Organizing and Staffing

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Organizing and Staffing

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Organizing

1. Nature and Purpose of organization

• Nature of organization

  Organization is a collection of people and resources who work together to achieve defined set of goals and objectives.

  There are two major types of organizations

    a. Formal organization: An organization where authority, responsibility and accountability are well defined.

    b. Informal organization: An organization based on personal relationship where human being share their feeling and emotions.
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• Purpose of organization
  a) Allocation of duties
  b) Delegation and Demarcation of authority.
  c) Specialization and division of labour
  d) Adequate communication
  e) Coordination
  f) To set hierarchy of authorities.
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2. Principles of organization

a. Objectives
b. Specialization
c. Span of control
d. Exception
e. Scalar principle
f. Unity of command
g. Delegation
h. Responsibility
i. Authority
j. Efficiency
k. Simplicity
l. Flexibility
m. Balance
n. Unity of direction
o. Personal ability
3. Types of organizations

   a. Line organization
   b. Functional or Staff organization
   c. Line and Staff organization
   d. Committee organization
   e. Matrix organization
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a. Line organization

- It is a vertical structure where authority flows from top to the lower levels.
- Here one person delegates authority to his subordinate and who in turn delegates to his subordinate and so on, as shown in figure.
- It is also known as chain of commands or scalar principle.
- This form of organization is followed in military, paper industry, sugar industry, textile industry etc.
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LINE ORGANIZATION
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- There are three important principles in this system
  1. Command should be given to subordinate through immediate superior only.
  2. Command should be received from only one immediate superior.
  3. The number of subordinates under each superior should be limited.
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Advantages
- Simple
- Flexible
- Clear division of authority
- Clear channel of communication
- Quick decisions and speedy actions
- Strong in discipline
- Economical

Disadvantages
- Lack of specialization
- Overloads executives
- Requires high type of supervisory personal
- Encourages dictatorial way of working
- Wastage of material and man hours.
- Favoritism
b. Functional Organization

- The concept of functional organization is suggested by F.W. Taylor, who recommended the appointment of specialist at important positions.
- It is a structure, where functional department are created to deal with the problems of business as shown in figure.
- Here the subordinate receives from several superiors.
- This form of organization is employed in educational institutes, government organizations etc.
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• While dividing work in such organizations, care must be taken such that,

1. No activity should remain unallotted or every activity should be allotted to one department.

2. There should not be duplication of activity amongst departments.

3. The activities allotted to one department should relate with each other.
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Advantages
- Greater division of work and labour through specialization.
- Improved quality
- Improved efficiency
- Mass production
- Simplifies training
- Increased economy

Disadvantages
- Difficulty in coordination between functional departments.
- Lack of coordination
- Confusion among workers
- Difficulty in fixing responsibility.
- Costly specialized labour
c. Line and staff organization

- In this organization structure, specialized and supportive staff supervisors are attached to the line authority.
- The power of command always remains with the line executives and staff supervisors guide, advice and council the line executives.
- The final decision of implementing the advice of staff authority remains in the hand of the line executive.
- It is employed in medium and large scale enterprise.
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Advantages
• Expert advice
• Relief to line executives
• Improved quality
• Facilitates training
• Facilitates effective decisions
• It has advantages of both line and functional organization.

Disadvantages
• Increases product cost.
• Confusion if function are not clear.
• Conflicts between staff and line executives.
• Costly staff supervisors
• Loss of important of line executive.
d. **Committee organization:**

- In this organizational structure, line people are given opportunities to discuss their problems in the committee and arrive at solutions.
- It provides integrated ideas of various related people of the company.
- The various functions of the committee organization are
  1. Collecting information.
  2. Examining and analyzing the collected information.
  3. Preparing the report containing the recommendations of committee.
  4. Framing organization policies
  5. Selection of personals.
  6. Directing and controlling the officers.
- It is employed in election committee, fundraising committee, Program Committee etc.
Organizing

- Finance Committee
- Board of Directors
- Executive Committee
- Purchase Committee
- General Manager
- Promotion Committee
- Materials Manager
- Production Manager
- Committee Organization
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Advantages
• Facilitates valuable decisions.
• Encourage participation.
• Facilitates coordination.
• Effective communication.
• Faster implementation.
• Wide acceptation of decisions.
• Utilization of vast experience.

