

MODULE- 2

Organizing and Staffing & Directing and Controlling

ORGANIZING

- **MEANING**

- Organization provides the structure, the frame on which the management of the enterprise is based.
- An organization is a social unit or human grouping deliberately structured for the purpose of attaining specific goals.
- An organization as the rational coordination of the activities of a number of people for the achievement of some common goal.
- The process of identifying and grouping of the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most efficiently together in accomplishing the objectives.

Nature and Characteristics of Organization

- Organizing is the grouping of activities necessary to attain objectives.
- An organization should be designed to clarify who is to do what and who is responsible for what results.
- Two types of organizations are:
 - **Formal Organization:**
 - It must be flexible and there should be room for discretion , for taking advantage of creative talents.
 - **Informal Organization:**
 - It is any joint personal activity without conscious joint purpose, even though possibly contributing to joint results.

Characteristics

- Every organization has a purpose, goals which are the task of planning.
- A clear concept of the major duties or activities required to achieve the purpose.
- Classification of activities into jobs.
- Establishment of relationships between these jobs.
- The organizations are classified into four categories. Organizations which benefit their **owners, members, clients and whole society.**

PROCESS OF ORGANISING

- Organizing means designing the organization structure. The manager differentiates and integrates the activities of the organization.
- Differentiation is meant the process of departmentalization or segmentation of activities on the basis of some homogeneity.
- Integration is the process of achieving unity of effort among the various departments.
- The seven-step procedure are:
 - **Consideration of objectives:** Objectives determine the various activities which need to be performed and the type of organization which need to be build for this purpose.
 - **Deciding Organizational Boundaries**

- Grouping of Activities into Departments: To identify the activities necessary to achieve them and to group the closely related and similar activities into departments and sections.
- Deciding which Departments will be Key Departments: the departmental activities essential for the fulfillment of goals.
- Determining levels at which various types of Decisions are to be made: The levels at which various major and minor decisions are to be made must be determined.
- Determining the span of management: Designing the structure is to determine the number of subordinates who should report directly to each executive.
- Setting up a Coordination mechanism: As individuals and departments carry out their specialized activities, the overall goals of the organization may become submerged or conflicts among organization members may develop so need to be checked. The activities, decision and relations analysis need to be done.

PRINCIPLES OF ORGANISING

- The principals are:
- Objectives: The objectives of enterprise influence the organization structure and hence the objectives of the enterprise should first be clearly defined.
- Specialization: The activities of the enterprise should be divided according to functions and assigned to persons according to their specialization.
- Span of Control: As there is a limit to the number of persons that can be supervised effectively by one boss, the span of control should be as far as possible, the minimum.
- Management by Exception principle: only complex problems should be referred to higher level and other problems should be dealt by lower level.
- Scalar Principal (chain of command): The line of authority from the chief executive at the top to the first-line supervisor at the bottom must be clearly defined.
- Unity of Command: Each subordinate should have only one superior whose command he has to obey.
- Delegation: Proper authority should be delegated at the lower levels of organization also. The authority delegated should be equal to responsibility.
- Responsibility: The superior should be held responsible for the acts of his subordinates.
- Authority: Authority is the tool by which a manager is able to accomplish the desired objectives.
- Efficiency: The organization structure should enable the enterprise to function effectively and accomplish its objectives with the lowest possible cost.
- Simplicity: Organization structure should be as simple as possible and levels should be as far as possible, be minimum.
- Flexibility: The organization should be adaptable to changing circumstances.
- Balance: A reasonable balance in the size of various departments, between centralization and decentralization.
- Unity of Direction: One objective and one plan for a group of activities having the same objectives.
- Personal Ability: There is need for proper selection, placement and training of staff.
- Acceptability: The structure of the organization should be acceptable to the people who constitute it.

