

Unit 4**Organising and Staffing****Structure:**

- 4.1 Introduction
 - Objectives
- 4.2 Case Study
- 4.3 Definition and Importance of Organising
- 4.4 Types of Organisations
- 4.5 Organisational Division and Span of Control
- 4.6 Types of Departmentation
- 4.7 Staffing and its Importance in the Organisation
- 4.8 Line and Staff Concept
- 4.9 Staffing Concept and HR Management
- 4.10 Summary
- 4.11 Glossary
- 4.12 Terminal Questions
- 4.13 Answers

4.1 Introduction

In the previous unit, we dealt with planning and decision-making. We discussed the importance and types of planning and the steps in planning. We also analysed introduction to model in planning and decision making.

Once a plan evolves, it is very important to implement the plan because plans without actions are a taboo in the business world. In order to implement, one has to have an organisational set up. Organising is centred on the concept of specialisation and division of work. By dividing and grouping on the basis of similarity, we arrive at organising. Organising is thus an effective and necessary tool to implement the plan. Some are of the opinion that if the leadership and people are good, an organisation can run even without organising. Well, that may be true in some cases but imagine what the organisations would be missing if they had created a combination of good leaders, people, and organising. So, let us not miss out on the value of organising. To run any organisation we need man and machines. Machines may be computers in knowledge work or mechanical instruments or devices in a factory, which are manned. Besides various other activities

of the organisation such as managing, planning, making strategy, etc., people are also needed. To find people and to put them into the job is a scientific process. In fact, the entire gamut of HR and HR management is about staffing the organisation to get maximum productivity from people. Most young managers are involved in staffing more than in planning and organising and therefore the need to know this thoroughly.

Objectives:

- To understand what an organisation is and its importance for business.
- To learn about the types of organisation
- To understand organisational division and span of control
- To learn about various types of departmentation
- To understand staffing and its importance in the organisation.
- To understand the line and staff concept
- To understand the delegation and authority
- To highlight the linkage between staffing concept and Human Resources Management

Learning Outcomes

After studying this unit, you will be able to:

- define organising.
- describe the importance of organising.
- explain organisational division and the span on control.
- define staffing and describe its importance.
- differentiate between line and staff concept.
- identify the relation between delegation and authority
- describe the linkage between staffing and hr management.

4.2 Case Study**Rander Corporation**

Rander Corporation started as a small entity in 1949, in Agra handling leather and footwear. The business was very profitable and it ventured into several other areas by 1970. In 1970, it entered into IT and IT enabled service, went for an initial public offering and expanded into infrastructure and airlines. It was started with a simple structure by Mr. Randhir Singh. His son who was a graduate from a reputed business

school in US took charge in late 2005; but in the meanwhile the corporate had expanded in every direction. Some consultants advised him to sell off the unrelated business while others said that it can be managed by organising appropriately. They strengthened their argument with examples of so many companies in the world, which had unrelated businesses.

Meanwhile, Rander Corporation moved its corporate headquarters to Gurgaon in the National Capital Region and organised it into IT, IT enabled service, infrastructure, airlines, leather, and exports. It engaged a CEO for each of these. But this did not solve its organisation problem. The organisation of IT and IT enabled service was quite different from others. The innovative and relatively free employees and managers of IT had spun off a social networking community, which started growing day by day with its own variations to include free e-mail service, semi-paid matrimonial and they also ventured into a job portal. It had a large number of projects and therefore the project teams would consist of people from marketing, finance, operations, and design departments. It had also entered into exporting anything and everything from leather, finished leather goods, cashew, tea, spices, diamonds, fish, fruits, etc. to various countries and each of these countries had different laws and agents. The airline business was another ball game. The government control, fuel prices, and the level of leasing jobs required a large number of specialists and the CEO had to keep a close watch of all these. Any small incident could blow up into a major issue. The customers were also highly discerning and almost every government department had control over it. The infrastructure was a greater headache with bidding, problems of land acquisition and delayed payments by the government agencies and high level of investment, which required mobilising huge funds. After several rounds of discussion with the consultants, the company had the following doubts:

- Should it break away from the convention and adapt different types of departmentation and different structures for each business?
- Could it follow a strategic business unit concept?
- Does it need matrix organisation in some places?

The questions on organising appeared endless.