Disadvantages
• Delay in decisions.
• Expensive.
• Secrecy cannot be maintained
• Compromised decisions
• Leads to heated argument
• Decisions influenced by dominated people
e. **Matrix organization:**

- In this structure, several departments are created and resources are shared by department.
- The following principles are followed by matrix organization to function effectively
  
  1. The project manager reports to several superiors.
  2. The physical, financial and human resources should be shared by different departments or projects.
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Advantages

• Provides technical specialization.
• Effective utilization of resources.
• Highly flexible.
• Room for training and development.
• Information exchange.

Disadvantages

• Leads to confusion
• Delayed work
• Unavailability of resources
4. Departmentation

- Division of task or activities into different segments is known as departmentation.
- This division is carried out based on
  1. Products
  2. Functions
  3. Time
  4. Territory and Geography
  5. Simple numbers
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i. Departmentation based on Products

• This type of departmentation is suitable for large organization that manufactures a vast variety of products.

• Here the departments are created based on each individual products.

• Each department will have its own facilities required for manufacture, purchase, marketing and accounting etc.

### Advantages

• Top management id relieved from operational task.

• Enables top management to invest more in profitable product.

• Every project manager put efforts to improve their product quality and sale

### Disadvantages

• Duplication of staff

• More managers are required

• May result in under utilization of facility.
ii. Departmetation based on Functions

- Here the organization is divided into departments based on Functions. Such as Marketing, Engineering, Production, Finance, Purchase, Sales etc.
- It is widely used departmentation practice in organizations.

**Advantages**
- It is logical reflection of functions.
- Maintains power and prestige of major functions.
- It facilitates efficient utilization of people and resources.
- It requires less training.
- Easy to control from top management.

**Disadvantages**
- De-emphasizes company objectives.
- Leads to over specialization of people.
- Reduces coordination between functions.
- Limits development of general managers.
iii. Departmetation based on Time

- This is very old departmentation practice used at lower level of an organization.
- Here the departments are created based on time such as morning, afternoon and night shifts.

Advantages
- Higher and continuous production.
- Suitable for processes that cannot be stopped.
- Provided part time jobs.
- Equipments are effectively utilized.

Disadvantages
- Weak supervision at night times.
- Difficulty during shift changes.
- No coordination between people of one and other shifts.
- More payment during night times.
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iv. Departmetation based on Territory and Geography

• It is common in organizations that operate over large area.

• Here departments are based on territories such as western region, northern region, eastern region, southern region etc.

• Again these can be subdivided into regions such as Kerala region, Karnataka region, Tamilnadu region etc.

Advantages

• Emphases on local problem.

• Ensures better coordination.

• Direct communication within a region.

• Better involvement of people.

• Provides a regionwise comparison.

Disadvantages

• Requires more general managers.

• Duplication of personals.

• Difficult to control from top management.
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v. Departmetation based on Simple Numbers

• Here the people performing the same job are grouped under one supervisor.
5. **Committees**

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.

**Principles of a Committee:**

1. **Principle 1:** The number of persons in a committee should depend upon the need and be optimum minimum (about 5 to 10 persons).
2. **Principle 2:** Responsibility, authority, objectives and duties of the committee should be clearly defined.
3. **Principle 3:** Agenda of the committee should be prepared and communicated to the committee members at least a week before they meet for discussions.
4. **Principle 4:** Problems which can be taken care of by an individual should not be included in the agenda of the committee.
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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.

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 of Committee:

(a) Standing or Permanent committee: It is needed in a complex organisation experiencing problems almost all the times.

(b) Temporary committee: It is formed to face and solve problems arising occasionally.
(c) **Coordination and Discussion committee**: It discusses problems and gives its advice. It has no power to act.

(e) **Advisory committee**: It explores various aspects of a problem and suggests courses of action to the concerned executive, thereby helping him to reach the decisions for which he is held responsible. The committee does not have power to act. Advisory Committee is used extensively in business.

(f) **Educational committee**: It aids in getting information about company problems, policies and projects to major individuals concerned.
Advantages of a Committee:

• Facilitates valuable decisions as experts are involved.
• Encourage participation.
• Facilitates coordination.
• Effective communication.
• Wide acceptation of decisions.
• Utilization of vast experience.
• Reduces work load of management.
• Effectively fill the vacant position.
Limitations of a Committee:

1. Delayed decisions.
2. Compromised decisions.
3. Secrecy cannot be maintained.
4. Committees sometimes struck to take decisions.
5. In a committee, no individual can be held responsible for anything.
6. Centralization vs Decentralization

Centralization means the retention of power of planning and decision making with the top management.

