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**BUSINESS ORGANISATION AND MANAGEMENT –  
I**

**Unit 3 Organising**

- Concept
- Process
- Principles of organization
- Delegation of Authorities: meaning, importance & process
- Centralization &Decentralization
- Types of Organisation: Line, Functional, Line and staff.

# Concept

## INTRODUCTION

Any situation involving two or more persons working collectively requires organising. The act of organising involves integrating, balancing and coordinating the activities of people working together for seeking common goals. The organising process, thus, establishes working relationships among employees by assigning them tasks and giving them enough rights (*i.e.* authority) to perform those tasks. It is because when employees accept assigned work, they become responsible for performing it, and for discharging responsibility they are given requisite authority. The person who gives authority is called 'superior' and the person to whom authority is given is known as 'subordinate'.

### Meaning of Organising

*The term 'organising' refers to the process of identifying and grouping of activities to be performed and dividing them among the individuals and creating authority and responsibility relationships among them for the accomplishment of organisational objectives".*

### Definition of Organising

- "Organising is a process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing a pattern of relationships for the purpose of enabling people to work more effectively together in accomplishing objectives".  
—*Louis A. Allen*
- "Organising is a process of dividing up of activities which are necessary to any purpose and arranging them in a group which are assigned to individuals".  
—*Lyndall Urwick*
- "Organising is a process of defining and grouping the activities of enterprise and establishing authority relations among them".  
—*Theo Haimann*

## Process of Organising

The process of organising involves the following steps :

- (1) **Identification and enumeration of activities.** At the first stage of organising process, a manager identifies and determines those activities that are to be performed for achieving common goals. Those activities are determined on the basis of common goals. For example, an organisation producing and distributing washing machines has to perform large number of activities that may be related to production, distribution, finance, purchase and personnel etc.
- (2) **Division of activities.** After determining and enumerating activities, these are to be divided and sub-divided into small components known as jobs and tasks.
- (3) **Grouping-up of activities.** Once the activities have been broken into small elements, these can be easily put into various groups on the basis of their relationship and similarities. For example, each job and task related to production is to be grouped up into production group, and elements that are related to marketing, finance and purchase are to be grouped-up in the respective groups.
- (4) **Assignment of group of activities.** After putting various activities into several groups, these are to be assigned or allotted to the various departments created for this purpose, or to the employees if the activities are limited. At the time of making such assignment, it is ensured that the department has required competence and resources for performing that group of activities.
- (5) **Granting necessary rights.** Assignment of group of activities among various departments is followed by giving them adequate rights so that they can perform assigned work in a satisfactory manner. The rights are granted through the process of delegation. In this process higher level manager gives away some of his right in favour of other who becomes his subordinate, and it continues till the last level of management.
- (6) **Coordinating the functioning of various departments.** In the process of organising, attempts are also made for coordinating working of individual with respective department, and finally to coordinate functioning of various departments towards the achievement of common goals.

## PRINCIPLES OF ORGANISATION

The work can be completed in time whenever a technique or a principle is adopted. So, the success or failure of an organisation depends upon the principles to be followed in the organisation. The principles of organisation may be termed as a tool used by the organisation. Some experts like Taylor, Fayol and Urwick have given the principles of organisation. They are briefly discussed below:

**1. Principle of definition:** It is necessary to define and fix the duties, responsibilities and authority of each worker. In addition to that the organisational relationship of each worker with others should be clearly defined in the organisational set up.

**2. Principle of objective:** The activities at all levels of organisation structure should be geared to achieve the main objectives of the organisation. The activities of the different departments or sections may be different in nature and in approach, but these should be concentrated only for achieving the main objectives.

**3. Principle of specialisation or division of work:** Division of work means that the entire activities of the organisation 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. This will help to fix up the right man to the right job and reduce waste of time and resources.

The work is assigned to each person according to his educational qualification, experience, skill and interests. He should be mentally and physically fit for performing the work assigned to him. The required training may be provided to the needy persons. It will result in attaining specialisation in a particular work or area.

**4. Principle of co-ordination:** The objectives of the organisation 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. The final objective of all organisations is to get smooth and effective co-ordination.

**5. 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. These senior members should delegate their authorities to their subordinates on the basis of their ability. In certain cases, the subordinates are motivated through the delegation of authority and they perform the work efficiently with responsibility.