4.3 Definition and Importance of Organising

The term organisation is used in a generic sense by many to mean anything from a company such as Vodafone to a cultural organisation. The word organising often refers to conducting a party or meeting. But for practising managers, the term organisation means the formalised and intentional structure of roles and positions.

Organising is a function of the management that follows planning. In order to execute the plan and move towards the goal of the business or any concern, several activities have to be performed. These include human activities, activities by machines, financial activities, marketing of the products and services, etc. Thus we get results only when all the resources are put into action through numerous activities. The term organising means doing these activities in a logical and systematic way so as to get the maximum results. By implication, it also means communicating between various activities to achieve co-ordination. Thus, the organising function helps in achievement of results. According to *Chester Barnard*, “*Organizing is a function by which the concern is able to define the role positions, the jobs related and the co-ordination between authority and responsibility.*” Hence, a manager always has to organise in order to achieve results.

Organising can thus be described as:

- Identifying and classifying of required activities.
- Grouping of activities to attain the objective.
- Assigning each group to a person (or manager) with the required authority to supervise, execute, and to be held responsible for the output.
- Providing co-ordination horizontally (at the same level in the concern) and vertically (between higher and lower organisational hierarchy) by creating an order.

Thus, organising is about creating an intentional structure of roles. It means that the activities that people do and the roles they occupy are deliberately created.

Organising is important for the following reasons:

- **Creates roles** – Organising enables a business to create roles or in other words, it links a person to an activity with its own set of

responsibility. Thus an activity and a person who must perform the activity are linked.

- **Facilitates specialisation** – Through organising, all the roles can be categorised into cohesive wholes based on similarity. Thus, the activities along with the roles can be divided into units and departments. This division helps in bringing specialisation in various activities of the business and thus enhances efficiency.
- **Clarifies authority** – Organisational structure helps in clarifying the role positions of every manager by defining the powers of each role, the reporting structure, with whom a manager should communicate and coordinate so that all the activities run smoothly such that the productivity increases.
- **Enables co-ordination** – By defining the above relationship, organising automatically brings co-ordination in activities and ensures mutual co-operation among individuals (roles). It prevents role conflicts and if it exists, it gives a method to redefine the roles and the relationship to remove such conflicts.
- **Facilitates effective administration** – Organising is helpful in defining the job positions. Thus, it enables a concern to administer the entire system smoothly.
- **Supports growth and diversification** – It facilitates the growth of a company by creating functional and homogenous entities of business with clear demarcation and yet clear linkages. Thus, organising facilitates creating well defined structures without which a concern cannot grow.
- **Provides sense of security** – It gives a sense of security to the employees and managers by clearly indicating their areas of control and its relative importance.
- **Defines power, authority and responsibility, delegation and decentralisation** – Organising defines the power of each manager and thereby not only prevents abuse and conflicts. It also defines the authority and the responsibility. By doing so, it makes a person accountable for a task and thus facilitates goal setting, goal achievement,

and reward management. It also enables delegation and decentralisation. In fact, delegation and decentralisation will not be easy without a clear organisational structure.

- **Enables change** – Organising facilitates change. For example, if a new technology has to be introduced, it is possible to restructure the organisation and create a new and more effective way of organising to make best use of the technology. This is true for changing a process or any other change.

Self Assessment Questions

1. Organising enables a business to create roles by linking a person to an _____.
2. Activities along with the roles can be divided into units and departments. This division helps in bringing specialisation in various activities with a view to enhance _____.
3. Delegation and decentralisation will not be easy without a clear _____.
4. One of the ways to facilitate change due to introduction of new technology and process is to _____ the organisation.

4.4 Types of Organisations

Organisations are generally divided into formal and informal organisations on the basis of relationships.

Let us now study formal and informal organisations in detail.

- **Formal organisation** – In formal organisations, the relationships, roles, norms, and responsibilities are defined and are usually reduced to writing. Consequences of achieving and not achieving the goals are also defined as the rules of interacting vertically and horizontally.
- **Informal organisation** – It refers to a network of personal and social relationships which originates within the formal set up spontaneously. This relationship is built on likes, dislikes, feelings, and emotions. Therefore, social groups existing within the overall organisational structure can be called as informal organisations.

The difference between formal and informal organisations is the conscious effort made in formal organisation and the lack of it in the informal organisation. Informal organisation is not based on any rules and regulations though these organisations often create their own norms, rules, and regulations on mutual consent for achieving their own goals. E.g., a biking group in a company, which goes biking every Sunday, might create its own rules for dress, conduct, frequency, leadership, etc.

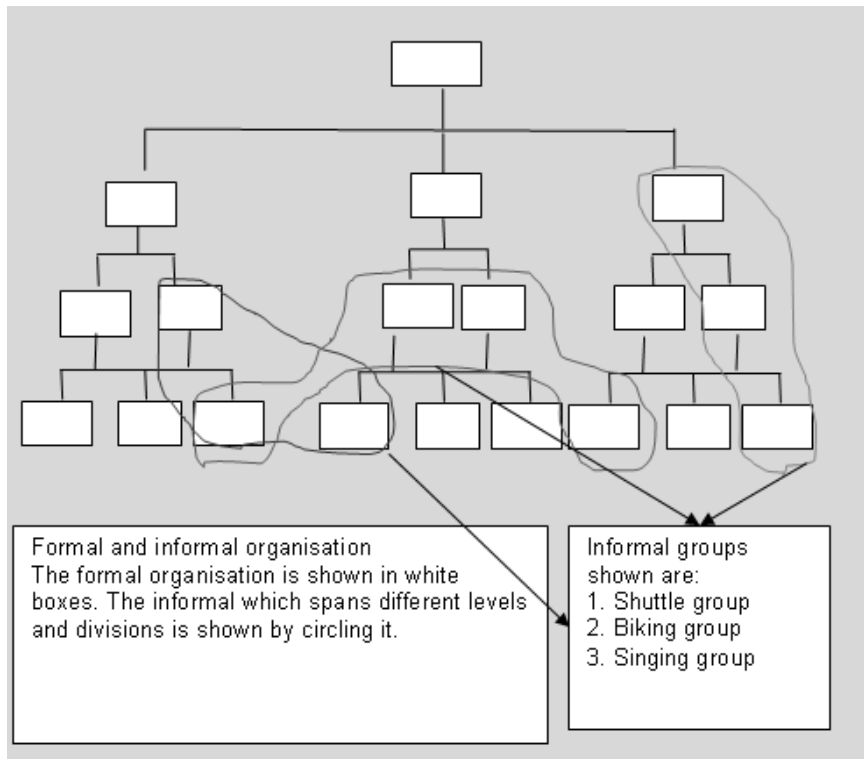


Fig. 4.1: Formal and informal organisation

Fig. 4.1 depicts the formal and informal organisation that can be found in any company.

Let us now study the relationship between formal and informal organisations.

Relationship between formal and informal organisations

For a concerns working both formal and informal organisation are important. Formal organisation originates from the set organisational structure and informal organisation originates from formal organisation. For an efficient

organisation, both formal and informal organisations are required. They are the two phases of a same concern. Formal organisation can work independently. But informal organisation depends totally on the formal organisation. Formal and informal organisation help in bringing efficient working organisation and smoothness in a concern. Within the formal organisation, the members undertake the assigned duties in co-operation with each other. They interact and communicate amongst themselves. When several people work together for achieving organisational goals, social tie ups are built and therefore informal organisation helps to secure co-operation by which goals can be achieved smoothly. Therefore, we can say that informal organisation emerges from formal organisation and synergises it. E.g., a biking group may consist of people from different departments but because they create a bond outside the organisational structure, they can interact with each other in a better way inside the organisation's formal structure.

Self Assessment Questions

5. For an efficient organisation, both _____ and _____ organisations are required.
6. An informal organisation exists outside the organisation. (True/False)
7. The difference between formal and informal organisation is the _____ effort made in the former and the lack of it in the latter.
8. In every formal organisation, informal organisations should be encouraged because it creates _____ with the formal organisation.

4.5 Organisational Division, Span of Control, and Organising Process

While organising, we group similar activities as we saw in earlier sections. When a substantial amount of similar activities are grouped we call it a division. E.g., finance division, which may have several sections such as accounting, recovery, internal audit, payroll, etc. or marketing division with sections handling sales, branding, product development, etc. The term department is a loosely used term to indicate the same. Finance department, marketing department, etc. are often used to mean the same. A department or division indicates a high degree of homogeneity and a high

degree of difference from other divisions and have its own head with considerable autonomy in decision making and accountability for output in terms of targets to be achieved.

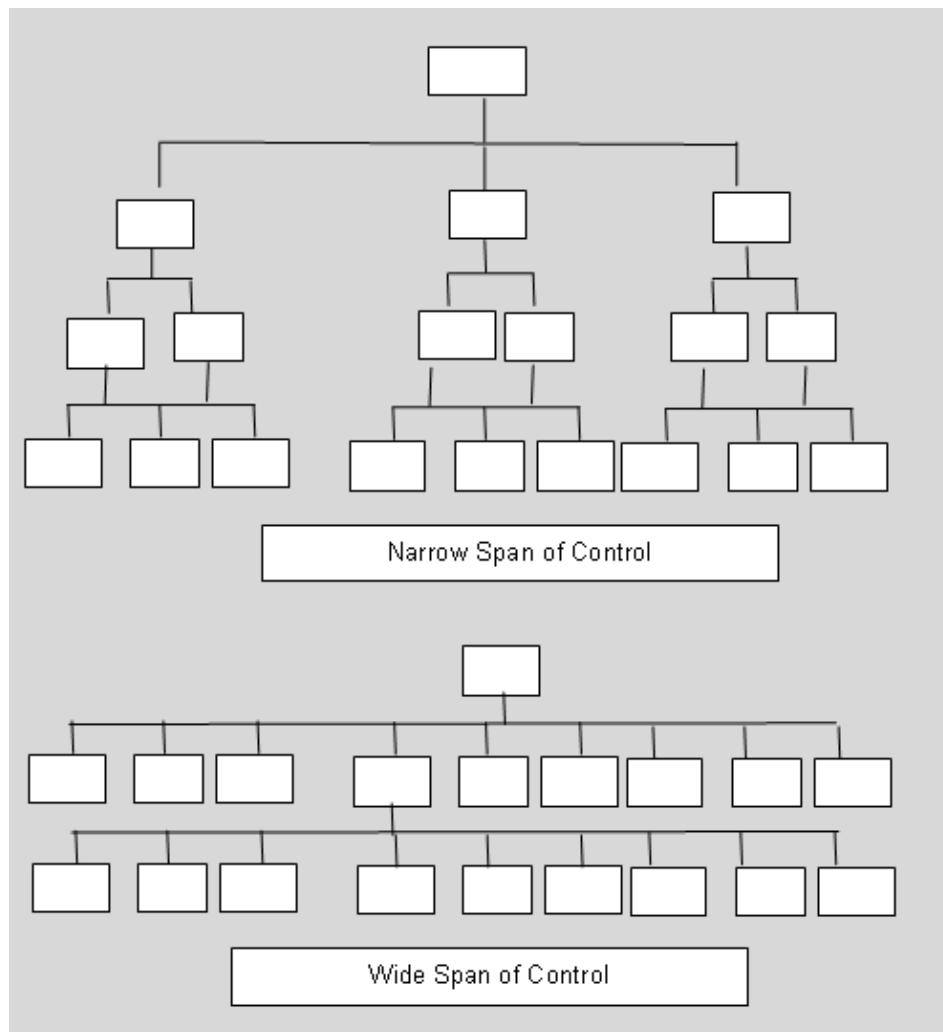


Fig. 4.2: Span of control

A department may have several homogenous sections of managers, junior managers, and employees. This leads us to the questions of how many employees should work under a manager, how many managers should work under a senior manager, then a division head, etc.

The term span of control indicates the number of employees or managers who work under one head. Span of control may be narrow or broad as seen in Fig. 4.2. When a very few people report to a head and a chain is made that way upward, then it is called narrow span. Thus in a narrow span, a department may have three or four sections, under each section head, there could be another two or three sub section and under each sub section there could be nine or ten employees. In a wide span there may be 20, 30, or more subordinates under one head. Table 4.1 depicts the advantages and disadvantages of narrow span and wide span.

Table 4.1: Advantages and Disadvantages of Narrow Span and Wide Span

Narrow Span		Wide Span	
<u>Advantages</u>	<u>Disadvantages</u>	<u>Advantages</u>	<u>Disadvantages</u>
Close supervision	Superiors tend to get too much involved in the work of subordinates	Forced to delegate	Overloaded superiors may become decision bottlenecks
Close control	Many levels of management	Clear policies must be made	Danger of superior's loss of control
Faster communication	High cost Excessive distance between top and bottom level	Subordinates must be carefully selected	Requires high quality managers

There is some optimal limit to the number of subordinate a manager can have. But considering the communication and control in mind, usually we say that the number should be within a range of seven to ten. This however depends on the nature of the industry and technology level. In a computerised environment, it is possible to have even 40 to 50 people under one head. More the number of subordinates under one head, flatter the organisation becomes. But keeping the factors that influence the span of control, a balance has to be struck.

Factors that influence the span of control

The time that a manager gets to spend with the subordinate is the fundamental factor. Based on this, several sub factors emerge and are discussed below.

- **Training** – Wide span demands high level of training while in narrow span, one can manage with less.
- **Task definition and delegation** – Wide span demands clear task definition and delegation while this can be much less in a narrow span.
- **Well defined plans and repetitive process** – If the business has these, a wide span is viable, if not a narrow span is preferred.
- **Verifiable objectives** – Wide span demands verifiable objectives and this is much less in narrow span.
- **Speed of change** – When the speed of change is high, a wide span may not be practical from a communication perspective but may not be practical if such changes need close control.
- **Organisation structure, written and oral communication** – When this is of a higher order, wide span can work well.
- **Effective interaction and meeting** – Wide span demands both more than narrow span.
- **Specialists** – When there are a greater number of specialists at the upper level, a wide span is preferable. If the number of specialists is more at the lower level, then a narrow span can work better.
- **Task simplicity** – If the task is simple, a wide span is viable.
- **Competency of managers** – With highly competent managers, a wide span works well.
- **Subordinate readiness** – If the subordinates are mature and are willing to assume responsibility, a wide span works well.

Need for balance – Ideally keeping these factors in mind, one has to balance between narrow and wide span of control.

Process of organising — Organising follows four steps after the planning stage. These steps are self explanatory. Once organising is completed, staffing process can be done.

Figure 4.3 depicts the four steps in organising.

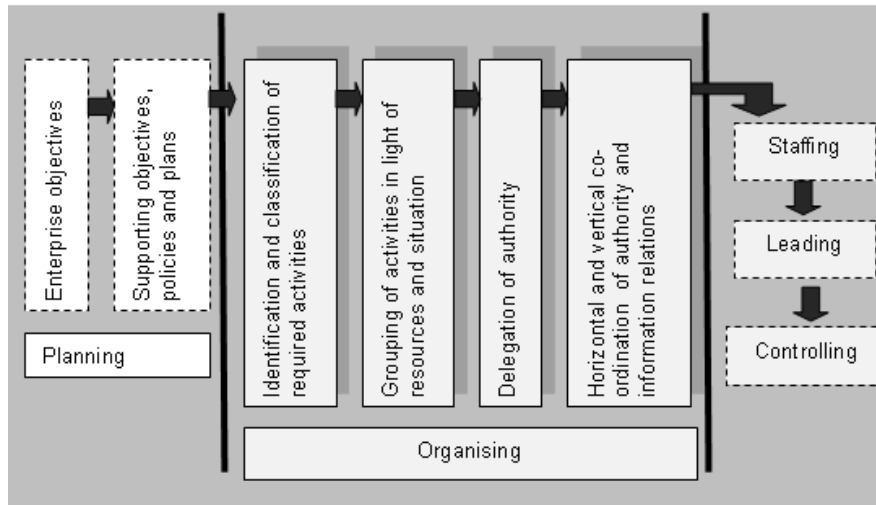


Fig. 4.3: Four Steps in Organising

Self Assessment Questions

9. The term department and _____ are often used interchangeably.
10. Narrow span facilitates close control, close supervision, and faster _____.
11. Organisations having narrow span require higher quality managers than the ones having wide span. (True/False)
12. Wide span demands _____ objectives.

4.6 Types of Departmentation

We have already discussed departmentation. There are several types of departmentation and no single method is perfect. Many organisations use different types of departmentation even within a business unit. There are no specific rules that govern departmentation but it should facilitate communication, control, speed of change, delegation, etc. Most organisations evolve and change their organising structure as they grow. Departmentation is done by the following methods:

a) By enterprise function

This is done by grouping activities as per the enterprise functions such as production, sales, financing, etc. Production means adding utility to products or services such as assembling a cycle or a car or making burgers. Selling means finding customers, clients, patients, delivering the goods, and often taking the payment. Finance includes functions such as raising money, budgeting, accounting, etc. Table 4.2 depicts the advantages and disadvantages of this format.

Table 4.2: Advantages and Disadvantages of Enterprise Function

Advantages of Enterprise Function	Disadvantages of Enterprise Function
<ul style="list-style-type: none"> • Logical reflection of function • Maintains power and prestige of major functions. • Simplifies training. • Principle of occupational specialisation Facilitates tight control on top. 	<ul style="list-style-type: none"> • Overspecialisation, narrow view points, and compartmentalised thinking. • Reduces co-ordination between functions. • Limits development of general managers. • Difficult to adapt changes quickly • Over centralised.

Fig. 4.4: depicts the schema of the enterprise function method.

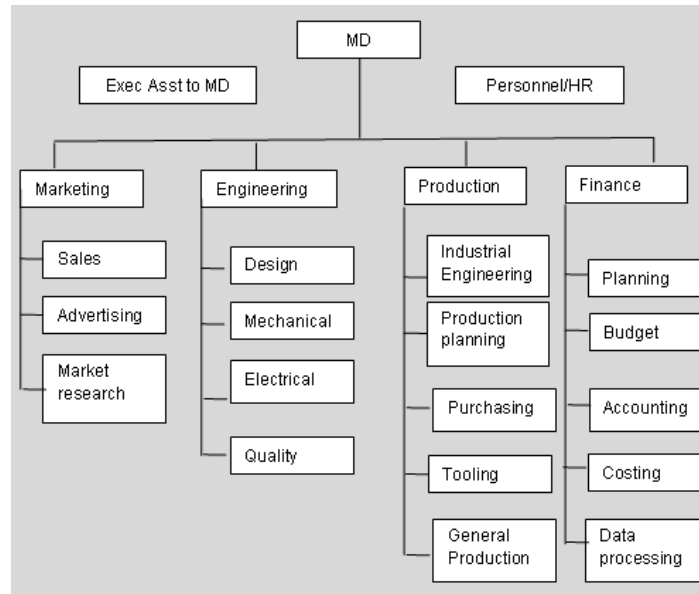


Fig. 4.4: The Schema of the Enterprise Function Method

b) By geography or territory

When a company is operational over a wide area, it is common to have the activities grouped in geographical regions. Several government services such as postal, banks, retailing, motor vehicles distribution, etc. are organised on these lines. Table 4.3 depicts the advantages and disadvantages of this method.

Table 4.3: Advantages and Disadvantages of Geography or Territory Method

Advantages of Territory Method	Disadvantages of Territory Method
Local market focus Better co-ordination Pushes responsibility down Economies of local operation Better communication	Needs more general managers Difficult to exercise top management control Economies of scale by central services may be compromised

Figure 4.5 depicts the schema of the geography or territory method.

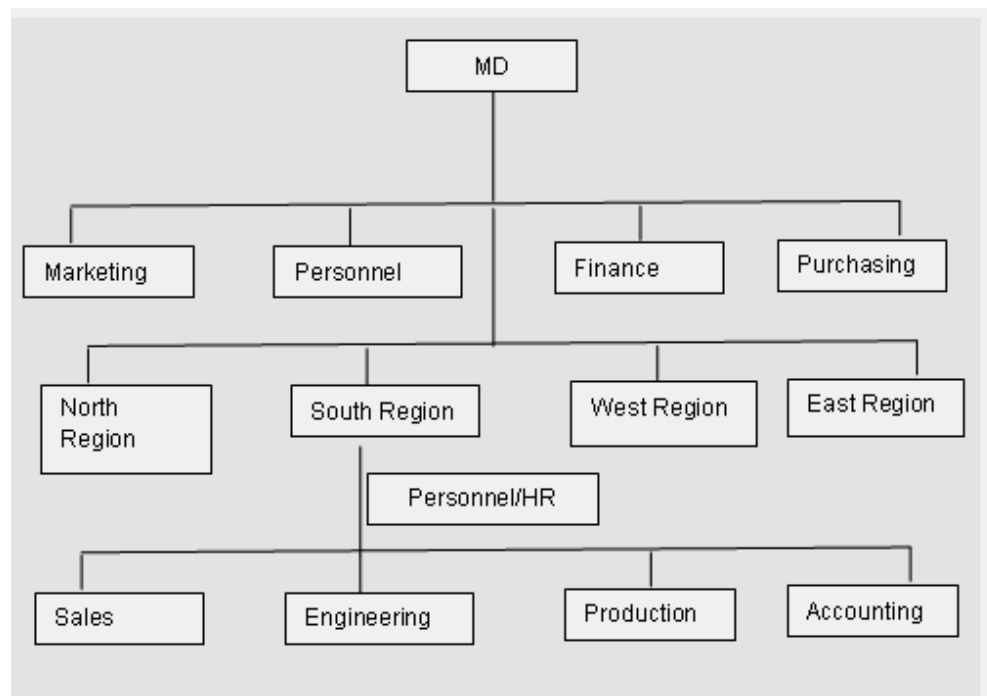


Fig. 4.5: The Schema of the Geography or Territory Method

c) By customer group

When the nature of products are highly customer specific such as banking for NRIs, it is prudent to organise the activities based on customer segments. Many organisations follow this. Table 4.3 depicts the advantages and disadvantages of this method.

Table 4.4: Advantages and Disadvantages of Customer Group Method

Advantages	Disadvantages
<ul style="list-style-type: none"> • Focus on customer needs. • Makes customer feel that the organisation takes special care of their needs. • Creates expertise in the area of the customer. 	<ul style="list-style-type: none"> • Difficult to co-ordinate operations across competing customers. • Have to employ managers with expertise in customer problems. • Often the customer segment definition is vague e.g., agriculturists can also be retail bank customers.

Figure 4.6 depicts the schema of the customer group method.

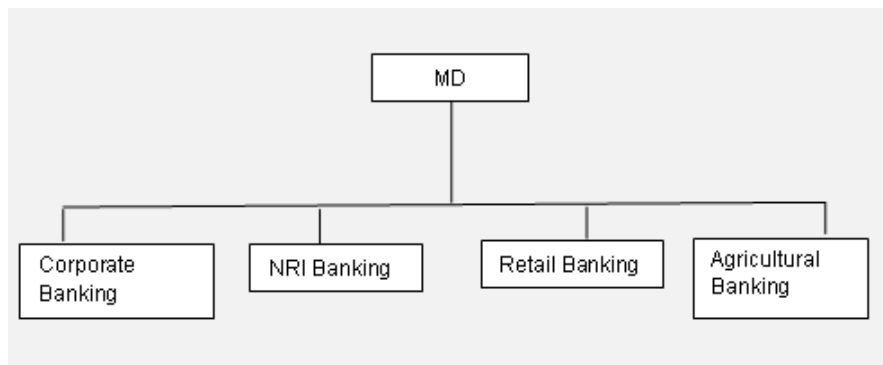


Fig. 4.6: The Schema of the Customer Group Method

d) By product

Grouping of activities by product lines has been growing in popularity especially in large companies, which span several countries with several homogenous products that can belong to a category. They have several such product categories. Hence, they move away from the enterprise function and evolve into a product organisation to facilitate better communication and control. Table 4.4 depicts the advantages and disadvantages of this method.

Table 4.5: Advantages and Disadvantages of Product Method

Advantages	Disadvantages
High focus on a product line. Ideal to use specialised knowledge in each category. Promotes growth and diversity of products in the group. Good co-ordination. Responsibility for profits fixed on the product lines. Focused training in specialised area. Promotes competition.	Economies of scale by central services may be difficult. More general managers required. Top management control is difficult to exercise.

Figure 4.7 depicts the schema of the product method.