Decentralization refers to the dissemination of powers by the top management to the middle or low-level management. It is the delegation of authority, at all the levels of management.
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#### Difference between Centralization vs Decentralization

<table>
<thead>
<tr>
<th>CENTRALIZATION</th>
<th>DECENTRALIZATION</th>
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<tbody>
<tr>
<td>The retention of powers and authority with respect to planning and decisions,</td>
<td>The dissemination of authority, responsibility and accountability to the various</td>
</tr>
<tr>
<td>with the top management</td>
<td>management levels,</td>
</tr>
<tr>
<td>Systematic and consistent reservation of authority.</td>
<td>Systematic dispersal of authority.</td>
</tr>
<tr>
<td>Decision making is slow</td>
<td>Decision making is comparatively faster</td>
</tr>
<tr>
<td>Proper coordination and Leadership</td>
<td>Coordination is weak.</td>
</tr>
<tr>
<td>Inadequate control over the organization</td>
<td>Considerable control over the organization</td>
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<tr>
<td>Suited for Small sized organization</td>
<td>Suited for Large sized organization</td>
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7. Span of Control
The number of subordinates that can be managed efficiently and effectively by a superior in an organization is known as **span of control**.

Span of control is of two types:

**Narrow span of control:** Narrow Span of control means a single manager or supervisor oversees few subordinates. This gives rise to a tall organizational structure.

**Wide span of control:** Wide span of control means a single manager or supervisor oversees a large number of subordinates. This gives rise to a flat organizational structure.
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Narrow span of control: Narrow Span of control means a single manager or supervisor oversees few subordinates. This gives rise to a tall organizational structure.

Advantages:
- Close supervision
- Close control
- Fast communication between subordinates and supervisors

Disadvantages:
- So much involvement of superior in subordinates work.
- Many levels of management
- High cost
- Excessive distance between lower and top management.
Wide span of control: Wide span of control means a single manager or supervisor oversees a large number of subordinates. This gives rise to a flat organizational structure.

Advantages:
• Independence of working to subordinates.
• Less managers are required.
• Low cost.

Disadvantage
• Managers may make snap decisions as they are looking after too many employees.
• Poor control and communication.
• Requires managers with exceptional skills.
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Factors effecting span of control

1. Subordinate training
2. Clarity of delegation of authority
3. Clarity of span
4. Use of objective standards
5. Rate of change
6. Communication technique
7. Amount of personal contacts needed
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8. Management by objectives (MBO), also known as management by results (MBR), refers to the management where defining of specific objectives, defining individual responsibility and deciding on how to achieve each objective in sequence is done by management.

9. Management by objectives (MBO) refers to the management where only where unusual or exceptional cases in daily activities are brought to the notice of management.
10. Nature and importance of staffing

Nature of staffing

1) **Management function**: It's a function of management.
2) **Pervasive Function**: It is required at all levels.
3) **Part of Human Resource management**: Recruitment is done by staffing.
4) **Continuous function**: It is required all the time.
5) **Productive function**: It converts inactive resources into productive resources.

Importance of staffing

1) Discovers talented and competent workers.
2) Places the right people at right jobs.
3) Avoids shortage of workers.
4) Develops and trains the workers.
5) Plans the requirement of workers at all levels and at all times.
Staffing

Functions and steps in staffing process

- **Manpower Planning**: Finding the requirement of people.
- **Recruitment**: Process of searching the candidates for employment.
- **Selection**: Series of steps by which the candidates is selected.
- **Placement**: Placing the selected personal at right job.
- **Training**: Developing skills in personal for the assigned job.
- **Appraisal**: Evaluation of employee potential.
- **Promotion**: Process of upgrading the employee on performance.
- **Compensation**: Deciding fair salary for job performed
- **Separation**: Process of terminating the employee service.

Process of recruitment:

(i) Recruitment Planning: Drafting the skills, experience and qualification needed for particular job.

(ii) Strategy Development: Developing a plan for the recruitment.

(iii) Searching: Motivating job seekers to apply for the job.

(iv) Screening: Evaluating the applications.

(v) Evaluation and Control: Deciding the cost to be spent for recruitment and

Sources for recruitment:

a. Friends and Relatives
b. Consulting Agencies
c. Campus Recruitment
d. Casual Callers
e. Advertisement
f. Field trips and College recruitment
g. Employment Exchange
h. Labor Contractors

   Process of selection: