

Organisation

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What is an organisation? The dictionary definition of an organisation is "something that is organised." It could be a family, school, church or a football team. Or, it could be a corporation, army, or government. "Organisation is a social unit with some specific purpose(s).

"Organising" is a subject of the larger activity of "managing". It is the process by which the structure of an organisation is created and maintained. The process includes —

- the determination of the specific activities essential to accomplish objectives.
- the grouping of activities and assigning these to specified positions/persons
- the creation of a network of positions/persons for purposes of planning, motivation, communications, coordination and control.

The word "organisation" may be used to refer to the process of organising, the structure that evolves out of this process and processes/activities that take place within it.

All activities involving two or more persons entail the formation of an organisation. Organisations could be simple or complex depending upon their purposes, size, technology, or nature of activities. They can have both macro, and micro aspects. If a factory is considered macro unit of an organisation, each section of the shop floor or each function can be considered as the micro-unit of the organisation.

Formal - Informal Organisation

All organisations usually develop at least some formal procedures for regulating relations between members, among members and their organisation. Status is bestowed on persons. Norms are laid down, usually they are imposed from above. Relationships are prescribed and communications flow horizontally or vertically among members.

In contrast, informal organisation describes social relationships and actions that do not coincide with formal structure, roles, procedures and norms. Informal relations, to begin with, are unstructured and not given. Relationships are not prescribed, but sought by members in a group. Interaction between or among members in an informal organisation is voluntary. Unofficial norms evolve in informal organisation out of consensus in a group. Communication may flow in any direction.

In any organisation, informal organisation co-exists with the formal organisation. Informal organisation has both functional and dysfunctional aspects while in formal organisation the functional aspects have received much attention. In informal organisation, dysfunctional aspects such as conflicting objectives, restriction of output, inertia and resistance to change have received wide attention. With the result, there is often a misconception about the counterproductive role of informal organisation.

Informal communication channels like grapevine and rumour are the most potent forces in any organisation.

Using informal communication channels like grapevine and rumour, it can reinforce and facilitate the functional aspects of formal organisation in the following ways.

- It is a very useful channel for communication in the organisation, if properly used. It can become an effective supplement to the formal system of communication.
- It blends with the formal system and facilitates smoother, speedier and effective flow of work.
- It provides satisfaction and stability to work groups.
- It reduces the adverse impacts of the rigidity of formal organisation.

Distinction Betⁿ Formal & Informal Organisation

<u>Formal Organisation</u>	<u>Informal Organisation</u>
1- Structured	Unstructured
2- Status bestowed on positions	Status acquired by person
3- official norms often imposed from above	Unofficial norms often evolved out of consensus.
4- Relationships prescribed.	Relationships not prescribed, but sought
5- Interaction occurs as required by rules/roles	Interaction occurs as desired, voluntarily.
6- Communication flows horizontally or vertically	Communications flow in any / many directions

Principles of Good Organisation

- (1) All functions should be properly allocated to different persons and the points of action and decision should be clearly made known. Everyone should know where normal matters are dealt with and where to get advice in emergency.
- (2) The point of decision and the point of action should be as near as possible. Only the matters of exceptional importance should be referred elsewhere for advice.
- (3) The grouping of tasks reduces the overlap and delay in execution of work and in obtaining advice and co-ordination.
- (4) The fourth principle, namely, the assignment of functions to each organisational segment and of tasks to each individual should possibly be confined to related functions or parts of functions is a corollary of the above mentioned three principles.
- (5) Each one should know to whom he has to report and who one to report to him. He should also know the persons both upwards, downwards, and cross-wise whom he is to consult. The principle that one man should report to one and only one boss is known as the unity command.
- (6) The duties, responsibilities and the discretionary limits of each person particularly those of the supervisors should be made quite clear and be reduced to writing as far as possible.
- (7) Each assignment of responsibility requires the delegation of authority. The old concept of authority was that someone ought to be punished while the present concept is as to what can be done both by the subordinates and the boss to avoid the repetition.

- (8) - Span of control should be practical and effective. (5)
- (9). Number of supervisory levels in an organisation must be kept as small as possible.
- (10) The lines of organisation must be absolutely clear cut, precise, and definite.
- (11) The financial aspect of the enterprise is of importance and coordination of the accountants be obtained.

