

Principles of Management
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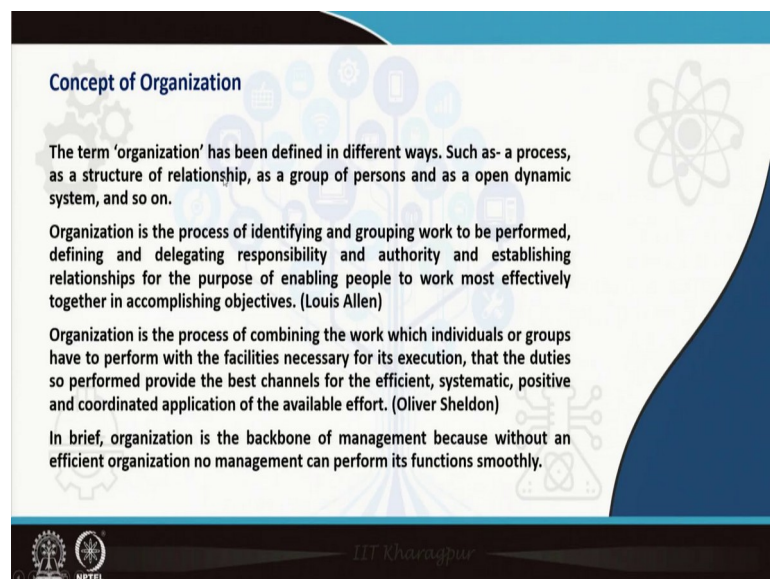
Module – 05
Lecture - 21
Concept, Importance, Process, Nature and Principle of Organisation

Welcome to module 5, lecture 1. In the last module we discussed about management by objectives, management by exceptions and we also discussed about you know different styles of management; American style of management, Japanese and Indian styles of management. And we also talked about you know self management, how self management is important with respect to you know you know delivering the managerial functions.

Today we are going to discuss about organization. Organization here meaning, that it is not of the companies, we are talking about you know organization as a function of the management. We talked about planning, decision making, organization is also one of the functions of the management.

Today, we are going to discuss about the and a concept, what is the concept of organization is all about, and what are the components of the organization, and it also talks about the process, nature and principles of organization.

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Concept of Organization

The term 'organization' has been defined in different ways. Such as- a process, as a structure of relationship, as a group of persons and as a open dynamic system, and so on.

Organization is the process of identifying and grouping work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives. (Louis Allen)

Organization is the process of combining the work which individuals or groups have to perform with the facilities necessary for its execution, that the duties so performed provide the best channels for the efficient, systematic, positive and coordinated application of the available effort. (Oliver Sheldon)

In brief, organization is the backbone of management because without an efficient organization no management can perform its functions smoothly.

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Let us get into the lecture ok. The moment we are talking about organization. Organization now here, we can now interchangeably use organizing also. Now, the planning was talking about you know, what to do; who has to do; when to do; all went into the planning phase. Then subsequently decision also you know decision making also supports how the planning has to be translated into action.

Here, organizing is talking about you know how to do it by forming the work groups right with the moment we have a plan and we made some decision to how to do. Now, you need to be the organization you know. Organization comes in a form of you know how we are going to do whatever we are desired it to do right. So, the organization definition being you know in multiple forms you know.

Many people have defined in you know different forms, maybe some people have defined as a process, some people defined as a structure of relationship some people defined as a group of a persons who work together collectively to achieve a common goal as an open dynamic system and so on you know.

There are multiple definitions and different perspectives are also given by the multiple authors who worked in the area of you know management. We will look at the some of the most famous definition to understand the organization in more definite and a specific form.

Now, let us understand by some of the definitions. Organization is a process of identifying and grouping work to be performed. The first step is, so though we have decided what we have to do for a company, now you need to identify process of you need to identify and group set up the works right. You will in any company if you take there will be multiple jobs and you know huge amount of jobs to be done and to be carried out to produce a final product or to provide a service or to you know render as service to a customer.

So, now you need to group identify and group those work to be performed and define and delegate responsibility and authority; yes, once we you know group the works, it is an important next step comes with you know you need to define and delegate the authority. It is not always possible that a one person you know whole hall the responsibility is making decision you know, implementing things you know it's very difficult.

So, in an organization we always see that know next step is you need to define and delegate the authority ok. We have a manager; we have an assistant manager; we have team leaders; we have members; so now, you need to delegate authority to different sub levels. Then you need to also define the authority defined to them, because the moment you give authority there is a responsibility associated with any task you provide, that is comes in the second stage.

Then establishing the relationship for the purpose of enabling people to work most effectively together in accomplishing an objective. The intention is to you know, if we need to achieve the organization objectives. So, we have set some objectives for an organization or we set a goal for a you know company. Now, how do we deliver, then how do we make that you know goals been released? By way of activities. We need to identify what has to be done to achieve the goal, then you need to we have decided our what has to be done.

Now, we need to group set of activities together then, we need to allocate certain responsibility to people and then delegate authority. Then you need to see how we can collectively make everybody work together in tandem so that we will be able to achieve. This is the definition given by Louis Allen.

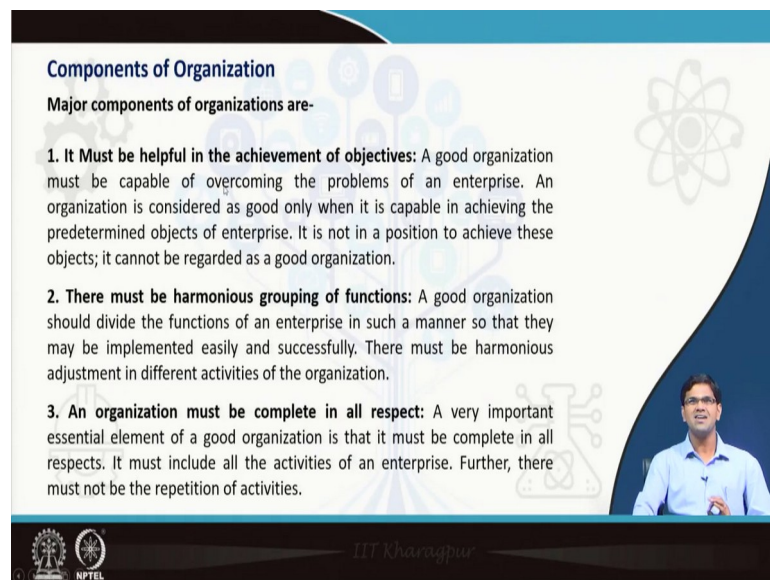
There is another definition given by Oliver Sheldon; they say organization is a process of combining work which individuals or groups have to perform. So, it is a very similarly. If you look at the you know previous definition you will also see there is a you know similarity between those both the definition also.