**6. 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. While delegating the authority, there is

no need of delegation of responsibility. So, the responsibility of the junior staff members should be clearly defined.

**7. Principle of explanation:** While allocating duties to the persons, the extent of liabilities of the person would be clearly explained to the concerned person. It will enable the person to accept the authority and discharge his duties.

**8. 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.

**9. 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. It will avoid the problems of dual subordination or conflicts in the organisational set up. Besides, it increases co-ordination among the officers.

**10. Principle of correspondence:** Authority and responsibility should be in parity with each other. If it is not so, the work cannot be effectively discharged by any officers, whatever his ability may be. At the same time, if authority alone is delegated without responsibility, the authority may be misused. In another sense, if responsibility is delegated without the authority, it is a dangerous one.

**11. 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. It will result in the non completion of any work. In the absence of unity of command, there is no guidance available to the subordinates and there is no controlling power for the top executives of the organisation. Further, some subordinates will have to do more work and some others will not do any work at all.

**12. Principle of balance:** There are several units functioning separately under one organisational set up. The work of one unit might have been commenced after the completion of the work by another unit. So, it is essential that the sequence of work should be arranged scientifically.

**13. Principle of equilibrium balance:** The expansion of business activities require some changes in the organisation. In certain periods, some sections or departments are overloaded and some departments are under loaded. During this period, due weightage should be given on the basis of the new work load. The overloaded sections or departments can be further divided into sub sections or sub-departments. It would entail in the effective control over all the organisational activities.

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

**15. 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.

Span of control refers to the maximum number of members effectively supervised by a single individual. The number of members may be increased or decreased according to the nature of work done by the subordinate or the ability of the supervisor. In the administration area, under one executive, nearly four or five subordinates may work. In the lower level or the factory level, under one supervision, the twenty or twenty five number of workers may work. The span of control enables the smooth functioning of the organisation.

**16. Principle of leadership facilitation:** The organisational set up may be arranged in such a way that the persons with leadership qualities are appointed in key positions. The leadership qualities are honesty, devotion, enthusiasm and inspiration.

**17. Principle of exception:** The junior officers are disturbed by the seniors only when the work is not done according to the plans laid down. It automatically reduces the work of middle level officers and top level officers. So, the top level officers may use the time gained by reduction in workload for framing the policies and chalking out the plans of organisation.

**18. 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.

**19. 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.

**20. Principle of simplicity and homogeneity:** The organisation structure should be simple. It is necessary to understand a person who is working in the same organisation. If the organisation structure becomes a complex one, junior officers do not understand the level and the extent of responsibility for a particular activity. The simplicity of the organisational structure enables the staff members to maintain equality and homogeneity. If equality and homogeneity are maintained in one organisation, it is possible to determine whether the staff members discharge their duties to realise the objective of the organisation.

**21. 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. All the groups or departments are requested to co-operate to attain the main objectives or in implementing major plan of the organisation.

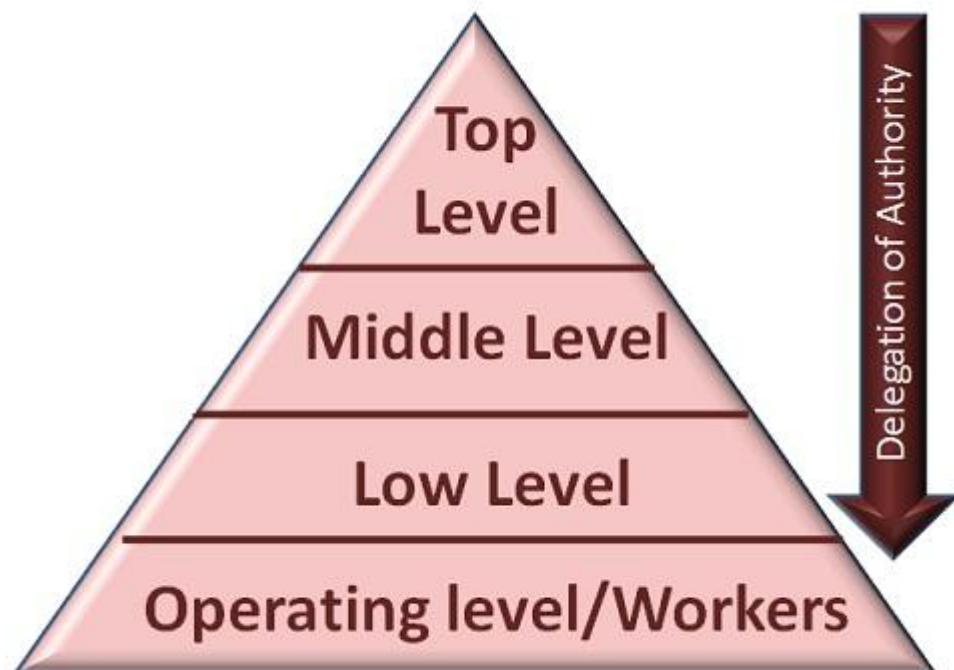
**22. Principle of joint decisions:** In the business organisation, there are number of decisions taken by the officers to run the business. If a complicated problem arises more than one member examines the problems and takes the decisions. Whenever the decision is taken jointly, the decision gives the benefit for a long period and the decision is based on various aspects of the organisational set up.