Advantages of Good Organisation

- (1) The application of principles of good organisation minimises conflicts between individuals over jurisdiction.
- (2) It prevents duplication of work.
- (3) It decreases the likelihood of run-arounds.
- (4) It makes communication easier through keeping the channels clear.
- (5) It shows promotional possibilities.
- (6) It provides sound basis for appraisal and rating of individual performance and capabilities.
- (7) It aids in wage and salary administration and permits expansion with adequate control.
- (8) It permits changes to be made in the right direction as opportunities present themselves.
- (9) It creates cooperation and a feeling of freedom. Each person works best with others when he knows for what he is responsible, to whom he is responsible, and also the value of cooperative relationships with others.

A good organisation is thus elastic and capable of accommodating itself to unexpected urgent demands, and its efficiency does not decrease by the absence of any particular individuals.

Organisation Levels And The Span of The Management.

While reason for organising is to make human cooperation effective, we find the reason for levels of organisation in the limitation of the span of the management. In other words, there is a limit to the number of persons a manager can supervise effectively, even though this limit varies depending on situations, the result is the existence of levels in an organisation. The relationship between the span and organisational levels are shown in figure.

A wide span of management is associated with few organisational levels, a narrow span results in many levels.

How wide a span?

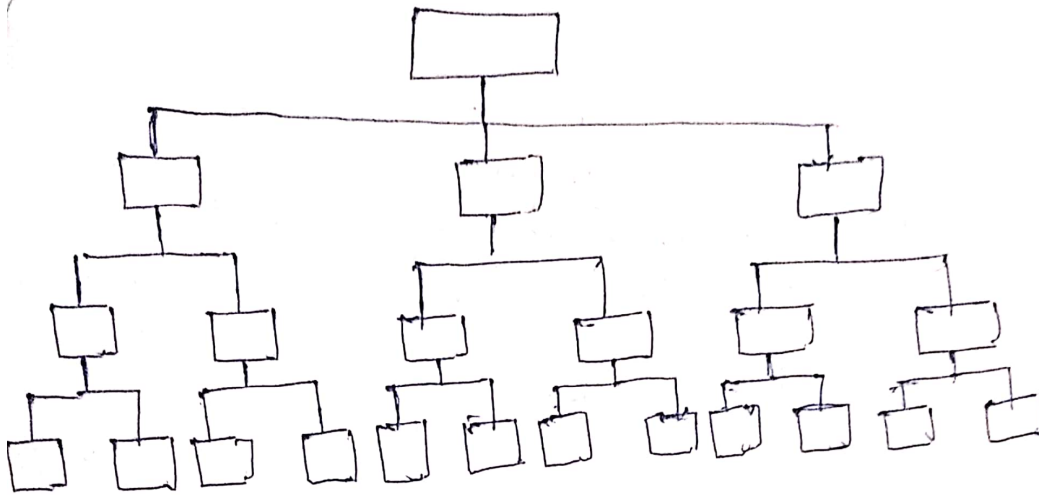
In every organisation, it must be decided how many subordinates a superior can manage. It has been found that this number is usually four to eight subordinates at the upper levels of organisation and eight to fifteen or more at the lower levels.

Factors Determining An Effective Span.

In searching for the answer as to how many subordinates a manager can effectively manage, we discover that - aside from such personal capacities as comprehending quickly, getting along with people and commanding loyalty and respect - the most vital determinant is the manager's ability to reduce the time the superior spends with subordinates. The ability naturally varies with managers and their jobs but seven general factors materially influence the number and frequency of such relationships.

Organisation With Narrow Spans

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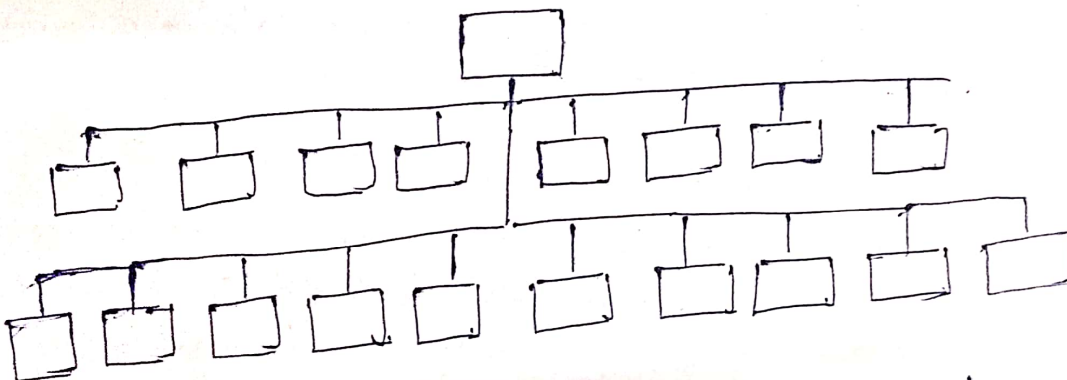
Advantages

- Close supervision
- Close control
- Fast communication betⁿ subordinates & superiors:

Dis-advantages

- Superiors tend to get too involved in subordinates' work.
- Many levels of management
- High costs due to many levels
- Excessive distance between lowest level and top level.

Organisations With Wide Spans



Advantages

- Superiors are forced to delegate
- Clear policies must be made
- Subordinates must be carefully selected

Dis-advantages

- Tendency of overloaded superiors to become decision bottlenecks.
- Danger of superior's loss of control.
- Requires exceptional quality of managers.

Fig. Organisation Structures With Narrow and Wide Spans.

Factors Determining An Effective Span

1- Subordinate Training

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 less contact with them.

2- Clarity of Delegation of Authority

Although training enables managers to reduce the frequency and extensiveness of time consuming relationships, the principal cause of the heavy time burdens of such relationships is to be found in poorly conceived and confused organisation. The most serious symptom of poor organisation affecting the span of the management is inadequate or unclear authority delegation. If a manager clearly delegates authority to undertake a well defined task, a well trained subordinate can get it done with a minimum of the superior's time and attention.

3- Clarity of Plans

Much of the character of a subordinate's job is defined by the plans to be put into effect. If these plans are well defined, if they are workable, if the authority to undertake them has been delegated, and if the subordinate understands what is expected, little of a supervisor's/manager's time will be required.

On the other hand, where plans cannot be drawn accurately and where subordinates must do much of their own planning, their decisions may require considerable guidance. It would consume more time and contact of the superior with the subordinate.

4- Use of Objective Standards

A manager must find out, by either personal observation or use of objective standards, whether

subordinates are following plans: Obviously, good objective standards, revealing with ease any delegations from plans, enable managers to avoid many time consuming relationships and to direct attention to exceptions at points critical to the successful execution of the plans.

5- Rate of Change -

Certain enterprises change much more rapidly than others. The rate of change is important in determining the degree to which policies can be formulated and the stability of policies maintained.

It may explain the organisation structure of companies - road road, banking, and the public utility companies for example - operating with wide span of management.

6- Communication Techniques

The effectiveness with which communication techniques are used also influences the span of management. Objective standards of control are a kind of communications device, but many other techniques reduce the time spent with the subordinates.

If every plan, instruction, order or direction has to be communicated by personal contact, a manager's time will obviously be heavily burdened. Written recommendations by subordinates, summarising important considerations, frequently speed decision-making. A carefully reasoned and presented recommendation helps an executive reach a considered decision in minutes, when even the most efficient conference would require an hour.

An ability to communicate plans and instructions clearly and concisely also tends to increase a manager's span. One of the pleasures of being a subordinate is to have superiors who can express themselves well.

(7). Amount of Personal Contact Needed and other factors.

In many instances in management, face to face meetings are necessary. Many situations cannot be completely handled by written reports, policy statements, memoranda, planning documents, etc. An executive may find it valuable and stimulating to subordinates to meet and discuss problems in the give-and-take of a conference. It would reduce the traditionally wide spans.

Besides the listed factors, there are others that influence the span of management. For example, a competent and trained manager can effectively supervise more people than one not having these attributes. Furthermore, simple tasks allow for a wider span than tasks that are complex and include a great variety of activities.