- Co-ordinating and
- Controlling.

By generalizing the classification a standard classification given by Koontz is identified.

According to **Koontz** functions are:

- Planning,
- Organizing,
- Staffing,
- Directing and (includes leadership, Motivation, Communication & Co-ordination.)
- Controlling.

1.Planning :-

Planning refers to the process of preparing for the future by choosing the best course of action to achieve the goals. In detail planning involves essentially four stages:

1. Identifying the goals to be achieved.
2. Exploring the courses of action available to reach this goal.
3. Evaluating each course of action on merits &
4. Selecting the best course of action for implementing.

Elements of planning :-

1. Forecasts :- Prediction of what is going to happen in future based on past and present data.
2. Objectives :- Objectives are set for every individual and department in the organisation.
3. Policies :- These specifies the do's and don'ts of the employees to achieve the given goals.
4. Strategies :- Course of action to be followed and how the resources are to be deployed to achieve the given goals.
5. Programmes :- Specifies what is to be done.
6. Procedures :- Outline how a task is to be carried out.
7. Schedules :- Indicate what is to be done at a given point of time.
8. Budgets :- Determining the sales budget, expense budget ...etc.

2.Organising:-

Organising refers to the process of grouping the related activities and assigning them to a manager with authority to supervise it. Responsibility is fixed on every manager for achieving the given goals the well defined authority and responsibility are used as tools to evaluate one's performance at work. The functions of organizing provides the manager enough flexibility in the organization to create higher managerial positions that the employees want to reach.

3.Staffing :-

Staffing refers to filling the positions in the organization with the right people. Staffing function covers every activity done by a HR Manager in an organization. Such as recruitment, selection, training, placement, appraisals, promotions and career planning.

4.Directing :-

Directing is a process of issuing orders and instructions to guide and teach the subordinates the proper method of work and ensuring that they perform their jobs as planned.

The manager has to perform the following functions while directing the members of his group.

1. **Leading** :- It is a function of management in which the workers / employees are led and directed so that the objectives of the organisation will be successfully achieved. It is quite likely that the workers willingly and enthusiastically perform their job, if they like their leader.
2. **Motivating**:- The Process of stimulating the employees to perform more effectively using theirabilities and full potential is called motivation. The factors of motivation can be broadly categorised into two types
 - a. Financial
 - b. Non financial

Financial factors include competitive salary, bonus, overtime, allowances, medical & telephone bill...

Non-financial factors include appreciation from the top, comfortable work environment, carer growth, flexible working hours, opportunity to work on live projects....

3. **Communicating** :- It is a process of creating transmitting and interpreting messages, ideas, facts, opinions and feelings.
4. **Co-ordinating** :- Co-ordination refers to the process of arranging group efforts in such a way that the common purpose is achieved efficiently & effectively.

5. Controlling:-

It is the process of measuring the current performance of the employee and assess whether the given objectives are achieved or not

It involves.

1. Measuring the actual performance of the employee
2. Comparing it with the target and
3. Taking follow up action, that is, corrective or remedial action for improving the performance if necessary.

EVOLUTION OF MANAGEMENT THOUGHT :-

The concept of management is as old as men. However, the significant contributions to management thought could be brought under our periods.

- a. Period of management awakening.
- b. Scientific management period.
- c. The human relations period (behavioural sciences).
- d. Modern management period.

1. Period of Management Awakening :-

The Period of management awakening was characterised by the onset of Industrial Revolution, growth and diversification of commercial activity. The validity of traditional techniques of management was questioned. Significance of these contributions are listed below.

Robert Owen :-

He was the first person who spelled out the mostly neglected critical issues relating to personnel management. He believed that worker's performance was influenced by a number of factors such as shop floor working condition, working hours, housing facilities, rest places, kind treatment....

Charles Babbage, James Watt, J.R. and Robinson Boutton gave their contributions by enhancing the importance of scientific development in work place or introducing machines in work place.

2. Scientific Management Period :-

Scientific management period was significant milestone in the history of management thought. Taylor and Fayol revolutionised management thinking both at the worker level and the enterprise level.

F.W.Taylor contributed scientific management & Henry Fayol gave 14 Principles for management.

3. Human Relations Period :-

In this period employees attitude is evaluated. They studied the psychology of workers at various levels of work shop. Many people gave their contribution in this period. Among them-

Elton Mayo for Hawthorne experiment,
Abram Maslow for need Hierarchy Theory,
Hertzberg for the two factor theory,
Douglas for Theory X & Theory Y. Are considerable.

4. Modern Management Period :-

In the Modern management era, the key management issues were varied some of the issues that can be identified are managing change, developing pro-organizational approach and shared values in the organisation, creating excellence, empowering employees ...

SCIENTIFIC MANAGEMENT :-

FW.Taylor is well known as the father of scientific management. Taylor spent a great part of his life finding solutions to the problems of achieving greater efficiency on the shop floor.

Scientific management was the applications of scientific principles to the management problems to achieve higher productivity. Taylor advocated the “one best way” to do a given job. Scientific investigation and experimentation from the basis to find out the best way for a given job.

Elements : (Features)

The process of scientific management can be identified with the following elements.

1. Separation of planning from execution function :-

F.W.Taylor separated the planning function from the executive function. Before this both functions were performed by the some worker. F.W.Taylor to reduce the burden on workers. So the planning function should be performed by the supervisors and executive function alone be assigned to the workers.