# **Delegation of Authorities**

## **Introduction**

In other words, a delegation of authority involves the sharing of authority downwards to the subordinates and checking their efficiency by making them accountable for their doings. In an organization, the manager has several responsibilities and work to do. So, in order to reduce his burden, certain responsibility and authority are delegated to the lower level, i.e. to the subordinates, to get the work done on the manager's behalf.

Under the delegation of authority, the manager does not surrender his authority completely, but only shares certain responsibility with the subordinate and delegates that much authority which is necessary to complete that responsibility.



## Meaning

**Delegation of Authority** means division of **authority** and powers downwards to the subordinate. **Delegation** is about entrusting someone else to do parts of your job. **Delegation of authority** can be **defined** as subdivision and sub-allocation of powers to the subordinates in order to achieve effective results.

## Importance of Delegation of Authority

### **1. Effective management:**

In the delegation process managers pass routine work to the subordinates. So they are free to concentrate on other important matters. The main job of managers is to get the work done effectively and by delegating the authorities and responsibilities managers can get the work done effectively and efficiently from the subordinates.

### **2. Employees' Development:**

As a result of delegation employees get more opportunities to utilise their talents. It allows them to develop those skills which help them to perform complex task. Delegation help in making better future managers by giving them chance to use their skills, gain experience of work related to higher job position.

### **3. Motivation of employees:**

In the delegation when the manager is sharing his responsibilities and authority with the subordinates it motivates the subordinates as they develop the feeling of belongingness and trust which is shown to them by their superiors. Some employees can be motivated by such kind of non-financial incentives.

### **4. Facilitates organisational growth:**

In the process of delegation when the managers are passing their responsibility and authority to the subordinates they keep in mind the

qualification and capability of all the subordinates. This leads to division of work and specialisation which is very important for organisational growth.

### **5. Basis of Management Hierarchy:**

Delegation establishes superior-subordinate relationship which is the base for hierarchy of managers. The extent of power delegated to subordinates decides who will report to whom, and the power at each job position forms the Management Hierarchy.

### **6. Better Coordination:**

In delegation systematically responsibility and authority is divided and employees are made answerable for non-completion of task. This systematic division of work gives clear pictures of work to everyone and there is no duplication of work clarity in duties assigned and reporting relationship brings effective coordination in the organisation.

### **7. Reduces the work load of managers:**

In the process of delegation, the managers are allowed to share their responsibilities and work with the subordinates which help the managers to reduce their work load. With the process of delegation the managers can pass all their routine work to the subordinates and concentrate on important work. Without delegation managers will be overburdened with the work.

### **8. Basis of superior-subordinate relationship:**

In the delegation process only two parties are involved that is superior and subordinate. If superiors share or pass their responsibilities and authorities to the subordinates it indicates good relationship between the superior and subordinate because superiors will transfer their responsibility and authority to their subordinates only when they have trust in them. So delegation improves the relations between superiors and subordinates.