DEPARTMENTALISATION

- The horizontal differentiation of tasks or activities into discrete segments is called departmentalization.
- There are several bases for departmentalization, each of which is suitable for particular corporate size, strategies and purposes.
- **FUNCTIONS**
 - Each major function of the enterprise is grouped into a department. Various functions are Marketing, Engineering, Production, Finance, Personnel, Purchase etc.
 - Advantages:
 - Simple form of grouping activities for small organizations which manufacture only a limited number of products or render only a limited number of services.
 - It promotes excellence in performance.
 - It leads to improved planning and control of the key functions.
 - It ensures economy, there is only one department related to one function for the entire function.
 - Drawbacks
 - De-emphasizes overall company objectives.
 - Leads to over specialization of people.
 - Reduces coordination between functions.
 - Slow adoption to changes in environment.
 - Limits development of general managers.
- **PRODUCTS**
 - This is more suitable for a large organization that manufactures a vast variety of products.
 - Under this separate groups or departments are created and each department is controlled by a manager who will be responsible for all the activities of that sub group.
 - Each subgroup will have its own facilities required for manufacture, purchase, marketing and accounting etc.
 - **Advantages:**
 - Top management is relieved of operational task enabling them to concentrate more on common goals.
 - Enables top management to compare the performances of different products and invest more resources in profitable products.
 - Managers of individual products put better effort to improve his area compared to others.
- Drawbacks:
 - This form results in duplication of staff and facilities.
 - Extra expenditure is incurred in maintaining a sales force for each product line.
 - Employment of large number of managerial personnel is required.
 - May result in under utilization of facilities and equipments.
- **CUSTOMERS**
- An enterprise may be divided into a number of departments on the basis of the customers that it services.

- The advantage is it ensures full attention to major customer groups which have a very different set of criteria governing their decision to purchase.
- The disadvantages of this form are
 - It may result in under- utilization of resources and facilities.
 - May be duplication of facilities.
- **REGIONS or TERRITORY**
- When several production or marketing units of an organization are geographically dispersed in various locations, it is logical to departmentalize those units on geographical basis.
 - **Advantages:**
 - It motivates each regional head to achieve high performance.
 - It provides each regional head an opportunity to adapt to his local situation.
 - It affords valuable top-management training and experience to middle-level executives.
 - It enables Organization to compare Regional Performances & invest more in Profitable Areas & withdraw Resources from Unprofitable Ones.
 - **Drawbacks:**
 - It gives rise to duplication of various activities.
 - Various regional units may become so engrossed in short-run competition and forget the overall interest of total organization.
- **TIME**
- In departmentalization by time, activities are grouped on the basis of timing of their performance.
 - **Advantages:**
 - Facilitates use of processes that cannot be stopped or interrupted.
 - Expensive capital equipment can be better utilized.
 - Higher and continuous production per day
 - **Drawbacks:**
 - Lacks good end efficient supervision during night shifts.
 - Lack of effective coordination and communication from people of one shift to next shift.
 - Loss of product or service may increase.
- **PROCESS**
- Departmentalization is done on the basis of several discrete process or technologies involved in the manufacture of a product.
 - **Advantages:**
 - It facilitates the use of heavy and costly equipment in an efficient manner.
 - It follows the principle of specialization.
 - **Drawbacks:**
 - Workers tend to feel less responsible for the whole product.
 - It does not provide good training and opportunity for overall development of managerial talent.
 - Top management needs to devote extra attention to maintaining inter-department co-operation.

COMMITTEE

- “A committee is a group of persons performing a group task with the object of solving certain problems”.

- Complex business world, some of the administrative tasks cannot be performed by a single person alone.
- Such situations may call for two or more persons to perform such tasks.
- A committee is a group of people pooled to carry out a defined objective.
- A committee is a body of persons appointed or elected to meet on an organized basis for the consideration of matters brought before it.
- The area of operation of a committee is determined by its constitution.
- **Principles:**
- The no. of persons in a committee should depend upon need(5 to 10).
- Responsibility, authority, objectives, duties of the committee should be clearly defined.
- Agenda of the committee should be proposed or communicated to committee at least a week before they meet for discussion.
- Problems which can be taken care by individual should not be included in the agenda of the committee.
- Committee meeting should begin and end on prefixed timings.
- Problems not related to the subject should not be discussed because it will be a waste of time.
- The recommendation made by committee should be published and circulated to interested and concerned persons.
- The committee should be appraised , if this action is taken based upon its recommendation.
- A committee must be dissolved after its purpose.

Various functions of committee are:

- Collect the necessary information from different sources and arrange them in order.
- The collected information is critically examined and analyzed.
- Draft a detail report containing the recommendations for the purpose of implementation.
- Farming the policies of the organization.
- Selection of personnel, directing and controlling the officers at regular intervals to achieve the goals.

Types of committee :

Classified according to the place and purpose,

- Standing or permanent committee
- Temporary committee.
- General advisory committee.
- Joint consultative committee.
- Academic committee.
- Religious committee.
- Educational.
- **Advantages of Committees**
- Committees provide a forum for the pooling of knowledge and experience of many persons of different skills, ages and backgrounds.
- Committees are excellent means of transmitting information and ideas both upward and downward.

- Committees are impersonal in action and hence their decisions are generally unbiased and are based on facts.
- When departmental heads are members of committee, people get an opportunity to understand each others problems and hence improve coordination.
- **Weaknesses of Committees**
- In case a wrong decision is taken by committee, no one is held responsible which may results in irresponsibility among members.
- Committees delay action
- Committees are expensive form of organization.
- Decisions are generally arrived at on the basis of compromise and hence they are not best decision.
- As committee consists of large number of persons, it is difficult to maintain secrecy.

SPAN OF CONTROL

- The span of control indicates the number of subordinates who can be successfully directed by a supervisor.
- It is often referred to as span of management, span of supervision, span of authority.
- Span of management is important because of two reasons.
- First is span of management affects the efficient utilization of managers and the effective performance of the subordinates.
- If the span is too wide, managers are overburdened and subordinates receive little guidance. If the span of management is too narrow, the managers are under utilized and subordinates are over controlled.
- The second reason is there is relationship between span of management and organization structure.
- A narrow span results in tall organization with many levels of supervision between top management and lowest organizational levels which creates more communication and cost problems.
- On the other hand, a wide span for the same number of employees results in flat organization with fewer management levels between top and bottom.
- **Factors Affecting the Span of Management**
- Ability of the manager
- Ability of the employees
- Type of work
- Geographic location
- Well-defined authority and responsibility
- Level of management
- Economic considerations

Centralization Vs Decentralization of Authority and Responsibility

- Centralization refers to systematic reservation of authority at central points within the organization.
- Centralization means retention or concentration of managerial authority in few key managerial positions at the nerve center of an organization i.e., at the top level.

- Everything that goes to reduce the subordinate’s role in decision making is centralization.
- Decentralization means dispersal of decision-making power to lower levels of the organization.
- In decentralized setup, ultimate authority to command and ultimate responsibility for the results is localized as far down in the organization.
- “Decentralization refers to the systematic effort to delegate to the lower levels all authority except that which can only be exercised at central points”.
- In decentralized setup large number of decision, important decisions in large number of areas are made consulting few people.
- Advantages in decentralization
 - It eases the burden of top level managers.
 - Decentralization permits quicker and better decision making.
 - With decentralization capable managers can be developed
 - Promotes participation in decision making and improves morale and motivation.
 - Decentralization facilitates diversification of products.
 - Disadvantages of decentralization
- It increases administrative expenses.
- It may create problems in bringing coordination among various units.
- It may bring about inconsistencies in the company, because uniform procedures may not be followed for the same type of work in various divisions.
- **DELEGATION VS DECENTRALIZATION**
 - Delegation is a process while decentralization is the end result of a deliberate policy of making delegation widespread in the organization.
 - Delegation takes place between a superior and a subordinate while decentralization is company wide delegation as between top management and the departments or division of the organization.
 - In delegation, delegator exercises supervision and control over the delegate, while in decentralization, top management exercises broad minimum control.
- Principles of Delegation
 - Receptiveness
 - Willingness to let go
 - Willingness to let others make mistakes
 - Willingness to trust subordinates
 - Willingness to establish and use broad controls
- **Authority and Power**

Authority	Power
It is the institutionalized right of a superior to command and compel his subordinates to perform a certain act.	It is ability of a person to influence others.
It rests in the position	It rests in the individual.
It is delegated to an individual by his superior.	It is earned by individual

It is well defined	It is undefined and infinite.
It is what exists in the eye of law.	It is what exists in fact. It is a de facto concept.