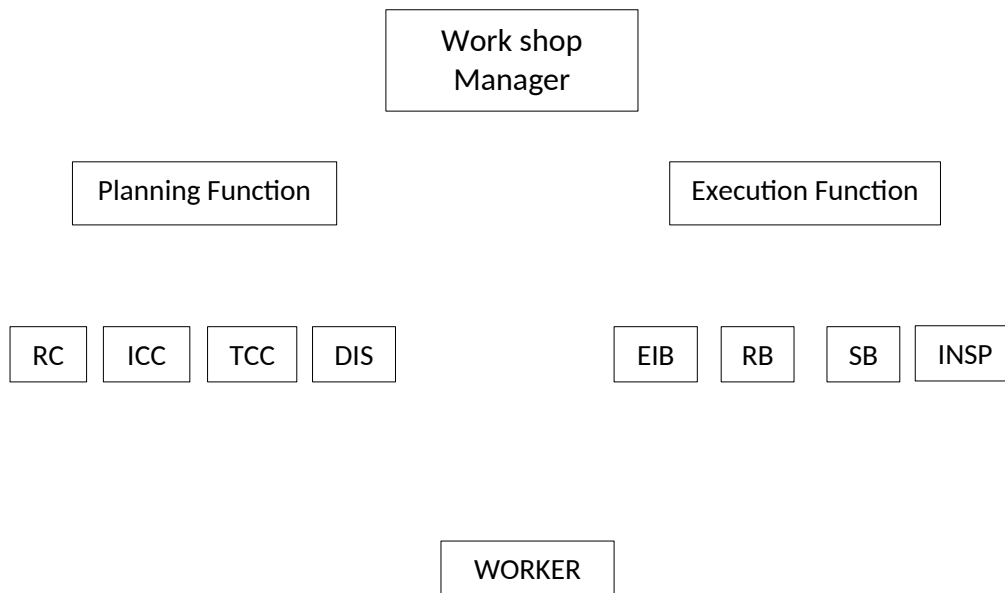
2. Scientific task setting :-

Scientific task setting means allotment of work to each worker on the basis of the capacity of an average worker functioning in normal working condition.

3. Functional foreman ship :-

This is based on the specialisation of functions performed at supervision level. Under the functional foremanship system there are 8 persons. Out of eight persons four persons are concerned with planning they are Route Clerk, Instruction card clerk,

Time and cost clerk & Disciplinarian. The remaining four are concerned with the executive function. They are Speed boss, Inspector, Maintenance foreman & gang boss.



4. **Work Study :-**

Work study refers to the systematic Critical assessment of efficiency required to do the job It varies from one job to another job.

5. **Methods study :-**

The entire process of production is taken into account under this study. Efforts are made to reduce the distance passed by materials and improvements in handling, transportation, inspection & storage of raw materials and finished goods. Best tools and machinery are provided to ensure best possible results.

6. **Motion Study :-**

A study relating to the movement of a machine operator and his machine While performing the job is called motion study. The purpose of this study is to eliminate the unnecessary movements of machine operator and machine by this time required to the job is performed efficiently.

7. **Time study :-**

The study refersto the act of measuring the timerequired to perform a Particular job. A standard time is fixed by this and all the work is performed in Thefixed time and control over it becomes easy.

8. **Fatigue study :-**

A study relating to the fixing of the working hours with rest periods to enable

the workers to recoup the energy lost while performing the job is called fatigue study. According to Taylor Motion Study, Time study and fatigue study are parts of work study.

9. Rate setting :-

Taylor emphasized upon fair wages to workers and had recommended differential piece rate wage system. The reason is that differential piece rate wage system may act as an incentive to lazy and less efficient workers.

10. Standardization :-

Standardisation is made in respect of tools and instruments working hours, Volume of work, working condition or atmosphere, cost of production...etc. These are fixed on the basis of job analysis.

CRITICISM OF SCIENTIFIC MANAGEMENT:-

- Employers criticized the process of scientific approach as costly and unworkable.
- It ignores the functional areas of management such as Marketing, Finance, HR, etc.
- Individual creativity is ignored by favouring one best way.
- Over specialization made the work more fragmented.
- Mobility among workers gets more restricted because of narrow specialization.
- Workers were not involved in the planning part of job.

BENEFITS OF SCIENTIFIC MANAGEMENT:-

- Improves working methods and brings enormous increase in productivity.
- Stimulates employers to take a positive view of leadership for tight control over work.
- Lays foundation for work study and other related techniques.
- Replaces the traditional rule of thumb approach.
- Improves physical working conditions for the employers.
- Initiates improvements in working methods, plant design and other things.

HENRI FAYOL'S – PRINCIPLES OF MANAGEMENT :-

Henri Fayol has identified 14 principles of Management :

1. **Division of work** : it refers to the division of work among various individuals in the organization to bring about specialization in every activity. As specialization increases efficiency and avoids wastage of resources, time and efforts.

2. **Authority** : it is the power to give orders to the sub-ordinates. It must be adequately supported by responsibility. Responsibility is the duty which the sub-ordinates are expected to perform.
3. **Discipline** : it means obedience to rules and regulations of the organization. It is highly essential for smooth running of the organization. It depends on the quality of leadership, clear and fair agreements, and so on.
4. **Unity of command** :an employee should receive orders from one superior only for any action or activity. It is necessary to avoid confusion and conflict. It is easy to fix responsibility for mistakes. Fayol states that if this is violated, authority will be undermined, discipline will be in jeopardy, order will be disturbed and stability will be threatened.
5. **Unity of direction** : it states that, where there are similar objectives, there should be similar actions i.e., similar activities should be grouped together, placed under one manager and there should be one action plan. It creates dedication to purpose and loyalty.

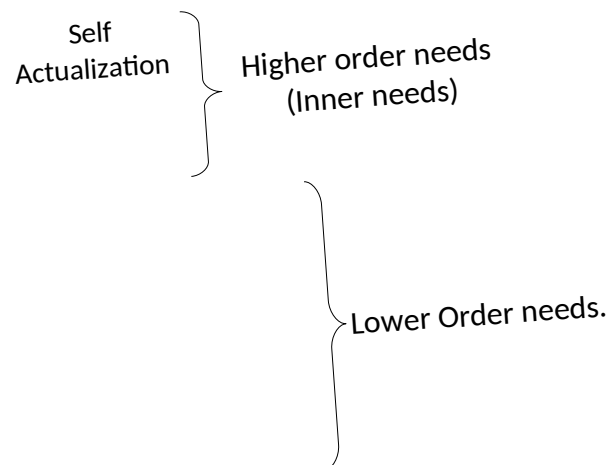
Unity of direction should not be confused with unity of command, as prior is provided for by sound organization of the body corporate, while the latter relates to the functioning of the personnel.

6. **Subordination of individual interest group interest** :group interests or goals of organization must prevail any time over the individual interests or personal goals. Organization is superior to individuals. When the individual and organization interests conflict, the latter must prevail.
7. **Remuneration** : the wages and salaries must be fair and bring out the best possible commitment in the employees to achieve the organizational goals.
8. **Centralization** : it refers to the concentration of authority at one level in the organization. On the other hand, decentralization is the dispersal of authority to the lower levels in the organization. The degree of centralization may vary in various cases, but a balance should be maintained between centralization and decentralization to ensure the best results.
9. **Scalar chain** : it indicates how the authority flow from the top to bottom. It is the chain through which orders pass from top to the bottom. It should be vertical to facilitate quick decision and communication in either direction. It should be short-circuited so that employee can freely contact his superior.

10. **Order** : it implies a right man in the right place. Fayol said that there should be a place for everything and everyone. The management should get order in work through suitable arrangement of men and materials.
11. **Equity** : it means justice and kindness. Management must practice equity and equality of treatment while dealing with the people. Equity ensures healthy industrial relations between management and labour.
12. **Stability of tenure** : management should assure security of service to its employees, i.e., avoiding frequent transfers of the employees much before they settle in their jobs. Management should strive to minimize employee turnover. This will promote efficiency.
13. **Initiative** : it implies freedom to think and execute a plan. It is a powerful motivator of human behaviour and a source of strength for the organization. The staff should be encouraged to show initiative, within the limits of authority and discipline.
14. **Esprit-de-corps**: this means team work, implying that there is unity in strength. The policy of 'divide and rule' should be replaced by 'union in strength'.

MASLOW'S NEED HIERARCHY THEORY :-

The behaviour of an individual at a particular movement is usually determined by his strongest need. Psychologists claim that needs have a certain priority. As the more basic needs are not met, efforts to satisfy the higher needs should be postponed.



Abraham Maslow a famous social scientist has given a framework that helps to explain the strength of certain needs. According to his there must be a hierarchy into which human needs are arranged as shown below.

1. Physiological Needs:-

The physiological needs are at the top of the hierarchy. Because they tend to have the highest strength until they are reasonably satisfied. These needs are also called basic needs.

Ex. Food, clothes, shelter, pure water, restetc.,.

2. Safety Needs:-

These needs are also called 'security needs' once the physiological needs are Satisfied to a reasonable level. It is not necessary that they are fully satisfied.

In this hierarchy comes the need for safety that is need for being free of Physical danger or self – preservation. In the industrial society , safety needs may take considerable importance in the concept of the department relationship of employees to employers.

3. Social Needs:-

After the first two needs are satisfied social needs become important in the need hierarchy science man is a social being he has a need to belong and to be accepted by various groups. When social needs become dominant a person will strive for meaningful relations with others.

If the opportunity for associations with other people is reduced man often take various action against the obstacles to social inter-course. In the organization workers for informal group environment.

4. Esteem Needs:-

Esteem needs are two fold in nature. Self-esteem and esteem of others. Self esteem needs include those for self-confidence, achievement, competence, self respect, knowledge and for independence and freedom. The second group of esteem. Needs are those that related to one's reputation needs for status, for recognition for appreciation and the deserved respect of one's fellows / associates.

5. Self-Actualisation Needs :-

Self-actualisation is the need to maximise one's potential, what ever it may be this is related with the development of intrinsic capabilities which lead people to seek situation that can utilise their potential. This includes competence which implies control over environment factors, both physical & social and achievement.

As maslow has put it “ this need might be phrased as the desire to become more and more what one is to become everything that one is capable of becoming” Maslow suggests that the various levels are interdependent and overlapping each higher level need emerging before the lower-level need has been completely satisfied.

HERZBERG'S TWO FACTOR THEORY :-

Herzberg concluded there were two categories of needs essentially independent of each other affecting behaviour in different way. His findings are that there are some job condition which operate primarily to dissatisfy employees when the conditions are absent, however their presence does not motivate them in a strong say.

Another set of job conditions operates primarily to build strong motivation and high job satisfaction but their absence rarely proves strongly dissatisfying the first set of job conditions has been referred to as maintenance or hygiene factors and second set of job conditions as motivational factors.

HygieneFactors :-

According to Herzberg there are nine maintenance or hygiene factors these are

1. Company policy and administration.
2. Technical supervision.
3. Interpersonal relationship with supervisors.
4. Interpersonal relationship with peers.
5. Salary
6. Job security
7. Persona life
8. Working condition and
9. Status

These are not intrinsive parts of a job, but they are related to conditions under which a job is performed. They produce no growth in a worker's output; they only present losses in worker's performance due to work restrictions, these maintenance factors are necessary to maintain at a reasonable level of satisfaction in employees. Any increase beyond this level will not provide any satisfaction to the employees.

Motivational factors :-

These factors are capable of having a positive effect on job satisfaction often resulting in an increase in one's total output. Herzburg includes six factors that motivate employees. These are

1. Achievement
2. Recognition
3. Advancement
4. Work itself
5. Possibility of growth and
6. Responsibility.

Most of these factors are related with job contents. An increase in these factors will satisfy the employees, however any decrease will not affect their level of satisfaction. Science these increase level of satisfaction in the employees, These can be used in motivating them for higher output.

DOUGLAS MC GREGOR'S THEORIES OF MOTIVATION :-

Douglas classified the people with in organization into categories.

- a) People concentrating on basic needs b) people concentrating on higher order needs.
He specified the qualities of people in two theories namely theory X and Theory Y.

Under Theory X it is assumed that

- Employees are inherently lazy.
- They require constant guidance and support.
- Some times they require even concern and control.
- Given an opportunity, they would like to avoid responsibility
- They do not show up any ambition but always seek security.

Theory Y focuses a totally different set of assumption about the employees.

Theory Y states that

- Some employees consider work as natural as play or rest
- These employees are capable of directing and controlling performance on their own. They are much committed to the objectives of the organization.
- Higher rewards make these employees more committed to organization.
- Given an opportunity, they not only accept responsibility but also look for opportunities to out perform others.
- Most of them are highly imaginative, creative and display ingenuity in handling organization issues.

System approach:-

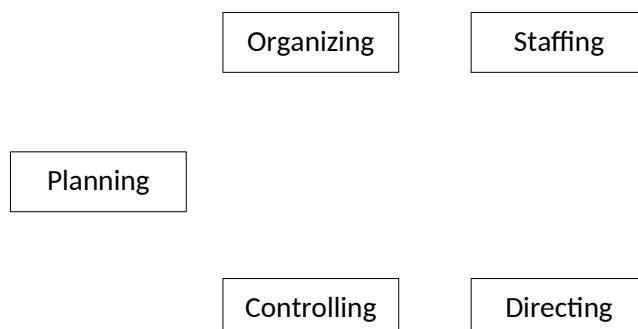
One of the modern approaches to understand management is the systems approach. Here, the organization is viewed as a system. Every department of the organization is considered as a subsystem. It is also possible that every department can be viewed as a system and every section in the department can be viewed as a sub-system.

From the systems point of view, the function of management are

- a) Inter linked b) interdependent and c) Complex and intertwined that each function of management can be found in other functions.

1.)Functions are inter linked :-

Here we can see that functions are inter linked to each other. These functions together constitute the management process.



2.) Functions are inter dependent :-

In the following diagram we can find that the functions are inter dependent. We can also find that the starting function is planning & ending function is control. In reality there is no such starting & ending points. The first task is identification of managerial problem and the last one is reaching the solution for a given problem.



3.) Management functions are complex and intertwined :-

In the following diagram we can find various function. And these are involving in other functions. The overlapped functions are seen in the form of 'X'.

For instance the planning & controlling functions are inseparable any attempt to control without plans is meaningless. It is because plans form the basis for control. In other words there is 'planning in control' and 'control in planning'

	P	O	S	D	C
P	×				
O		×			
S			×		
D				×	
C					×

DESIGNING ORGANISATIONAL STRUCTURES:-

Organisation is a group of two or more people who are working together in a coordinated manner to attain a common objective.

Any organisation will have three common features.

- It is composed of people.
- It exists to achieve goals.
- It has some degree of structure.

The term organisation is used in management literature in two ways.

- Organisation as a process.
- Organisation as a structure.

➤ **Organisation as a process:-**

As the process the term organisation refers to certain dynamic aspects like

- What task is to be done?
- Who has to do?
- How the task is grouped?
- When it is to be done?
- Who is to report?
- Whom to report?
- Where decisions are to be made?

➤ **Organisation as a structure:-**

It refers to the network of relationships among people operating at different levels.

Organisation structure should help to achieve 3 objectives.

- Define the positions of the persons and units with the organisation.
- Facilitates the flow of information and decision making.
- Achieve desired level of co-ordination.

Organisational structure:-

Is the network of relationships among individuals and positions in the organisation.

or

“ The pattern of relationships among various components” are part of organisation.

The success or the failure of a organisation is revealed by its results, if it is able to achieve its desired objectives.

The process of designing organisational structure involves.

- Identifying the activities.
- Grouping the activities.
- Assigning the activities.
- Delegation of authority.

PRINCIPLES OF ORGANISATION:

1. Objectives:

It is to be ensured that the objectives of different departments in the organisation are unified and aligned to the corporate goals.

2. Specialisation:

Similar activities are grouped together to ensure better performance of the work and efficiency at each level.

3. Span of control:

The span of control should be neither too wide nor too narrow.

4. Scalar principle:

There should be clear chain of command extending from top to bottom of the organisation.

5. Unity of command:

Each subordinate should have only one superior for whose command he has to obey.

6. Delegation:

.The authority delegation should be equal to responsibility.

7. Responsibility:

The superior should be held responsible for the acts of his subordinates.

8. Efficiency:

The organisation structure should enable the enterprise to function efficiently and accomplish its objectives with minimum cost.

9. Flexibility:

The organisational structure should be flexible and adaptable to changing circumstances.

10. Balance:

There should be reasonable balance in the size of various departments, between centralisation and decentralisation and between all types of factors such as human, technical and financial.

11. Personality:

The organisational structure must ensure optimum utilisation of human resources and encourage management, departments, programmes etc.,

FORMAL ORGANISATION:-

The formal organisation is deliberately designed to achieve some particular objectives. It refers to the structure of well defined jobs, each bearing a definite authority, responsibility and accountability.

Characteristics of formal organisations:-

- Organisation is designed by the top management to fulfil certain requirements-performance of necessarily activities there by achieving organisational goals.
- Organisation structure is based on principles of division of labour and efficiency in organisation.
- Organisation concentrates more on the performance jobs and not on the individual performing the jobs.
- The authority and responsibility assigned each job have to be ruled by the job holders.
- Co-ordination among members and their control are well specified to process procedure rules.

INFORMAL ORGANISATION :-

The informal organisation means natural grouping of people in work situations.

Characteristics of Informal organisations:-

- In-formal organisation is a natural outcome at the work place. It is not designed and planned
- In-formal organisation is created on the basis of some similarity among its members. The basis of similarity may be age, place of origin, religion, etc.
- Membership in an informal organisation is voluntary.
- Behaviour of member of the informal organisation is co-ordinated and controlled by group norms of the formal organisation.

DECENTRALISATION:-

“Dispersal of authority among different individuals at various levels of organisation”.

Or

“Systematic delegation from top to bottom of the organisation”.

DEPARTMENTATION:-

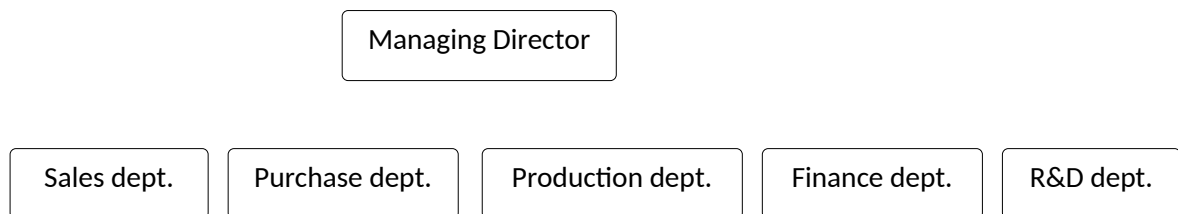
Is the process of grouping various activities into separate units or departments. It is also called as “departmentalisation”. It is the process of dividing the large functional organisation into smaller and flexible administrative units.

METHODS OF DEPARTMENTATION:-

- ❖ Departmentation by enterprise function
- ❖ Departmentation by products.
- ❖ Departmentation by geographical area.
- ❖ Departmentation by time.
- ❖ Process wise departmentation.
- ❖ Combined departmentation.

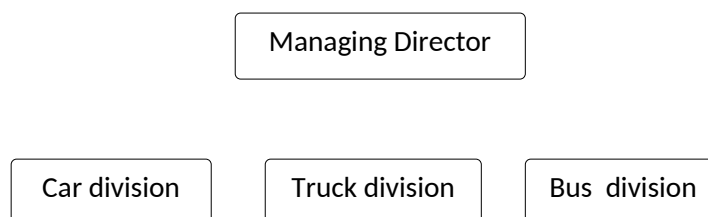
Departmentation by enterprise function:-

- Simplest and most common type of departmentation.
- Departments are created on the basis of enterprise function such as sales, purchase, finance, production etc.,
- Widely used in small, medium and large enterprises.



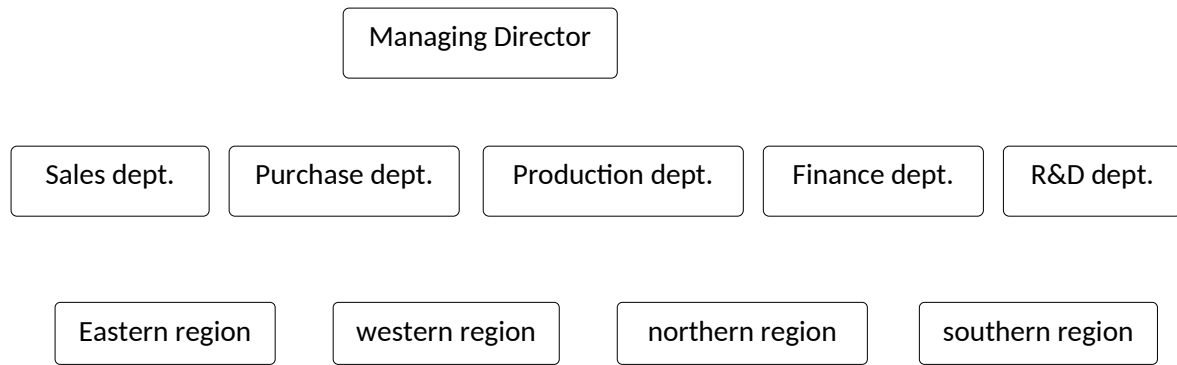
Departmentation by products:-

- Also known as multi functional product departmentation.
- Some multi products and large business enterprises create this kind of departmentation.
- Grouping of activities on the basis of products.
- Under this all functions relating to a product are put under one department.



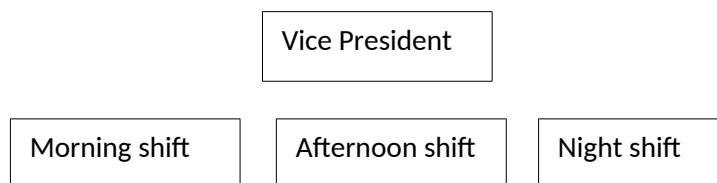
Departmentation by geographical area:-

- All the activities relating to a particular area or zone may be grouped together under one zonal manager.
- This departmentation is widely used to organise sales and production activities.



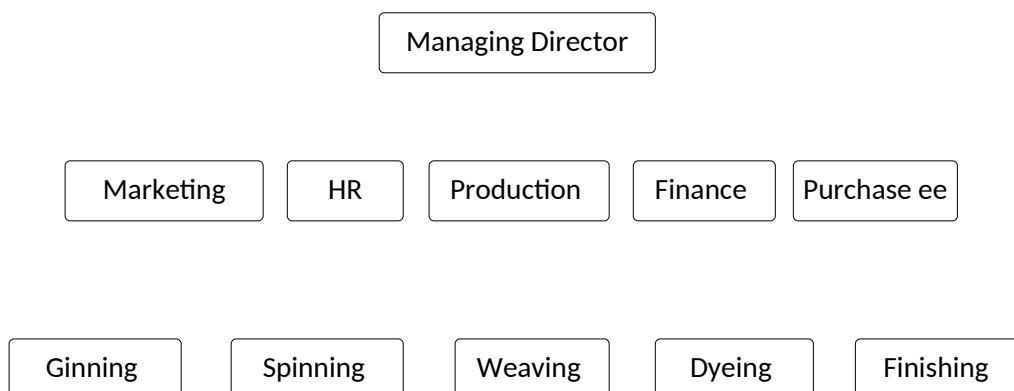
Departmentation by time:-

- Oldest form of departmentation.
- Used at lower levels of organisation.
- Grouping up of activities based on time.
- Found in those enterprises where emergency services are required.



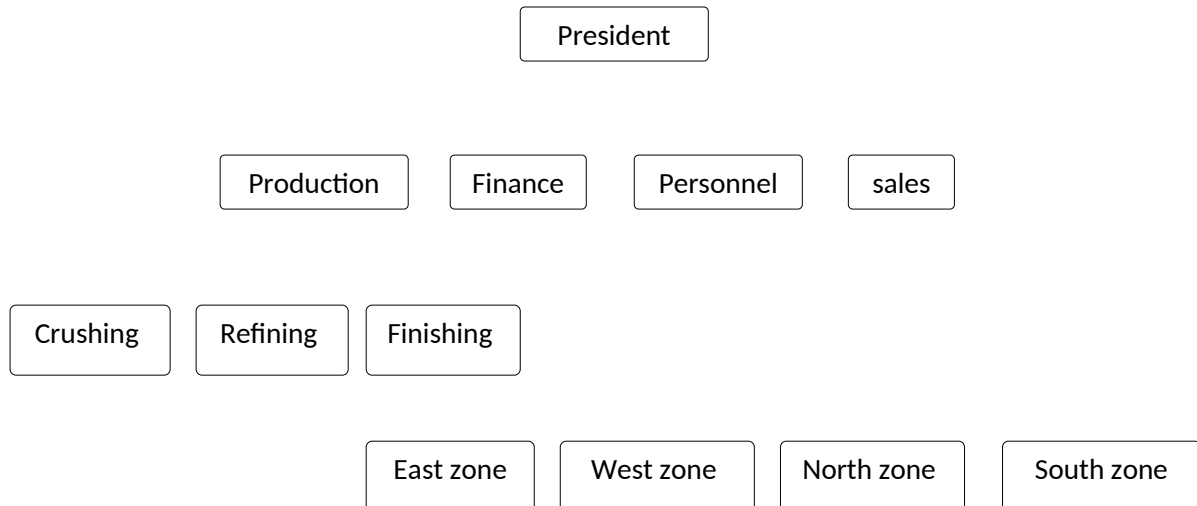
Process wise departmentation:-

- Various stages of manufacturing process will be taken as a basis for grouping the activities.
- Example- textile.

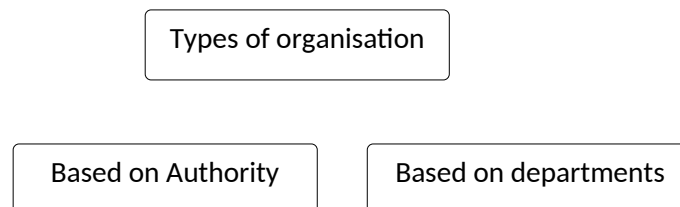


Combined departmentation:-

- Many organisations now-a-days creates departments by combining two or more methods.
- This kind of departmentation is used to get maximum benefits.
- This is the combination of two departments.



TYPES OF ORGANISATION:-

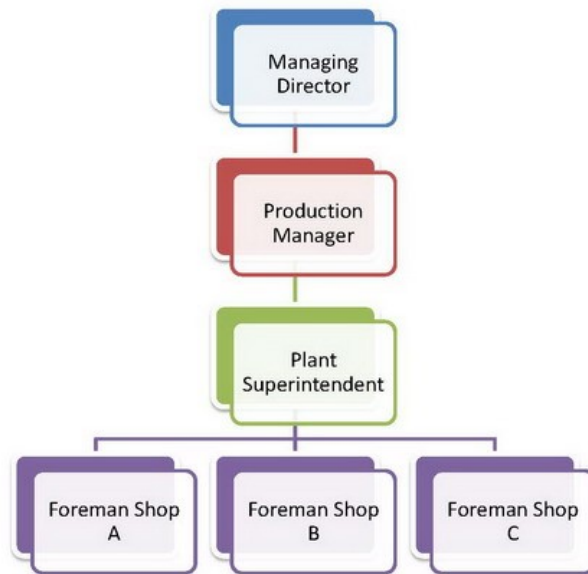


BASED ON AUTHORITY:-

LINE, MILITARY OR SCALAR ORGANIZATION:-

- It is the simplest form of organization structure.
- It was called military organization because it resembled to olden military organizations.
- Line organization is based upon relative authority and responsibility rather than on the nature and kind of operation or activities.
- The authority flows directly from the works manager (WM) to superintendent to Foreman (F/M) and from them to workers.
- Line organization is direct and people at different levels know to whom they are accountable.

- The immediate superior (or boss) gives orders to the subordinates, assigns duties, dismisses and takes disciplinary action against them.
- Any enterprise that starts small probably starts with a line type of organization.



ADVANTAGES

- (i) it is simple and easy to understand.
- (ii) it is flexible, easy to expand and contract.
- (iii) It makes clear division of authority.
- (iv) There is clear channel of communication, with no confusion at all.
- (v) It encourages speedy action.
- (vi) It is strong in discipline as it fixes responsibility on an individual.

DISADVANTAGES

- (i) It neglects specialists.
- (ii) It overloads a few key executives.
- (iii) It is limited to very small concerns.
- (iv) It encourages dictatorial way of working.
- (v) Provisions are seldom made to train, develop and replace top executives.
- (vi) Due to lack of specialization perhaps there is more wastage of materials and man hours.

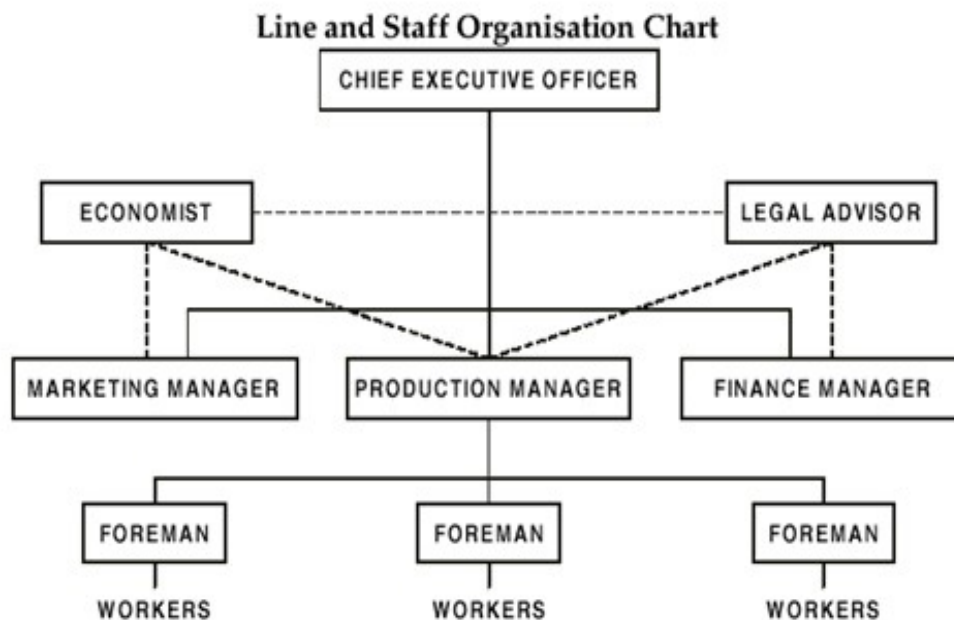
APPLICATIONS:

Line organization is suitable for,

- (i) Small concerns free from all complexities; and
- (ii) Automatic and continuous process industries such as paper, sugar, textile, etc.

LINE AND STAFF ORGANIZATION:-

- The line organization gradually developed to shape as the line and staff organization; Taylor's functional organization hastened its development.
- As the industry grew in size and complexity, the line executives could not perform properly all other functions (besides looking after production) such as R & D, planning, distribution, legal, public relations, etc. this necessitated the employing of special executives to assist line executives and they were known as staff as they were recruited to perform staff or specialist functions.
- The line executives retain supervisory authority and control over the work of their subordinates.
- Whereas the staff executives relieve line executives of certain specialized work and advise them on matters referred to them.
- The final decisions whether to accept and implement the recommendations of the staff executive remain in the hands of the line executives.



Note: Straight lines represent line and broken lines represent staff.

ADVANTAGES

1. Less wastage of material, man and machine hours.
2. Quality of product is improved.
3. There is no confusion as exists in functional organization.
4. Line and staff organization possesses practically all the advantages of both the line and functional organizations.
5. Experts advice from specialists staff executives can be made use of.

DISADVANTAGES

1. Product cost will increase because of high salaries of staff executives.
2. The organization may get confusion in case functions are not clear.
3. Frictions and jealousies if developed between line and staff executives may cause harm to the enterprise.
4. Line executives if they start depending too much on staff executives may lose their initiative, drive enterprises.

COMMITTEE ORGANIZATION

- A committee is a group of people who work collectively, discuss, decide and recommend solutions to the problems which possibly cannot be solved by an individual.
- A committee consists of a group of men conversant with a subject, naturally their advice will be much superior to that of one man.
- Committees work very well in large complex corporate organizations having multifaceted problems too big and too complex to be dealt effectively by one person.
- In a committee, ideas put forth by several persons are pooled and offered for criticism, the ideas are developed and thus recommendations are made as regards procedure and policies.

Principles

1. The number of persons in a committee should depend upon the need and be optimum minimum (about 5 to 10 persons).
2. Responsibility, authority, objectives and duties of the committees should be clearly defined.
3. Agenda of the committee should be prepared and communicated to the committee members at least a week before they meet for discussions.
4. Problems which can be taken care of by individual should not be included in the agenda of the committee.
5. Committee meetings should begin and end on prefixed timings.
6. Problems not related to the subject-matter should not be discussed because it will simply waste time.
7. The operation of the committee should be cooperative development.
8. The recommendations made by the committee should be published and circulated to interested and concerned persons.
9. A committee must be dissolved after its purpose is over.

Types

- (a) **A standing or permanent committee** is needed in a complex organization experiencing multifaceted problems almost all the times.
- (b) **A temporary committee** is formed to face and solve problems arising occasionally.

- (c) **The committee in control** has full powers to act and may assume a position that could be manned by one individual.
- (d) **The coordination and discussion committee** discusses problems and gives its advice. It has no power to act.
- (e) **The advisory committee** explores various aspects of a problem and suggests courses of action to the concerned executive, there by helping him to reach the decisions for which he is held responsible. The committee does not power to act. Advisory committee is used extensively in business.
- (f) **the educational committee** aids in getting information about company problems, policies and projects to major individual concerned.

Advantages

1. A committee reduces the work load of the management.
2. A committee coordinates the efforts of the departments which are represented (e.g., sales, production and engineering) in development of a new product.
3. Committees are especially good at innovation or brain storming.
4. A committee helps securing co-operation of various personnel.
5. A committee coordinates the efforts of the department.

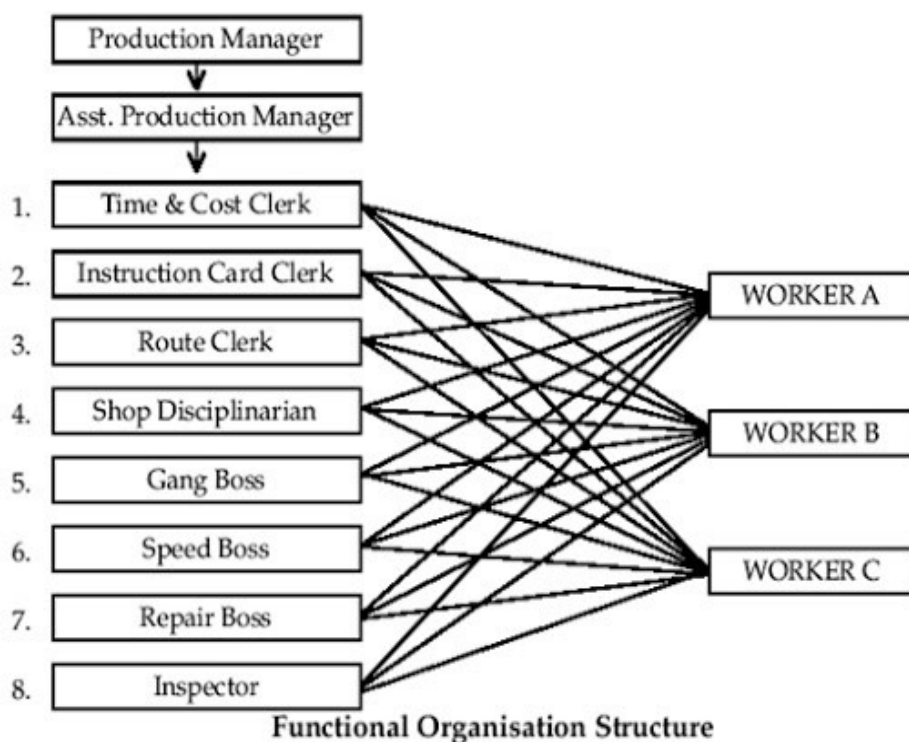
Disadvantages

1. Sometimes it turns out to be true that what a committee finishes in a week, a good individual may complete in a day.
2. It may be said that committee operations are slow and committees tend to hang on for a considerable time.
3. An executive afraid to stand behind his own decisions may use a rubber – stamp committee and thereby share his responsibility with others.
4. In a committee, no individual can be held responsible for anything.

FUNCTIONAL ORGANIZATION

- **F.w. taylor**suggested functional organization because it was difficult to find all-round persons qualified to work at middle management levels in the lie organization.
- Functional organizational is also a line type of organization with the difference that instead of one foreman(which being master or specialist of everything and therefore hard to find) there are eight functional foreman; four of them located on the shop floor and remaining four in office, but everyone having direct and equal authority over the workers.
- Each functional foreman who is a specialist in an activity is in charge of one function.

1. Route clerk : the in charge of issuing work orders and routing the jobs.
2. Instruction clerk: would issue specifications and instructions related to jobs to the workers.
3. Time and cost clerk: keeps records pertaining to the time(the workers have spent in doing work and cost ie., worker's wages etc.)
4. Disciplinarian: keeps personnel records of the workers and handles cases of insubordination.
5. Gang boss: has the in charge of the preparation of all work up to the time that the work piece is set in the machine.
6. Speed boss: ensures that proper cutting tools are being used, cut is started at right place in the work piece, and the optimum speeds, feeds and depths of cut are being employed.
7. Repair boss: is responsible for adequate repairs and maintenance of equipment and machinery.
8. Inspector or inspection boss: looks after and is responsible for the quality of the product.