## Process of Delegation of Authority

The process of delegation of authority comprises of four steps which are as follows:

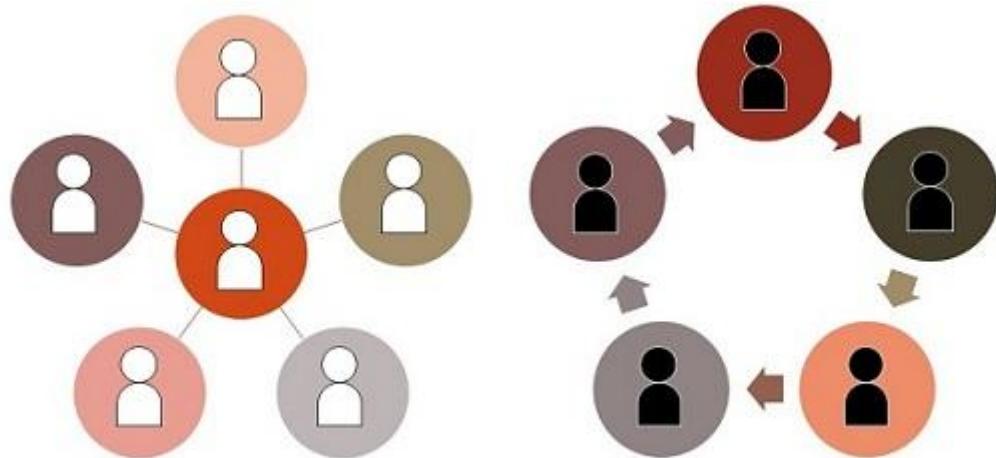


1. **Assignment of Duties to Subordinates:** Before the actual delegation of authority, the delegator must decide on the duties which he wants the subordinate or the group of subordinates to perform. Here, the manager lists the activities to be performed along with the targets to be achieved, and the same is spelled out to the subordinates. Thus, in the first stage, the duties are assigned to the subordinates as per their job roles.
2. **Transfer of Authority to perform the duty:** At this stage, an adequate authority is delegated to the subordinate which is essential to perform the duty assigned to him. A manager must make sure; that authority is strictly delegated just to perform the responsibility, as more authority may lead to its misuse by the subordinate.
3. **Acceptance of the Assignment:** At this stage, the subordinate either accepts or rejects the tasks assigned to him by his superior. If the subordinate or the delegate, refuses to accept the duty and the authority to perform it, then the manager looks for the other person who is capable of and is willing to undertake the assignment. Once the assignment gets accepted by the subordinate, the delegation process reaches its last stage.
4. **Accountability:** The process of delegation of authority ends at the creation of an obligation on the part of the subordinate to perform his responsibility within the powers assigned to him. Once the assignment is accepted by the subordinate, then he

becomes responsible for the completion of the duty and is accountable to the superior for his performance.

Thus, the process of delegation of authority begins with the duties assigned to the subordinates and ends when the subordinate is obliged to carry out the operations as intended.

## Difference between Centralization and Decentralization



## CENTRALIZATION Vs DECENTRALIZATION

Centralization and Decentralization are the two types of structures, that can be found in the organization, government, management and even in purchasing. **Centralization** of authority means the power of planning and decision making are exclusively in the hands of top management. It alludes to the concentration of all the powers at the apex level.

On the other hand, **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.

To determine whether an organization is centralized or decentralized greatly depends on the location of decision-making authority and the degree of decision-making power at lower levels. There is a never ending debate between these two terms to prove which one is better.

<b>BASIS FOR COMPARISON</b>	<b>CENTRALIZATION</b>	<b>DECENTRALIZATION</b>
Meaning	The retention of powers and authority with respect to planning and decisions, with the top management, is known as Centralization.	The dissemination of authority, responsibility and accountability to the various management levels, is known as Decentralization.
Involves	Systematic and consistent reservation of authority.	Systematic dispersal of authority.
Communication Flow	Vertical	Open and Free
Decision Making	Slow	Comparatively faster
Advantage	Proper coordination and Leadership	Sharing of burden and responsibility
Power of decision making	Lies with the top management.	Multiple persons have the power of decision making.
Implemented when	Inadequate control over the organization	Considerable control over the organization
Best suited for	Small sized organization	Large sized organization

## Types of Organisation

### I. LINE ORGANISATION

Line organisation is the simple and oldest type of organisation followed in an organisation. Under line organisation, each department is generally a complete self-contained unit. A separate person will look after the activities of the department and he has full control over the department.

There are certain powers which will be given to line executives to take decisions whenever a need arises. He communicates his decision and orders to his subordinates. The subordinates, in turn, can communicate them to those who are immediately under them.

Such decision making authority is to flow from the top management level to the bottom. The top management people have greater decision making authority than the bottom level executives. It should be noted that in this type of organisation, an executive is independent of other executives of the same level (say departmental heads). In other words, the same level executives do not give or receive any orders amongst themselves. But they receive orders from their immediate boss (general manager) and give orders to their subordinates. Hence, it is known that all the departmental heads are responsible to the general manager. The general manager, in turn, is responsible to the board of directors. The board of directors is responsible to the shareholders who are the owners..

This type of organisation is followed in the army on the same pattern. So, it is called *military* organisation. Under this type of organisation, the line of authority flows from the top to bottom vertically. So, it is called line organisation.



#### CHARACTERISTICS OF LINE ORGANISATION

1. It consists of direct vertical relationships.
2. Authority flows from top level to bottom level.
3. Departmental heads are given full freedom to control their departments.
4. Each member knows from whom he would get orders and to whom he should give his orders.
5. Operation of this system is very easy.
6. A senior member has direct command over his subordinates.
7. Existence of direct relationship between superiors and subordinates.

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8. Each member knows to whom he is responsible for the accomplishment of objectives of the organisation.
9. The superior takes decisions within the scope of his authority.

#### **ADVANTAGES OF LINE ORGANISATION**

**1. Simplicity:** A line organisation is very easy to establish. Its workers can understand the concept and relationship with others without any difficulty. There is no complication in its ideals.

**2. Division of authority and responsibility:** Each person has his area of authority which is clearly explained to him. So he knows to whom he is responsible for doing the job. No person could share off his own responsibility after it has been fixed.

**3. Unity of control:** According to unity of control, an individual can receive orders only from one superior. It means, that a subordinate is responsible only to one superior and he gets orders only from him.

**4. Speedy action:** Under line organisation, there is a proper division of authority and responsibility and unity of command. Hence, an individual can take decisions and execute the plans without any delay.

**5. Discipline:** The authority flows from top to bottom. Loyalty and discipline can be maintained among the employees of the organisation without much difficulty.

**6. Economical:** Since line organisation is a single type of organisation, it is economical.

**7. Co-ordination:** The business activities are grouped on functional basis. Each department is responsible for a function, so the department heads can get co-ordination from the workers who are working under them.

**8. Direct communication:** There is a direct relationship between the superior and the subordinate at all levels of organisation. This will help to know each other intimately. This ensures direct communication between the staff members and increases the efficiency of the employees.

**9. Flexibility:** Adjustments in the organisation can be easily made to suit the changing conditions of the business.

#### **DISADVANTAGES OF LINE ORGANISATION**

**1. Lack of specialisation:** Each person is responsible for the overall exhibition of activities relating to his department alone. He is not expected to be an expert in all aspects of managerial task. He simply gives instructions to his subordinates and does not specialise in certain phases of operation.

**2. Over loading:** Whenever the scale of operations or size of the business unit increases, this system gives over work to the existing executives. So, they are not in a position to direct and control the efforts of their subordinates properly.

**3. Lack of initiative:** Since maximum authority is invested with the top management, the departments will lose their initiative to motivate the subordinates.

**4. Scope for favouritism:** Only one person controls the activities of the department when there is a scope for favouritism and nepotism.

**5. Dictatorial:** Under line organisation, a subordinate should carry out the instructions and orders which are given by the superior. If not, he will be penalised. This entails in autocratic and aristocratic approach in administration. So, managers will become dictators and not leaders.

**6. Limited communication:** In normal time, the communication moves downwards but very rarely it moves upwards. The downward communication may be orders, instructions etc. If upward communication is allowed, the management may know the grievances of employees. But upward communication is not preferred by the top management. So it results in limited communication.

**7. Unitary administration:** Each department's activities are looked after by a single executive who takes all the decisions relating to his department. Hence, the successful functioning of that department depends on his abilities.

**8. Subjective approach:** The degree of availability of authority is more to the superior than to the subordinates. So the superior takes decision without considering the opinions of the subordinates. The subordinate should follow the decisions taken by the superior.

**9. Instability:** The success of this type of organisation depends mostly on the ability of only few strong men and the failure of this organisation is likely due to the inability of the same persons.

**10. Lack of co-ordination:** The co-ordination among the departmental heads is not easy to achieve. The reason is that the executive of a department does not consider other departments important. This will result in the lack of co-operation and team spirit.

**11. Unsuitability for large scale enterprise:** This type of line organisation is not suitable for a large-scale enterprise which requires specialisation.

**12.** The business activities may be divided according to the will of the manager rather than according to any scientific plan.

**13.** The system has no means of appreciating the efficient worker and punishing of the inefficient worker.

**14.** Under line organisation, efficient persons are essential to the top management. Practically, it is very difficult to find efficient persons for small organisations.

**15.** The required time and efforts are insufficient for managerial planning, research and development and controlling activities of the organisation.

## **Suitability**

1. This type of organisation is suitable to small size business units.
2. Where the activities are of routine nature or machine based.
3. If the business activities are service minded.
4. Where the number of persons working is small.
5. The business operation is simple in nature.
6. A business unit which has straight methods of operations.

## II. FUNCTIONAL ORGANISATION

Under line organisation, a single person is incharge of all the activities of the concerned department. Here, the person incharge finds it difficult to supervise all the activities efficiently. The reason is that the person does not have enough capacity and required training. In order to overcome the limitations of line organisation, F.W. Taylor proposed a new type of organisation called *functional organisation*.

Under functional organisation, various specialists are selected for various functions performed in an organisation. These specialists will attend to the work which are common to different functions of various departments. Workers, under functional organisation, receive instructions from various specialists. The specialists are working at the supervision level. Thus, workers are accountable not only to one specialist but also to the specialist from whom instructions are received. Taylor advocated this organisation as a point of the scheme of scientific management. Directions of work should be decided by functions and not by mere authority.

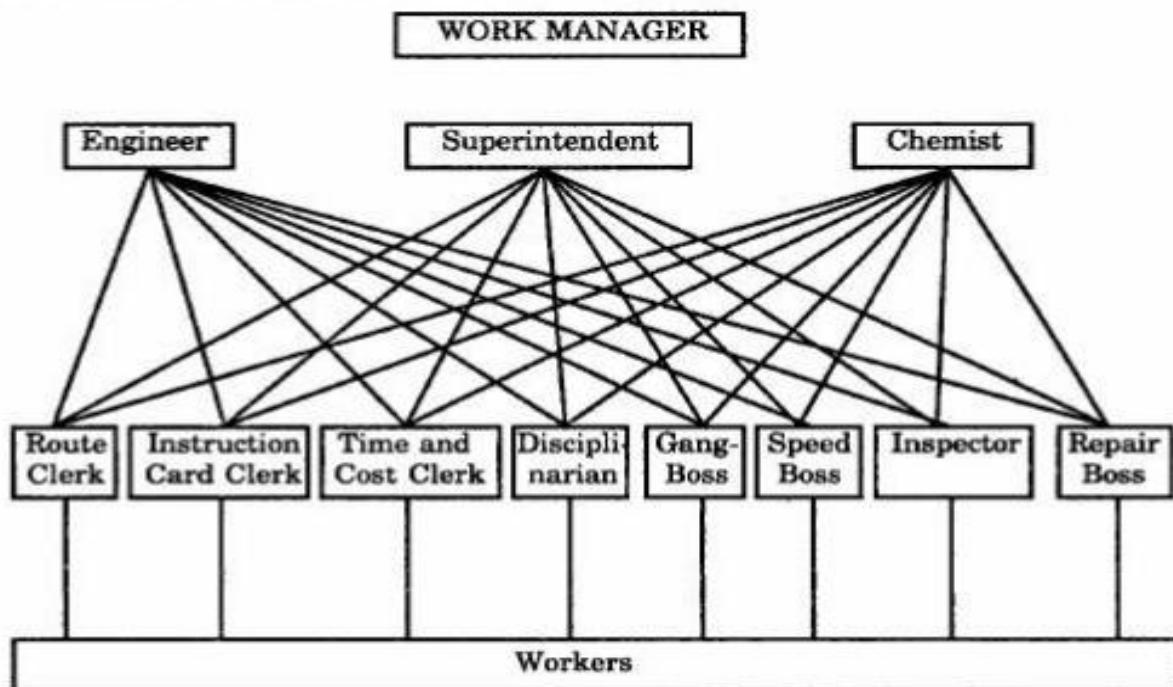
The need for functional organisation arises out of:

- (i) The complexity of modern and large-scale organisation;
- (ii) A desire to use the specialisation in full and;
- (iii) To avoid the work-load of line managers with complex problems and decision-making.

### CHARACTERISTICS OF FUNCTIONAL ORGANISATION

1. The work is divided according to specified functions.
2. Authority is given to a specialist to give orders and instructions in relation to specific function.
3. Functional authority has right and power to give command throughout the line with reference to his specified area.
4. The decision is taken only after making consultations with the functional authority relating to his specialised area.
5. The executives and supervisors discharge the responsibilities of functional authority.