So, here combining work which individuals or group have to perform with facilities necessary for its executions. It is also talking about you know providing adequate resources to execute the work. Similarly, like you know delegating responsibility in authority. And that the duties so performed provide the best channels for the efficient, systematic, positive and coordinated application of the available effort.

So, organization becomes one of the important functions of a manager also, because you know it is you know responsibility of the manager to ensure that know, yes, we are able to delegate the authority, coordinate between the you know authority, or the different levels in the organization. So, that you know we are able to achieve our organization goal.

So, in a nutshell if you look at you know organization is the backbone of a management because without an efficient organization no management can perform its function smoothly. So, it is the organization one which is actually you know driving the day to day activities in the organization.

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Components of Organization

Major components of organizations are-

- 1. It Must be helpful in the achievement of objectives:** A good organization must be capable of overcoming the problems of an enterprise. An organization is considered as good only when it is capable in achieving the predetermined objects of enterprise. It is not in a position to achieve these objects; it cannot be regarded as a good organization.
- 2. There must be harmonious grouping of functions:** A good organization should divide the functions of an enterprise in such a manner so that they may be implemented easily and successfully. There must be harmonious adjustment in different activities of the organization.
- 3. An organization must be complete in all respect:** A very important essential element of a good organization is that it must be complete in all respects. It must include all the activities of an enterprise. Further, there must not be the repetition of activities.

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Let us try to understand the components of organization. There are many major components of the organization we will see one by one see. Organization; it must be helpful in achieving the objectives of the organization. A good organization must be capable of overcoming the problems of an enterprise you know.

Every time we talk about you know every organization has go through lot of challenges and you know they always you know go through lot of issues or problems to be solved in an enterprise because we expect a lot of uncertainties in the business right. So, organization is considered as good only when it is capable of achieving the decided objective.

It is not about you know and it is not about you know we are in position to achieve it; no, it is not about that. It is about you know how capable are you as an organization to achieve the what goals you have decided for yourself right. You should be capable enough to achieve the goals you decided rather than you know you say we are in a good position to achieve you know. That does not you know regard an organization as a good organization.

So, it will give it will not give a good impression about an organization; means, you know organization do not have the sufficient capacity that is why you know we are in a good position to achieve you know. If there is a difference between being capable to achieve; meaning, you have adequate resources, you have adequate people, you have known all materials funds and all the capabilities in an organization so then you are able to achieve the goal.

Then, there must be a harmonious grouping of functions. As we said you know organization also talking about you know delegating authority; when we are talking about any organization, you always see that know organization was divide the functions of an enterprise in such a manner, so (Refer Time: 6:55) implemented easily and successfully.

See we always see you know for the purpose of achieving a goal we delegate authority, we create different level so that you know each level can coordinate certain set of activities correct, because you know it is very difficult for you know one set of people to you know over look all set of activities because that will become a huge and cumbersome work to be done.

And it become you know, what will happen you know the supervision may not be equally spreader and there will always see you know inconsistency deficiency in the performance. That is why you know organization always divide into different level, so that you know each level will coordinate this set of activities.

Now, but again it is another important thing comes you know how each of these levels are coordinated between. So, that know there know it is able to achieve the goal. So, there should be a harmonious grouping of functions. So that there is a smooth interaction between different levels and there is a coordinated effort to achieve the goal ok.

Then, organization must be complete in all respect. A very important essential element of good organization is that it must be complete in all respect, you know it must include all activities of an enterprises ok.

Because you know when we are talking about you know complete, we need to comprehensively see as an organization, you need to have adequate resources, you need to define different functions.

Let us say you know producing one particular product, then when you are producing a particular product, it is not only about producing a product, you need to sell it in the market, then you need to have a marketing division, you need to have a sales force.

Then you need to have a production department, you need to have a you know purchasing department, you need to have a you know shop for people who produce a particular product, you need to have a design department, you need to have a innovation department, you need to have a people who managers who coordinated between these activities.

And you need to have a HR department who will provide adequate human resources capacity to produce the product you know. As an organization you need to have a comprehensive nature and you should be complete in nature. Because you know you need to ensure that, you know there is no repetition of activities.

You know you need to take away the redundant activities so that you know you are always efficient right. So, organizations must be complete in all respect not leaving out any you know vacuum in between right.

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Components of Organisation

4. There must be perfect co-ordination in all the activities of an organization: Co-ordination is the essence of management. If the activities of an enterprise are not coordinated, the achievement of the objects of enterprise cannot be thought of.

5. There must be reasonable span of control: The span of control of officers must be limited because an officer cannot control a large number of subordinates. Therefore, the number of subordinates under the control of one officer should not be more than five to six to proper control at all levels of management.

6. Proper utilization of resources: Success of a business and industrial enterprise depends to a large extent on the proper utilization of resources. If the resources are not properly utilized, the business enterprises cannot be successful.

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And there must be a perfect coordination in all activities of the organization you know. We may call it you know for the you know better functioning of the company. We always see you know companies maybe differ into different functional areas.

Let us say you know traditionally, if you look at you know HR department, finance department, operations department, IT and systems department, and let us say you know marketing department, sales department, there all we know for the functional perspective for the better management of the company.

Companies are all divided into different functional area; sometime maybe based on a product base, sometime maybe a on a customer based you know companies have divided so that you know it is easy to handle and then there is a better efficiency also.

When we have these multiple divisions based on the project or based on the product, based on the customer or even the functional areas, you need to ensure that you know there is a perfect coordination between all these functional areas or between these project team, so that you know because though we are all divided into different functional areas, different levels. But everybody works for a same organization, everybody strives towards the achieving the common goal of the organization.

So, the basic premise should be that you know there should be a good coordination, perfect coordination should be the existing between all the functional areas and the departments. Then there must be a reasonable span of control.

See, the span of control is in a very simple term let me explain in a very simple way; let us say you know I am a manager ok. So, I as a manager I have certain capabilities within me and then there is you know with that capability only I will be able to manage people.

For example, you know I could see that you know I can manage only 5 people. Let us say you know if a company gives me 10 people to manage instead of 5, what will happen to my span of control meaning that you know my efficiency are let us say you know I am I am not able to or you know coordinate or supervise all 10 people, because you know my capability or at-least say if the given task provided to you will be able to only supervise only 5 set of people.

Then the moment you have large number of people, actually you are digressing the quality of the management right. As a manager you have a certain quality you know. When you supervise you need to provide specific comments commands and you should provide specific directions, so you should also guide them and ensure that know they are up to their you know productivity right.

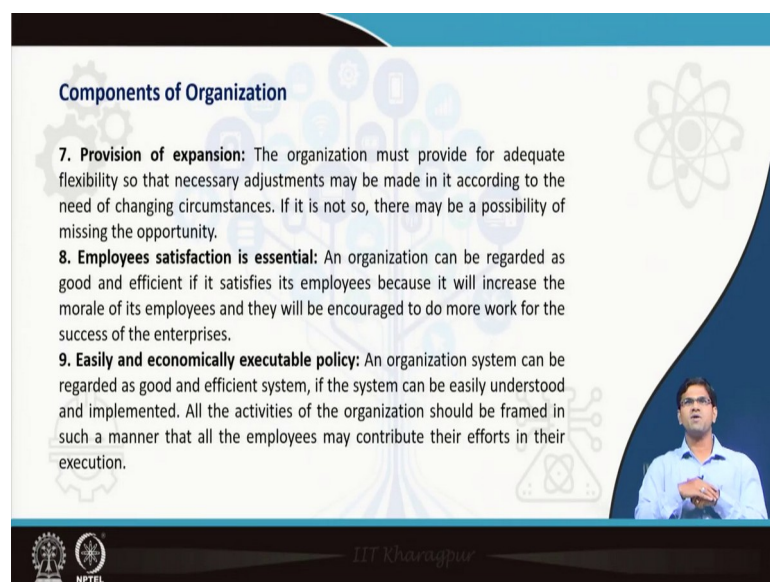
So, when you have more numbers of people it is actually, I guess the span of control is you know it talking about you know how many people 1 person can manage you know. It cannot be a large number of you know subordinate and then therefore, you know it is very important then know you define how many people one person can handle. That is a span of control has to be decided right you know.

Generally, you know one officer should not be given more than 5 to 6 people you know, otherwise you know it become very difficult to control right.

Then, proper utilization of resource. Every, if you take any business, in any business in any industrial enterprises it is always important that know you are actually utilizing the resources properly. Unless, otherwise you know inefficient use of resources it is going to be a cost, it is going to hamper your business.

So, you need to try to talk about you know you know utilize the resources most effectively and efficient way. That is why you know we are all talking about optimizing the usage of the resources. So, we need to ensure that the organization should ensure that you know all the resources are effectively used, properly utilized to the extent possible so that you know you are able to make benefit out of the resource usefulness ok.

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Components of Organization

- 7. Provision of expansion:** The organization must provide for adequate flexibility so that necessary adjustments may be made in it according to the need of changing circumstances. If it is not so, there may be a possibility of missing the opportunity.
- 8. Employees satisfaction is essential:** An organization can be regarded as good and efficient if it satisfies its employees because it will increase the morale of its employees and they will be encouraged to do more work for the success of the enterprises.
- 9. Easily and economically executable policy:** An organization system can be regarded as good and efficient system, if the system can be easily understood and implemented. All the activities of the organization should be framed in such a manner that all the employees may contribute their efforts in their execution.

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Then provision of expansion; organization must provide for adequate flexibility so that no necessary adjustments may be made in according to the need of changing

circumstances or the business situations right. Because you know you should always ensure that know because we have been from the beginning of the course, we are talking about you know business being uncertain, the future has been uncertain, unpredictability and it is very difficult to estimate what is going to happen in the future.

So, you should always provide that you know adequate flexibility. So that you know necessary adjustment can be quickly made considering the changing scenarios right. And then employee satisfaction is essential; an organization can be regarded as good and efficient if it satisfies its employees because it will increase the morale of the employee.

The moment you know employees are satisfied in morale; there you will always see you know productivity is high you know. There is also say that you know happy cows you know gives more milk right.

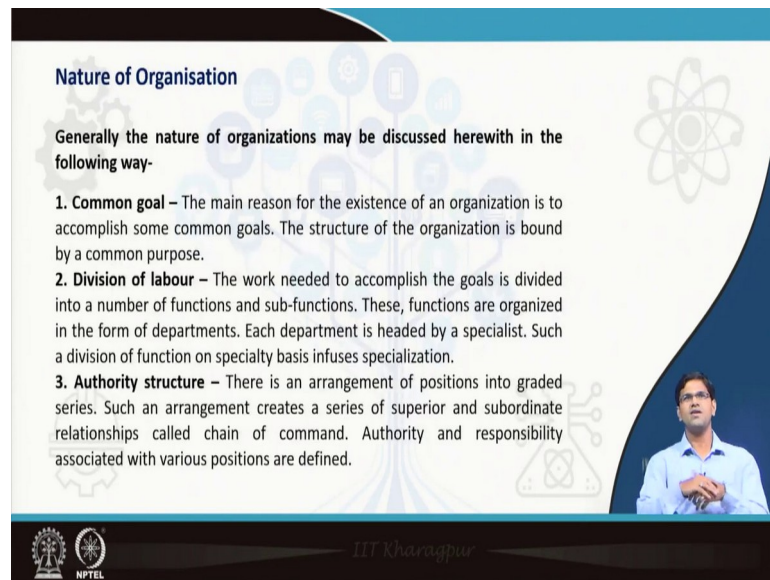
Similarly, let you know you always ensure that know keep your employees satisfied and happy so that know they are able to be very productive, they are encouraged they are you know all the time being you know their fullest a capacity and then they are able to contribute towards your organization growth.

And, easily and economically executable policy; so, organization system can be in a regard as a good and efficient system, if the system can be easily understood and implemented. See you cannot have a very complex or you know you know it is not very hard policy which is you know, not very friendly with the employees or it takes lot of time to even to understand the policy.

Then that kind of a policy which is going to take lot of time and then you know, sometimes is you know people will misinterpret things because you know it is very hard. It is not very simple and you know it should be easily implementable.

So, organizations success also depends and what kind of a policy you create, how you create and you know what is the you know capacity of the people to easily understand and then implement it. Because you know the idea of creating policy used for the better implementation. So, you need to ensure that the policies are made that simple so that you know it is been used easily ok.

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Nature of Organisation

Generally the nature of organizations may be discussed herewith in the following way-

- 1. Common goal** – The main reason for the existence of an organization is to accomplish some common goals. The structure of the organization is bound by a common purpose.
- 2. Division of labour** – The work needed to accomplish the goals is divided into a number of functions and sub-functions. These, functions are organized in the form of departments. Each department is headed by a specialist. Such a division of function on specialty basis infuses specialization.
- 3. Authority structure** – There is an arrangement of positions into graded series. Such an arrangement creates a series of superior and subordinate relationships called chain of command. Authority and responsibility associated with various positions are defined.

The slide features a background with faint icons of a gear, a lightbulb, a smartphone, and a network diagram. A presenter is visible in the bottom right corner. Logos for IIT Kharagpur and NPTEL are at the bottom left.

Then we are going to look at the nature of the organizations. So, nature of the organization there is a common goal. So, a common goal you know every organization exist with the purpose right. The main reason for the existence of the organization to accomplish some common goals.

So, the structure of the organization is bound by the common purpose you know. What do you really wanted to achieve? So, all these structures or the subsequent activities of designing of the organization all will following the goals which is been decided.

Then division of labour; see you know every organization has huge amount of task to be done. So, for doing that you know the work needed to accomplish the goal is divided into number of functions and sub functions you know.

It is always easy right to be when you group the job and divide the responsibility and delegate the specific persons so that you know there is a specific divisions and departments, who will take care of these respective you know activities or whatever the contents around it is easy to manage rather than you know one particular department or set up people handles everything.

So that is why you know division of labour is very important functions and it is also one of the important natures of the organization. You need to make the or show that you know works are divided into different sub group or sub functions or the divisions or the

department and you know, that will actually help the organization to function in a better way.

Then authority structure; so, in an every organization there should be an arrangement with respect to the position, when maybe we always you know greater series where you know you always have a general manager, then you have a manager, then you have an assistant manager, you have the team leaders, or the supervisors, you know there are set different you know hierarchy levels you create so that you know it is easy to you know follow the certain instructions and there is a chain of command right.

There is an authority flows from one level down and so that there is a series of ladder power been distributed and there is an authority and command can be easily you know brought down to different levels ok.

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Nature of Organisation

4. Group – It is people who constitute the dynamic element of an organization. They work in groups in the various departments of an organization.

5. Communication – There is free flow of communication through various official channels among the people across various departments. Most of the communication is in a written form. However, grapevine communication is also in vogue.

6. Coordination – The diverse efforts of various functional departments are integrated towards the common objective through the process of coordination.

The slide features a blue and white color scheme with decorative icons of gears, a tree, and a person. The NPTEL logo is visible in the bottom left corner, and the text 'IIT Kharagpur' is at the bottom center.

Then group; you know in any organization where you always see it is only a group of people who you know work together to achieve the organization goals. It is people who constitute the dynamic element of an organizations.

So, they work in groups in a various department of an organization. We always see you know can be any departments or a division we see you know it is the people who collectively work and they make the divisions or they make the department. It is not that is just because of the name, we created a department it is not going to exist. It is only the

people who are dynamically worked with each other, they collaboratively work with each other then make it more possible and you know help the organization to achieve the goal.

Then communication; in every organization it is to ensure that there is a free flow of communications through various official channels and now. Now, we said that you know for a better functioning of the company, company made different functional groups or maybe different levels, are different divisions departments.

Now, since you divided an organization for a better management, now it is also communication has to be you know provided to all different functional areas, different levels. So, you need to ensure there is a free flow of communications through various official channels you know.

So, you have to create you know like you know, many companies have intranet, many companies have an official poster or displays. So that you know the communication is able to be communicated and most of the time you always you know company always have policies which is in a written form. So that you know everybody can be easily communicated, everybody is knowing what is the policy with respect to particular practice.

So, there is a consistency between the departments; between the functional area or in the different levels also, so communication should be you know a transparent and consistent.

Coordination; the diverse efforts of various functional departments are integrated towards a common objective through the process of coordination. As we said you know, in every company we always see different projects or different customers or different levels or different departments, functional areas.

Here, it is always a you know where all will be you know effectively working unless and there is a coordination. So, this there is organization always ensure that there is a coordination between the departments or people with the different levels.

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Nature of Organisation

7. Environment – No organization is functioning in a vacuum. Social, political, economic and legal factors exert influence on the environment. Beside it is influenced by internal factors like materials, machines, level of technology, economic resources, human resources, etc.

8. Rules and regulations – Every organization is governed by a set of rules and regulations for the orderly functioning of people.

The slide features a background with various icons: gears, a tree with circular nodes, a chemical structure, and a hard hat. In the bottom right corner, a presenter is visible. The bottom of the slide includes the NPTEL logo and the text 'IIT Kharagpur'.

Then environment; so, no organization is an independent entity you need to understand, and then we actually we are reaffirming and restating it from most of the lectures. Why? Because, company is working in an environment company is an operating in a business environment the moment you are in an environment you know.

You are bound to be impacted, but any changes which is happening in the environment. Environment I talk about; it can be political situation, it can be economic impact, it can be legal factors. So, it all it is going to know influence the you know organizations the way how a company behaves you know.

Of course, there are internal factors like you know materials, machines, level of technology, economic resources, human resource, you have that is going to impact the way you run. But it is also external factors which will also influence your decisions.

For example, any government policies. Let us say, you know other any foreign policies or let us say you know world trade organization imposes certain rules and regulations, that will actually impact the how the global organizations behave. That will impact with the way I conduct my business or maybe you know it will also impact may be the you know expansion plans.

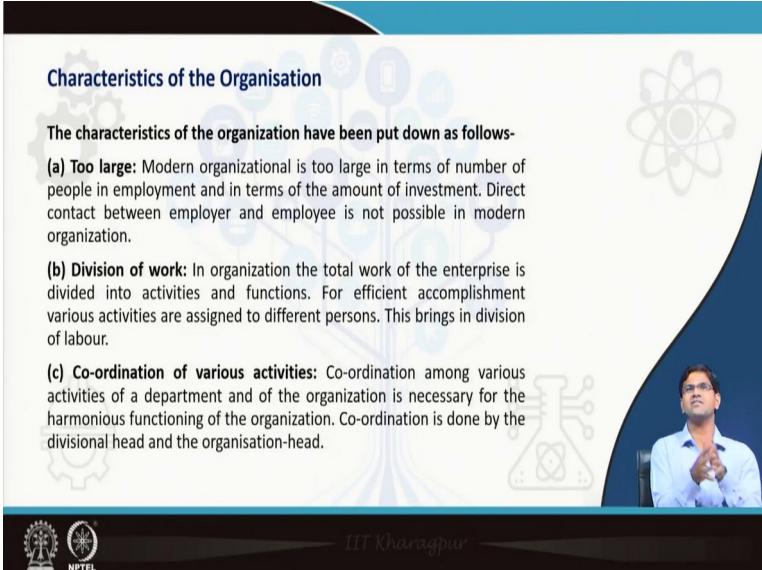
So, that is why you know external environment also to be considered when you are making your policies or the organization has to be always open to absorb things and then quickly you know make agility in your organization to respond to it.

Then rules and regulations; every organization is governed by set of rules and regulations for orderly functioning of the people. So, because you know unless otherwise you know you do not lay down the rules and regulations it is very difficult to govern the people.

So, when you have when with the if you take an example of a large organizations. With the large organizations where the count of employees is huge in number, it is very difficult to you know communicate one on one. It is always better that you create a set of rules and regulations and that has been said you know distributed communicated then it is make your life easier.

So that know you have ensuring that you know every employee in my company consistently follow the rules and regulations with a respect to specific practices in the company.

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Characteristics of the Organisation

The characteristics of the organization have been put down as follows-

- (a) **Too large:** Modern organizational is too large in terms of number of people in employment and in terms of the amount of investment. Direct contact between employer and employee is not possible in modern organization.
- (b) **Division of work:** In organization the total work of the enterprise is divided into activities and functions. For efficient accomplishment various activities are assigned to different persons. This brings in division of labour.
- (c) **Co-ordination of various activities:** Co-ordination among various activities of a department and of the organization is necessary for the harmonious functioning of the organization. Co-ordination is done by the divisional head and the organisation-head.

The slide features a blue and white color scheme with a background of faint icons including a gear, a lightbulb, a smartphone, and a molecular structure. A small inset image shows a man in a white shirt speaking. At the bottom, there are logos for IIT Kharagpur and NPTEL.

Now, we are going to look at the characteristics of the organizations. Now, we are going to talk about the modern organization.

First, we start with the too large; so, modern organization is too large in terms of number of people in employment and in terms of amount of investment they make. And you

know the moment we are talking about too large in terms of number of employees, or in terms of the investment they make, the direct contact between the employer and employee is not possible in the modern organization.

For example, let us say talk about you know accessing to your board members you know. You can you can never imagine right. Let us say, you work for a particular company let us take you know example as an Infosys, or you work for a TCS or you work for a Wipro or you work for a Tata group any group you take talk about it you know. These are all bigger organization. Where the too large number is huge number.

The moment you know. Then then it is very difficult for you to communicate with your top-level management, because the gap is huge. Because you need to follow through different levels it is not possible to communicate right.

Then division of work: in organization the total work of enterprise is always divided into activities and functions. For efficient accomplishment various activities are assigned to different persons. So, you know because you know we always you know that is what a creating a specialization or creating a division of labour.

So, that is the principle of division of labour where we always you know divide the works into multiple subsets of jobs, so that you know those subsets of jobs can be delivered to specific people and then you hire specialized people who can handle these set of activities.

So, you know for every set of activities you actually align and hire people who can be really skillful on particular activities and then you collectively coordinate things and then you will be able to create a larger goal of your organization right.

Then coordination of various activities: so, again and again you see that know coordination comes into the picture. Because, why we are talking about coordination? Why we need to read about the importance of coordination? Because, as I said for a better efficiency in the company we always divided into functional areas or departments at multiple different levels. So, it requires a lot of coordination.

Unless, the cooperation and coordinate are not existing it is impossible for an organization to collectively function. So that you know we always see that right conflict

management is one of the important skills for you know every manager why the reason is that know, you may have to deal with different department, people or between that their functional areas there can be interdepartmental conflicts which are within between group conflict.

So, unless there is no coordination, the conflict is going to you know actually go into impact the company in a large way right.

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Characteristics of the Organisation

- (d) **Huge investment and complicated technology:** Modern organization involves investment and complicated technology, their management and operation is a complex affair. It needs assistance from specialists at all levels.
- (e) **Mutually agreed purpose:** There must be mutually agreed purpose because all activities in an organisation are goal-oriented.
- (f) **Proper system of working in all organisations:** There must be proper system of working in all organizations. It means there must be well defined hierarchical levels, a chain of command, rules and procedures and communication network, so that consistency and uniformity in behaviour may exist.

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And huge investment and complicated technology: now, modern organizations involve lot of investment and then they are also going for lot of complicated technology, their management and operation is a complex affair right.

So, they become come up with a new different technology, you know they rapidly change the technology or the way they operate in the functions, so the people are having to be you know quickly train retrain the people. So, you know that becoming you know bit complex when you know venture of you know running the business.

And, mutually agreed purpose: there should be mutually agreed purpose because all activities in the organizations are goal-oriented. So, you know as we said you know existence of the any company is for particular goal. And, you know everybody has to mutually agree to work towards the common purpose.

Then proper system of working in all organization: there must be a proper system of working in an organization; it means, there must be well defined hierarchy levels, a chain of command, rules and procedures and communication network. So that the consistency and uniformity in behavior may exist. It is a very simple you know.

In a any company you say that you know you need to have a very clear hierarchy. Let us say you know, talk about the organization structure. There is a structure; you define the structure. Who has to report to whom and you know how many people this particular manager has to control then you also see how the you know power is been distributed, from whom power is been distributed and you also define the you know boundary of the power distributions?

For example, as a manager what level what is your boundary to which you can make a decision. Unless otherwise you know the boundaries are not known to the manager it become very difficult for a manager to function. Because you know all of a sudden, a management demands that know this is also your boundary you could have taken the decision, then manager will become very difficult to make any act on it right.

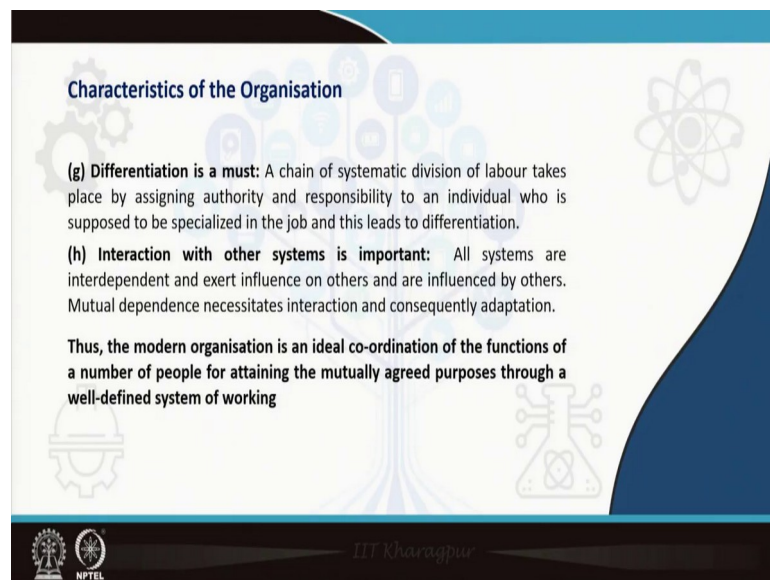
So, you need to define the power structure and the you know boundaries, then define the chain of command and also talk about the way how it will be communicated. What is the mode of communications and the process of communication and create the rules and regulations? So, when all these been collectively existing it is easy for you to coordinate and you know it is easy for the existence of the company.

Unless, otherwise in absence of all these I talked about it is very difficult for you to have a uniformity in the behavior in a company right. So, for example, you know you would have worked in a company or let us say you are going to work in a company, you will be wonder to see that you know how every department are seamlessly connected, seamlessly doing their day to day routine jobs, because they are all already governed by a specific setup of you know you know rules and regulations how need to be done.

For example, hiring a person. After hiring what is a sequence? Like you know after hiring you are an on-boarding exercise. On-boarding exercise will give you know training on the company policies, rules and regulations, and the reporting structure and the hierarchical structure.

It will talk about whose as to report to whom, who is the power center, how the power has been distributed in the company, what is the common culture, what is the practice. So, everything is been defined you know that is actually creating a system you know you are establishing a system and you are communicating to the upcoming employees right.

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Characteristics of the Organisation

(g) Differentiation is a must: A chain of systematic division of labour takes place by assigning authority and responsibility to an individual who is supposed to be specialized in the job and this leads to differentiation.

(h) Interaction with other systems is important: All systems are interdependent and exert influence on others and are influenced by others. Mutual dependence necessitates interaction and consequently adaptation.

Thus, the modern organisation is an ideal co-ordination of the functions of a number of people for attaining the mutually agreed purposes through a well-defined system of working

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Then differentiation is a must. So, you know differentiation chain of systemic like, division of a labour takes place by assigning authority, and as if we said you know when we divide the work and you know we are actually assigning a specific skillset for a people right. Then there we are actually creating a specialization. An interaction with each other system is important. So, all systems are interdependent you know.

We always see that you know it is a systemic operator. In every organization are dependent on each other functions, so there is always you know continuous interactions happens between the systems ok.

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Principle of the Organisation

Following are some important principles of organization-

- 1. Principle of specialization or division of work:** Division of work means that the entire activities of the organization are suitably grouped into departments or sections. The departments or sections may be further divided into several such units so as to ensure maximum efficiency.
- 2. Principle of co-ordination:** The objectives of the organization may be achieved quickly whenever co-ordination exists among the workers. At the same time each work can be done effectively by having co-ordination.
- 3. Principle of authority:** When many persons are working together in one place, there will be a difference of power and authority. Of these persons, some will rule and others will be ruled. Normally, maximum powers are vested with the top executives of the organisation.

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Now, let us try to understand the some of the principles of organizations. So, principles of specialization or division of work: - you know we are we have already discussed about it is again you know division of work means that you know entire activities of the organization are suitably grouped in different departments or the sections for the better management or the efficiency purpose.

Then principles of coordination: yes, it is again coming back you know since you made the divisions of work yes of course, you need to have a coordination. You need to ensure that there is a coordination exists among the workers or between the subordinates and the managers also.

Then principle of authority: so, principle of authority many persons are working together in one place. There will be differences of power and authority in order to define, who has the authority, who can make up, who has you know given the authority to make decisions and then you know you also need to design you know maximum powers are wasted with whom. And in any organization, you always see you know top management holds the major authority right.

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Principle of the Organisation

4. Principle of responsibility: Each person is responsible for the work completed by him. Authority is delegated from the top level to the bottom level of the organisation. But the responsibility can be delegated to some extent.

5. Principle of efficiency: Each work can be completed efficiently wherever the climate or the organisational structure facilitates the completion of work. The work should be completed with minimum members, in less time, with minimum resources and within the right time.

6. Principle of uniformity: The organisation should make the work distribution in such a manner that there should be an equal status and equal authority and powers among the same line officers.

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Then principles of responsibility: each person is responsible for the work completed by him the moment you assign certain responsibility or authority. It makes them accountable for the what kind of work.

Let us say you know you are delegating certain portion of the work; means, they are accountable for the delivery of the particular set of activities. So, manager need not to go for do micromanage because, the moment I give you the authority or assigning a certain responsibility and you are becoming responsible and accountable for that.

Then, principle of efficiency: each work can be completed in an efficient way right. We always ensure that you know with a minimum input what can be the maximum output. So, we are always looking at efficiency.

Then, principles of uniformity: organization should make the work distribution in such a manner that there should be an equal status and equal authority and powers among the same line officer.

Let us say you, know I am talking about you know a team leader in different projects. You need to ensure that you know, team leaders in multiple projects are given a similar authority and similar responsibly. There is no you know difference in the power distribution then you know you will create an inconsistency and then you will impact the company's prosperity.

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Principle of the Organisation

7. Principle of unity of command: This is also sometimes called the principle of responsibility. The organisational set up should be arranged in such a way that a subordinate should receive the instruction or direction from one authority or boss. If there is no unity of command in any organisational set up, the subordinate may neglect his duties.

8. Principle of continuity: It is essential that there should be a re-operation of objectives, re-adjustment of plans and provision of opportunities for the development of future management. This process is taken over by every organisation periodically.

9. Principle of span of control: This is also called span of management or span of supervision or levels of organisation. This principle is based on the principle of relationship.

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Then, principles of unity of command: it is also sometimes called you know principles of responsible you know. Organization set up should be arranged in a such a way that a subordinate should receive an instruction or a direction from only one authority.

So, we even discussed in the very first session when we know, let us say imagine that you are working under a one leader and then you receive inputs from multiple people. Let us say you know you are having to report or you are responsible for 4 managers and imagine it is very difficult you know. It would it would ensure that you know only get directions or instruction from an only one authority or a boss.

So, you know the unity of command should be very simple it should be one person so that it will be easy for you to you know follow the instructions.

And, principles of continuity: in every organization, you know as we said know the business is changing, it there should be a lot of flexibility should be given to you know go and readjust when there is a requirement you know quickly realign yourself is also required.

Then, span of control: span of control of course, you know we discussed in the you know earlier slides that you know span of control you need to talk about you know, as a manager how many people you will be able to control? You need to define the span of control is restricted and then that is a boundary also drawn.

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Principle of the Organisation

10. Principle of flexibility: The organisational set up should be flexible to adjust to the changing environment of business. The organisation should avoid the complicated procedures and permit an expansion or contraction of business activities.

11. The scalar principle: This is also called chain of command or Line of authority. Normally, the line of authority flows from the top level to bottom level. It also establishes the line of communication. Each and every person should know who is his superior and to whom he is answerable

12. Principle of unity of direction: This is also called the principle of co-ordination. The major plan is divided into sub-plans in a good organisational set up. Each sub-plan is taken up by a particular group or department.

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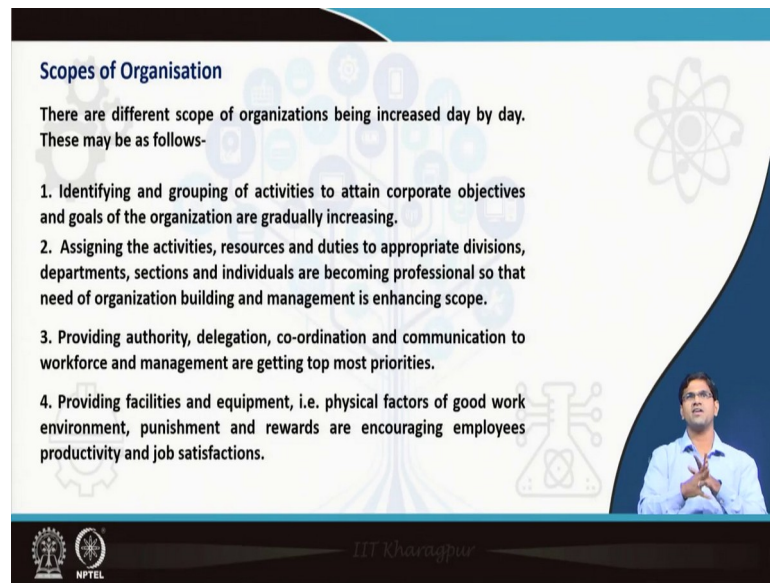
Then principle of flexibility: so, organizations set up should be flexible, because you know we are living in an era where its lot of uncertainty and then changes are very frequent and you know lot of volatility in the business.

So, with the complexity is increasing, so you need to be a little flexible in terms of you know a rule and framing the rules and policies so that you know you will be able to make adjustments quickly.

Then scalar principles: scalar principles, I think you know chain of command you know you draw a specific structure so that there is a flow of you know power flows through and there is also a defined structures there is a people able to follow I mean they also know whom they have to adhere to and who will give the instructions and which direction they should follow.

Then principle of unity of directions: this also called a principality of coordination. The major plan is sub dividend into sub plans you know good organizational setup. So, each sub plan is taken up by a particular group or the department now there is a unity of direction is given and then coordination has to be taken care.

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Scopes of Organisation

There are different scope of organizations being increased day by day. These may be as follows-

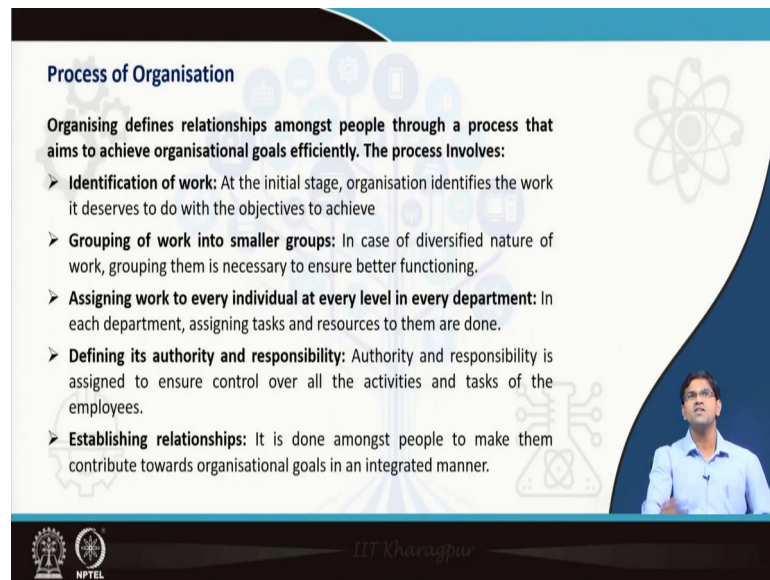
1. Identifying and grouping of activities to attain corporate objectives and goals of the organization are gradually increasing.
2. Assigning the activities, resources and duties to appropriate divisions, departments, sections and individuals are becoming professional so that need of organization building and management is enhancing scope.
3. Providing authority, delegation, co-ordination and communication to workforce and management are getting top most priorities.
4. Providing facilities and equipment, i.e. physical factors of good work environment, punishment and rewards are encouraging employees productivity and job satisfactions.

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Then scope of the organizations: the scope is nothing, but you know we you are able to identify and classify these set of activities in a different group and then you are able to assign activities resources and duties to appropriate divisions and create departments and provide authority delegate responsibility to them.

And, you know coordination, creating coordination, and communication to workforce and management are getting the top most priorities. Then providing facilities and equipments, that is you know physical factors of good work environment and rewards are encouraging employees for a better productivity and job satisfactions. These are the different scopes of the in organization. And then process.

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Process of Organisation

Organising defines relationships amongst people through a process that aims to achieve organisational goals efficiently. The process involves:

- **Identification of work:** At the initial stage, organisation identifies the work it deserves to do with the objectives to achieve
- **Grouping of work into smaller groups:** In case of diversified nature of work, grouping them is necessary to ensure better functioning.
- **Assigning work to every individual at every level in every department:** In each department, assigning tasks and resources to them are done.
- **Defining its authority and responsibility:** Authority and responsibility is assigned to ensure control over all the activities and tasks of the employees.
- **Establishing relationships:** It is done amongst people to make them contribute towards organisational goals in an integrated manner.

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So, what is the process of this organization? So, process of the organization; it always starts with you know first step is; identifying the work you know. At the initial stage, organization to identify the work it deserves to do with an objective to achieve. We let say you know to achieve a particular objective what are the set of activities you have to do. Once you identify then you need to group them into sub groups.

Now for example, let us say you know we always see right you know material sources. Or let say you know for example, if you take any production or let us say talk about a manufacturing company, but a manufacturing company, what we do you know they always you know try to group similar set of activities which actually contribute to a specific part right.

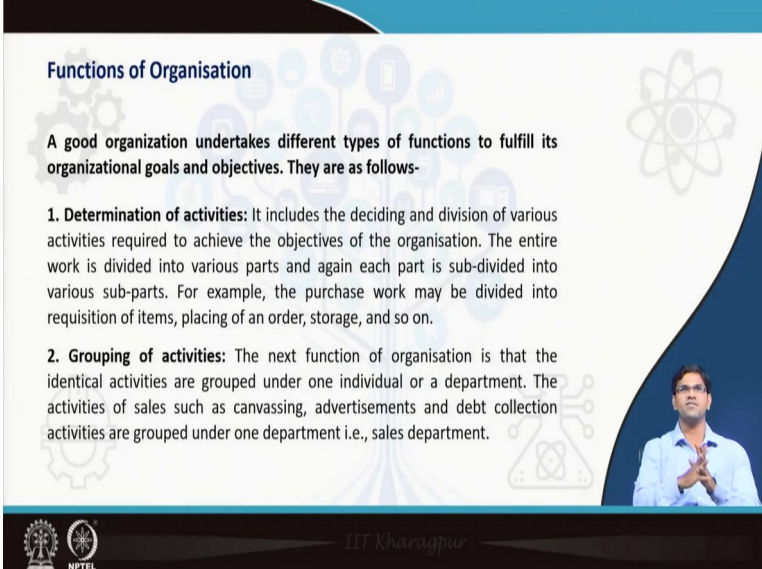
Let us say you know every activity towards a one specific part of the competent or let us say one compound or a part they will work together then there is a one group you know. You have to try to you know group them into smaller groups so that the efficiency is increasing. Then assigning work to every individual at every level in the department.

So, once you now you have created you know let identified subdivided and created departments and divisions, now you need to assign work to every individual at every level in the department right.

Then defining their authority and responsibility. Once you assign the work, you also need to define the responsibility and authority. Let say you know, see what level you are allowed to make decisions and you know, what is your responsibility for, what you are accountable for.

Then establishing a relationship. You know, you need to establish a relationship between you know people. So, that you know you make them contribute towards the organization goal in an integrated manner ok.

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Functions of Organisation

A good organization undertakes different types of functions to fulfill its organizational goals and objectives. They are as follows-

- 1. Determination of activities:** It includes the deciding and division of various activities required to achieve the objectives of the organisation. The entire work is divided into various parts and again each part is sub-divided into various sub-parts. For example, the purchase work may be divided into requisition of items, placing of an order, storage, and so on.
- 2. Grouping of activities:** The next function of organisation is that the identical activities are grouped under one individual or a department. The activities of sales such as canvassing, advertisements and debt collection activities are grouped under one department i.e., sales department.

The slide features a blue and white color scheme with decorative icons of gears and a network diagram. A small inset image shows a man in a light blue shirt speaking. At the bottom, there are logos for IIT Kharagpur and NPTEL.

So, the functions of organization determination of activities. It is very similar to know identifying the work. You need to determine the kind of activities. It is also includes deciding and division of various activities required to achieve the organization goals.

Then the second firms the in grouping of activities, now you identify it. Multiple activities, now you need to group those activities of a sub groups, so that know you see that know these are all formed as a single group and then you may be call it as a department or you maybe call it as separate divisions right.

For example, you know you create sales department; you may create you know for example, you will create finance department; you will create human resource department, human resource department responsible for hiring you know, performance appraisal retirement and all that.

Then you say you know finance department responsible or you know resetting the budgeting allocation of you know financial resources to each of the departments. Similarly, operation department you are actually grouping the activities and making them departments and divisions. Then allotment of duties to the specified persons.

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Functions of Organisation

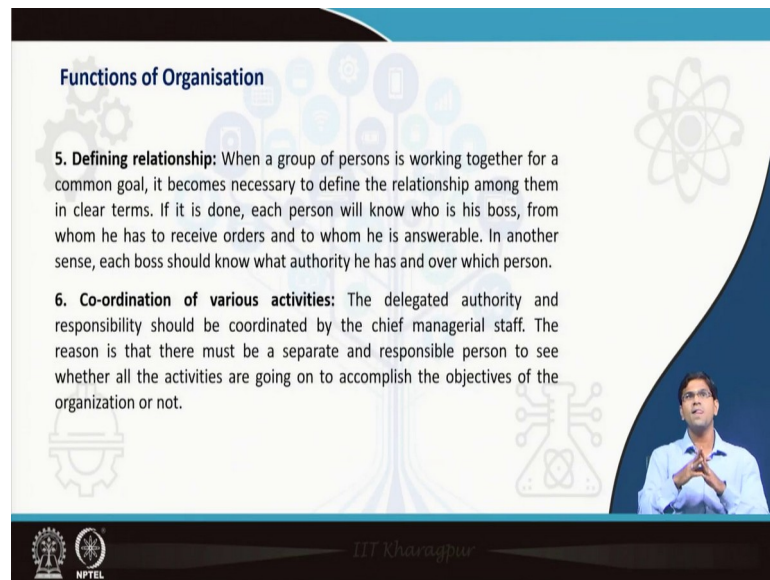
3. Allotment of duties to specified persons: In order to ensure effective function, the grouped activities are allotted to specified persons. Besides, adequate staff members are appointed under the specified persons. The specified persons are specialized in their respective fields. If there is any need, appropriate training would be provided to such persons.

4. Delegation of authority: Assignment of duties or allotment of duties to specified persons is followed by delegation of authority. It will be very difficult for a person to perform the duties effectively, if there is no authority to do it. While delegating a authority, responsibilities are also fixed.

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So, that you know you made a group and then you created a department, then you need to assign people to deliver the responsibilities and then the delegation of authority. Of course, you know you need to define their authority and then responsibility, so that you know everybody knows, what are the duties they have to do and you know what is the power given to them and you know what level of you know responsibility they have to hold and what they are accountable for.

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Functions of Organisation

5. Defining relationship: When a group of persons is working together for a common goal, it becomes necessary to define the relationship among them in clear terms. If it is done, each person will know who is his boss, from whom he has to receive orders and to whom he is answerable. In another sense, each boss should know what authority he has and over which person.

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

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And defining the relationship again it is very similar to the process of organization in order to define the relation. When a group of people is working together for a common goal it is becomes necessary to define relationship among them is very clear.

For example, you know between the peers, what kind of relationship or between the subordinate and the manager what is the kind of relationship you know reporting report relationship.

And you know between the peer, let us say you know if in a team you always you know with that complementary skills been shared to form a team. And what kind of you know relationship they be both the peers has to share, or the colleagues have to share right.

Let us say you know you would define the specific religion between the people. And then coordination of various activities to deliver and achieve the organization goals ok.

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CONCLUSION

This lecture session has covered basic concepts, importance, types, nature, components, function, process, principle of organisation which will be helpful to all Learners to have knowledge and capabilities on all these issues of organisation since they will have careful observation and attendance of the lecture session

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So, these are the references, and today we you know learnt about the organization and we also discussed about the principles and the process of organization.

Thank you.