- **Responsibility**
- The obligation of a subordinate, to whom a duty has been assigned, to perform the duty.
- Responsibility arises from a superior- subordinate relationship.
- Responsibility is divided into two parts namely operating responsibility and ultimate responsibility.
- If the subordinate fails to perform the job (operating responsibilities) the superior is held responsible for this failure (Ultimate responsibility)

NATURE AND IMPORTANCE OF STAFFING

- Staffing is filling and keeping filled, positions in the organization structure. It is human resource management.
- The staffing is important because
 - It helps in discovering talented and competent workers and developing them to move the organizational ladder.
 - Staffing is important to put the right person at right job which results in increased production.
 - It avoids sudden disruption of the production due to shortage of workers, since it plans and fills the positions.
 - It maintains harmony and creates healthy atmosphere.
 - It plans the requirement of man power at various time and levels of project.
- Elements of staffing
 - Proper placement of people.
 - Rational recruitment and selection.
 - Proper positioning and fixation of salaries.
 - Providing necessary training for the people to carry out job.
 - Good promotional policies and retirement scheme.
- Functions of staffing
 - Man Power planning
 - Development
 - Fixing employment standards
 - Source of selection
 - Selection
 - Training
 - Routine functions

RECRUITMENT

- Recruitment is the process of identifying the sources for prospective candidates and to stimulate them to apply for the jobs.
- It is a linking activity that brings together those offering jobs and those seeking jobs.

- Recruitment refers to the attempt of getting interested applicants and providing a pool of prospective employees so that the management can select the right person for the right job from this pool.
- The various sources of recruitment are divided into two categories:
 - **Internal Sources.**
 - **External Sources.**

Internal sources

- Internal sources involve transfer and promotion.
- Transfer involves the shifting of an employee from one job to another.
- Many companies follow the practice of filling higher jobs by promoting employees who are considered fit for such positions.
- Filling higher positions by promotion motivates employees, boosts employee's morale.

External Sources

- Direct recruitment
- Unsolicited applications
- Advertising
- Employment agencies
- Educational institutions
- Labour contractor
- Recommendations

SELECTION

- The process of selection leads to employment of persons having the ability and qualifications to perform the jobs which have fallen vacant in an organization.
- It divides the candidates into two categories; those who will be offered employment and those who will not be.
- The basic purpose of the selection process is choosing right type of candidates to man various positions in the organization.

Selection process:

- Receipt of applications
- Screening of applications
- Employment tests
- Interviews
- Background investigation and medical examination
- Final selection

DIRECTING AND CONTROLLING

MEANING AND NATURE OF DIRECTING

- Directing means issuing of orders leading and motivating subordinates as they go about executing orders.
- Direction is a function of management which is related with instructing, guiding and inspiring human factor in the organization to achieve organizational mission and objectives. There are three elements of direction, namely communication leadership and motivation.

- Directing is the interpersonal aspect of managing by which subordinates are led to understand and contribute effectively to the attainment of enterprise objectives.
- Directing consists of the process and techniques utilized in issuing instructions and making certain that operations carried on of originally planned.
- Principles of Directions
 - Harmony of objectives
 - Unit direction of command
 - Efficiency
 - Direct supervision
 - Effective communication
 - Effective control
 - Follow-through
- **LEADERSHIP**
- Leadership is the art of process of influencing people so that they will strive willingly towards the achievement of group goals.

LEADERSHIP STYLES

- Traits approach
 - The leadership dealt with personal abilities
- Behavioral approach
 - The theories based on leadership behavior style are
 - Leadership based on the use of authority
 - Likert's four systems of managing
 - The managerial grid
 - Leadership involving a variety of styles and level of use of power and influence.
- Contingency approach to leadership
 - Which combines both autocratic and democratic

Motivational Theories

- Maslow's Need Hierarchy Theory
- Herzberg's Two Factors Theory
- McClelland's Achievement Theory
- Victor Vroom's Expectancy Theory
- Adam's Equity Theory
- Skinner's Behavior Modification Theory
- Carrot and Stick Approach

Maslow's Theory of Motivation

Abraham Maslow is considered the Pioneer in contributing a systematic scheme of Hierarchy.

After a proper research he came to the conclusion that there are some needs of the employees which they expect to be satisfied once they join an organisation upon which they get motivated to work.

A gap between the two may lead them to work slow or refuse to work

Maslow's Hierarchy of Needs

Maslow suggested the following needs for human motivation which could be organised hierarchically as :

- Physiological needs
- Safety needs
- Social needs
- Esteem needs
- Self actualization



- **Physiological needs** : This being the lowest order includes the need for food water clothing and shelter for a person who lacks everything this could be the major motivation. This should be the first need to be satisfied.
- **Safety needs** : This is the next important after physiological needs these are the needs for protection against danger or loss of existing physiological needs.
- **Social needs** : this being III in line comprises of social needs that is giving and receiving of love friendship affection belongingness association and acceptance. If a person census the absence of his friends this will motivate him towards affectionate relations.
- **Esteem needs** : this been the fourth level can be subdivided into two categories :
 1. Need for achievement strength and freedom.
 2. Need for self esteem or self worth
- **Self actualization** : this being the highest level of hierarchy is the need to realise one's potential for continued self development and desire to become more of what one is capable of. This is known as self-realization or self attenuation.

Motivation hygiene theory

This theory being the basis of effective utilisation of human resources was developed by **Frederick Herzberg** of the University of Utah.

He started collecting information from various interviews that What were they asked that made them unsatisfied and what made them satisfied ?

He concluded with 2 categories of people, the satisfied and dissatisfied. Satisfied peoples are concerned about the work which is called motivation factors where has the this satisfied people are concerned about the work environment which is the hygiene factor.

Comparison between hygiene and motivation factors

Hygiene factors

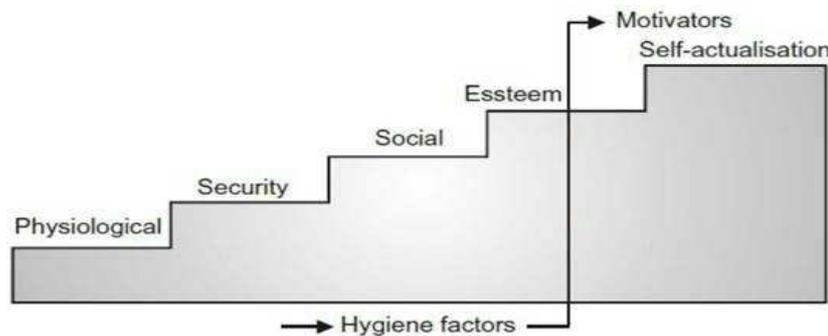
- Environment
- Policies and administration
- Supervision
- Working conditions
- Interpersonal relations
- Money status in security

Motivating factors

- The job
- Achievement
- Recognition for accomplishment
- Challenges and responsibility
- Growth and development



- **Motivators** : it is the feeling of achievement or recognition in jobs. These often increase productivity.
 - **Hygiene factors** : these may not be an integral part of the job, it has not produced the growth in workers output capacity But only prevent output losses in worker performance due to retraction.
- The lower of maslows hierarchy of needs came under hygiene factor while esteem in half hygiene and half motivating factor. Self actualization is completely motivating factor.



Communication – Meaning and Importance

- Communication is an exchange of facts, ideas, opinions or emotions by two or more persons.
- Systems of communication
 - According to organizational structure
 - Formal
 - Informal
 - According to direction of expression
 - Downward
 - Upward
 - Horizontal
 - According to the way of expression
 - Oral or Verbal
 - Written

Coordination- Meaning and Importance

- Need to coordinate the activities to achieve common objectives.
- Coordination deals with the task of blending efforts in order to ensure successful attainment of an objective. It is accomplished by means of planning, organizing directing and controlling.
- Importance of coordination
- Unity in diversity
- Specialization
- Team work
- Large number of employees
- Empire building
- Functional differences

- Recognition of goals
- Communication
- Interdependency
- Techniques of coordination
 - Rules, Procedures and Policies
 - Planning
 - Hierarchy
 - Direct Contact
 - Task Force
 - Committees
 - Induction
 - Indoctrination
 - Incentives
 - Liaison Department
 - Workflow

Controlling – Meaning

- Controlling is to identify the variations between the set standards and actual performance and then to take necessary steps to correct it and prevent such deviations in future.
- Control is checking current performance against predetermined standards contained in the plans, with the view to ensuring adequate progress and satisfactory performance.
- Controlling is determining what is being accomplished, that is, evaluating the performance and if necessary applying corrective measures so that the performance takes place according to plans.

Steps in Controlling

- Three steps in control process are
- Establishing standards
 - The standards must be established against which results can be measured. Standards may be qualitative or quantitative. Following types are :
 - Physical standards
 - Cost standards
 - Revenue standards
 - Capital standards
 - Intangible standards
 - Working practice standards
- Measuring and comparing actual results against standards
 - Measurement of performance can be done by personal observation or by a study of various figures, reports, charts and statements. Comparison is very easy if the system of control is well defined.
- Taking corrective action
 - The management has to take necessary corrective action based on the nature of causes of deviation.