F.W. Taylor, the father of scientific management, recommended a functional organisation of activities at the top level. According to Taylor, a foreman should not be burdened with looking after all the activities of his work. Instead, he should be assisted by a number of specialists in solving the problems. The following chart will also help to understand the functional organisation.



**1. Route clerk:** He is a technical expert. He fixes the route through which each work should travel up to the stage of completion.

**2. Instruction card clerk:** He is expected to draft instructions to workers on the basis of the route fixed by the route clerk. These instructions are written on a separate card.

**3. Time and cost clerk:** This clerk fixes the standard time for each work and the cost incurred for each work. He gives instructions to the workers to record the time actually spent by the workers and actual cost incurred for completion with standard time and cost.

**4. Gang boss:** This worker is expected to see the various machines and materials kept ready for workers to perform the work.

**5. Speed Boss:** He advises the worker to complete the work within the standard time considering the speed of the machines. Besides, the speed boss sees whether each work is completed in time or not.

**6. Inspector:** The Inspector checks up the quality of each work and certifies it as standard. Actually, the accuracy of work is checked with reference to the specification.

**7. Repair boss:** His work starts only after the actual work is performed by the workers. He is concerned with the up-keep of machines and other equipments. It means that the responsibility of the repair boss is the maintenance of machines.

**8. Disciplinarian:** He implements the rules and regulations of the entire organisation. He is a peacemaker of the organisation. He also checks whether each work is performed in a systematic and perfect manner.

The route clerk, the instructions clerk and time and cost clerk work in the planning department. The gang boss, speed boss, inspector, and repair boss belong in the factory section of the organisation. The disciplinarian is not a staff of any section but he is responsible for the workers' conduct.

### **ADVANTAGES OF FUNCTIONAL ORGANISATION**

**1. Benefit of specialisation:** Under the functional organisation, each work is performed by a specialist. It helps to enhance the efficiency of the organisation. Each work is divided among the workers scrupulously.

**2. Application of expert knowledge:** Planning function and execution function are divided separately and each function is entrusted to a specialist in the line organisation. So, the specialists can use their expert knowledge in the actual performance of work.

**3. Reducing the work load:** Each person is expected to look after only one type of work. It reduces the unnecessary work allotted to them. Hence, the quality of work and effective control over the work are achieved.

**4. Efficiency:** Since each worker is responsible for each work, the workers can concentrate on the work allotted to them. They could assure proficiency in the work.

**5. Adequate supervision:** Each staff member is incharge of a work. So, he can devote enough time to supervise the workers.

**6. Relief to line executives:** Under functional organisation, the instructions are given by the specialist directly to the actual workers. Hence, the line executive does not have any problems regarding the routine works.

**7. Co-operation:** A single person could not have full control over the workers in the organisation. So, there is a possibility of promotion among the executives of the organisation.

**8. Mass production:** Large-scale production can be achieved with the help of specialisation and standardisation.

**9. Economy:** Under functional organisation, each specialist is responsible to the performance of a work. Wastage in the production can be avoided and the expenditure could be considerably reduced.

**10. Flexibility:** Any change in the organisation can be introduced without any difficulty.

### **DISADVANTAGES OF FUNCTIONAL ORGANISATION**

**1. Complex relationship:** A single worker is working under eight specialists under functional organisation. It is very difficult for the worker to be responsible to all persons. This results in conflict between the workers and the specialist.

**2. Discipline:** It is very difficult to maintain discipline among the workers when a single worker has to serve many masters.

**3. Over specialisation:** The organisation can reap the advantages of specialisation. But at the same time, there might be overlapping of authority and divided responsibility.

**4. Ineffective co-ordination:** The extent of authority of a specialist is not correctly defined. It creates problems while getting the co-operation among the specialists.

**5. Speed of action:** When the control of a worker is divided among the specialists, the speed of action of the workers may be hampered.

**6. Centralisation:** Eight specialists are guiding and directing the workers to perform the work. So, the workers do not have any scope for doing the job on their own. This leads to the centralisation of authority.

**7. Lack of responsibility:** If there is any defect in the performance of work, the management is not in a position to fix the responsibility for it. The reason is that none of the eight specialists is ready to own the responsibility. They may shift the responsibility to any one among themselves for the poor performance of the work.

**8. Increasing the overhead expenses:** The remuneration of the specialist may be higher than that of the foreman or supervisor.

**9. Poor administration:** Since many specialists control the same group of workers, no effective administration of workers could be ensured.

#### **Suitability of functional organisation**

It is very suitable to a business unit which is engaged in manufacturing activities.

### **III. LINE AND STAFF ORGANISATION**

There are some advantages and disadvantages both in the line organisation and functional organisation. In order to reap the advantages of both line organisation and functional organisation, a new type of organisation is developed, i.e., line and staff organisation. Under line and staff organisation, the disadvantages of line organisation and functional organisation may be avoided to some extent.

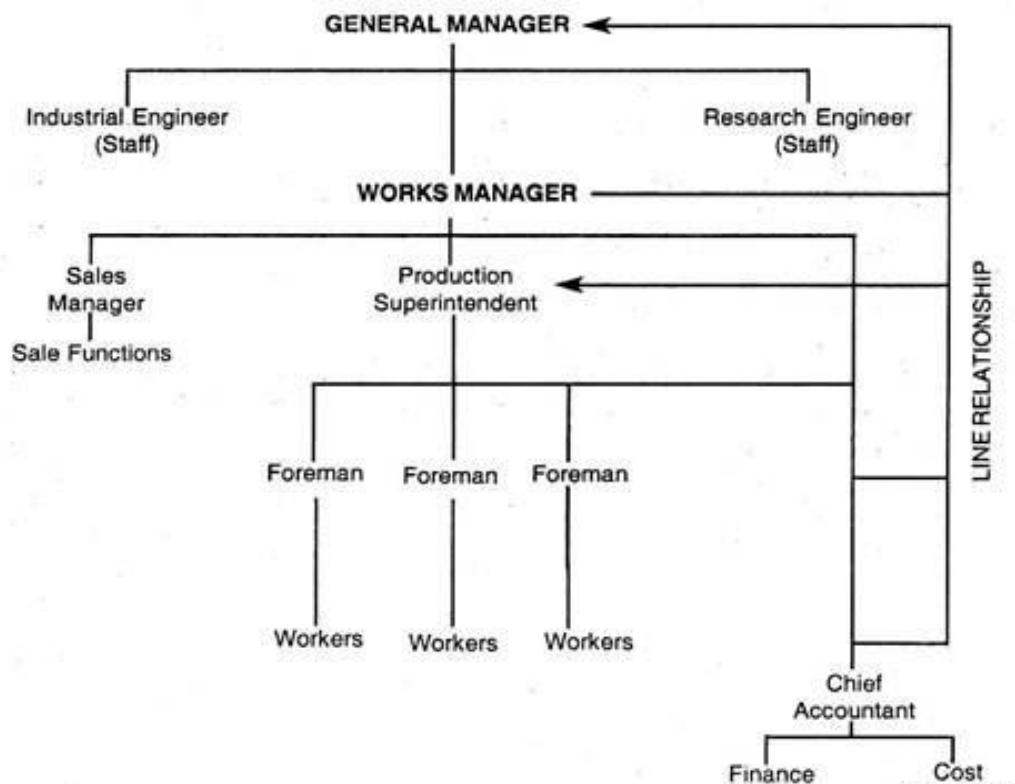
The line officers have authority to take decisions and implement them to achieve the objectives of the organisation. The line officers may be assisted by the staff officers while framing the policies and plans and taking decisions.

In the fast developing industrial world, the line officers are not in a position to acquire the technical knowledge. For example, while taking decisions regarding the production, technical knowledge is needed to take correct decisions.

This type of gap may be bridged with the help of staff officers. The staff officers may be experts in a particular field. Then, the line officers can get expert advice from the staff officers before taking the final decisions. According to Allen, "Staff refers to those elements of the organisation which provide advice and service to the line."

The authority flows from top level to the lower level of the organisation through the line officers while the staff officers attached to the various departments advise the departments. The staff officers do not have any authority to control anybody in the organisation. Besides, the staff officers are not in a position to compel the line officers to follow the advice given by them. Each department is headed by a line officer who exercises full authority regarding the planning, implementation and control of workers under him with the help of staff officers. There is no connection between workers and the staff officers of

any department. The workers get the instructions only from the line officers. Hence, the unity of command and specialisation are followed in this organisation.



(d) Chart of a Line and Staff Organisation.