Advantages

1. Since a foreman is responsible for one function, he can perform his duties in a better manner.
2. Functional organization makes use of specialists to give expert advice to workers.
3. It relieves line executives of routine, specialized decisions.
4. It relieves pressure of need to search a large number of all-round executives.
5. Quality of work is improved.

Disadvantages

1. Coordination of the efforts of various functional foreman is difficult.
2. It is difficult to maintain discipline as each worker is responsible to eight foreman.
3. It is very difficult to fix up the responsibility to any one foreman in case of something wrong.
4. Workers always remain confused about the authority and activity of each foreman.
5. It makes industrial relationships more complex.

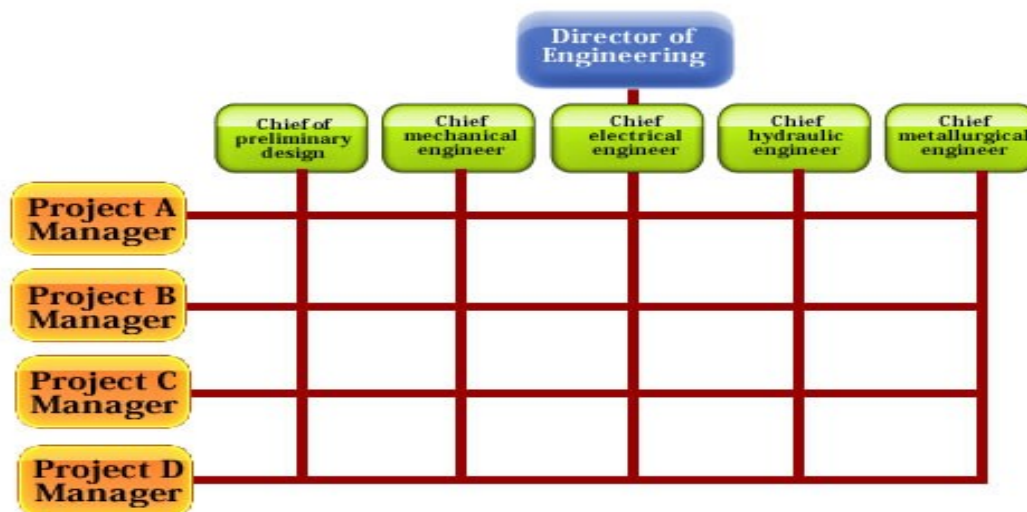
MATRIX ORGANIZATION:-

- Matrix organization is used when an organization has to handle a variety of projects, ranging from small to large.
- When a pure project structure is superimposed on a functional structure, the result is a matrix structure.

In other words, the matrix organization is a project organization plus a functional organization.

The project structure provides a horizontal lateral dimension to the traditional vertical orientation of the functional organization structure.

- The project teams are composed of persons drawn from the functional departments for the duration of the project. When their assignment is over, they return to their respective departments.
- During continuation of the project, such persons have two bosses – one, from the functional department and second of the concerned project.



Matrix Organisation Structure

Advantages

- (i) If effectively focuses resources on a single project, permitting better planning and control to meet deadline.

- (ii) It is more flexible than a traditional functional hierarchy.
- (iii) Services of specialists are better utilized as more emphasis is placed on the authority of knowledge than rank of individuals in the organization hierarchy.

Disadvantages

- (i) it violates the principle of unity of command as a person works under two bosses.
- (ii) Organizational relationships are more complex.
- (iii) They create problems of coordination.

Use of matrix organization

- The matrix organization is used in the following industries.

Electronics	Aerospace
Chemicals	Banking
Industrial products	Insurance
Advertising	Hospitals etc.

VIRTUAL ORGANIZATION:-

The virtual organization is temporary network of companies that come together quickly to exploit fast changing opportunities.

In other words the network structures representing several independent companies that form unique partnership teams to provide customized products or services usually to specific clients for a limited time.

Different from traditional mergers and acquisitions the partners in the virtual organization share cost, skills and access to international markets.

The following are the key attributes of the virtual organization

1. Technology
Informal networks will help far – flung companies and entrepreneurs link up and work together from start to finish.
2. Opportunism
Partnership will be less permanent, less formal and more opportunistic companies will band together to meet all specific market opportunities and fall a part when the opportunities evaporate.
3. No borders
This new organizational model redefines the traditional boundaries of the company. More co-operation among competitors, suppliers and customers makes it harder to determine where one company ends and another starts.

4. Trust

These relationships make companies far more reliant on each other and require for more trust than ever before. They share a sense of “co-destiny” meaning that the fate of each partner is dependent on the other.

5. Excellence

Because each partner bring its “core competence” to the effort it may be possible to create a “best of every thing” organization every function and process could be world class – something that no single company could achieve.

Virtual organizations can help competitiveness in the global economy.

CELLULAR ORGANIZATION:-

Organization structured around the units/cells that complete the entire assembly processes are called cellular organization.

BOUNDARY LESS ORGANIZATION:-

It eliminates the internal boundaries among subsystems and external boundaries with external environment. It is combination of team and network structure with the addition of temporariness.

INVERTED PYRAMID:-

Inverted pyramid is an alternative to the traditional chain of command. This is a structure which is narrow at the top and wide at the base. It includes a few levels of management.

FLAT AND TALL/ FLAT AND LEAN ORGANIZATION:-

Flat organizations are those which have relatively few or even one level of management. Organizations adopt flatter structures to reduce levels of management and bureaucracy and to give their workers/ work force greater decisions- making responsibilities. These organizations are known by their wider span of control. It facilitates communication across the organization.



Wide span of control

Advantages

- Few levels of management and decision making.
- Lower supervision costs.
- The subordinates feel more satisfied on the job front with great decision-making authority.

Disadvantages

- Makes it difficult to supervise the subordinate directly.
- Flat structures may not work as the business expands.

Tall/lean organization have many levels of management. Tall structure organizations focus on vertical communication through the levels of grades in it.

Tall organizations involve a narrow span of management.

Narrow span of management

Advantages

- Allows for tight control and supervision.
- Communication with subordinates is easier.

Disadvantages

- Subordinates may feel left out of the decision making process and may lack motivation.
- Costs related to management and administration tend to increase.
- Coordinating decisions of numerous managers becomes difficult.
- Too much supervision may hinder initiative and motivation.