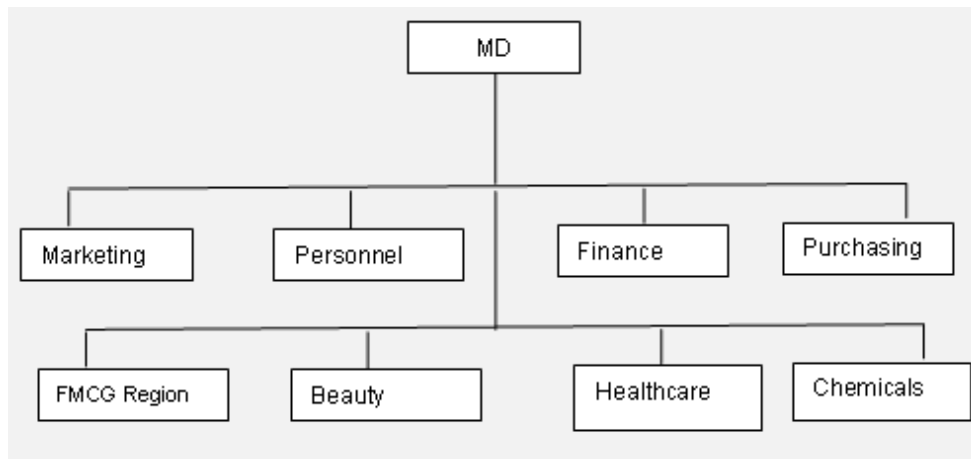


Fig. 4.7: The Schema of the Product Method

Modern types of departmentation

In addition to the above, there are a few organising structures which are meant for a fast changing and digitally controlled world. These are discussed below.

(i) Strategic Business Unit (SBU)

Some large companies have several business units and factories. For example, a chemical company which makes phosphates, urea, and acids. Each of these may be large plants with their own source of raw materials.

So each one acts as a strategic business and this is called SBU format. Each of these SBUs may be operating in several countries e.g., the urea company may have operations in Europe, Indonesia, and India. The main advantage of this type of organisation is the focus that it can create when each business is a large one.

(ii) Matrix organisation

Matrix organisation is a combination of functional and product or project patterns. A pure project organisation need not be matrix. It is the mixing of functional and project patterns that demands this type of organisation. Here, a manager reports not only to the project head, but also to the functional area. In fact, for many projects, people are drawn from a functional area e.g., a product launch project would need people from design, production, finance, quality, etc to work together. At the same time, it is not a permanent task. After the project is completed, there may be no need for a person in the project. Hence, it enables an organisation to draw people from its HR and deploy them in a project for sometime. Hence a person remains accountable to more than one head. Such organisations are highly oriented towards end results. Their professional identification is maintained. However, conflicts in the organisational authority are possible and require managers with good interpersonal skills.

(iii) Virtual organisation

Virtual organisations are those which are primarily connected by information technology and are seldom located in a place. Thus, these organisations have a global reach. Naukri.com which is a recruiting company is almost a virtual organisation though they may have a place from where its top management operates. It enables to bring the customers and the service together on a global basis and therefore the reach is really high. Most interactions including the service is largely virtual. Though it may be more difficult to co-ordinate in the initial stages as people learn the art of working in a virtual group, it becomes smooth as it can transcend space and time i.e., a service can be rendered anywhere and at any time.

(iv) Boundaryless organisation

Jack Welch of GE in his vision for the company said 'boundaryless organization' and from then on the concept has become popular. By this, he meant an open and anti parochial environment that is friendly towards

seeking and sharing new ideas, regardless of their origin. The purpose was to remove inter departmental communication issues and smoothen domestic and international operations. It supports innovation as people share ideas seamlessly.

Self Assessment Questions

13. Enterprise function based organisation structure facilitates tight _____ on top.
14. Postal service, several banks, and motor vehicle distributors tend to follow _____ based departmentation.
15. NRI banking is an example of _____.
16. Whenever a company starts a project, it shifts to matrix organisation. (True/False)

4.7 Staffing and its Importance in the Organisation

Once the organisations have created an organisational structure by grouping the activities and a manager/supervisor to co-ordinate it, we need people to man these positions and they have to be appropriate for the position. Hence, staffing can be defined as the management process, which ensures filling and keeping filled the various organisational positions required to keep the organisational activities going.

Staff function of the management consists of the following activities:

- Prepares manpower planning to match the organisational and departmental requirements.
- Determines manpower requirements of organisation in terms of quantity and quality for various activities identified.
- Makes all the necessary arrangements for acquiring needed human force through proper and effective recruitment and selection.
- Maintains human force in an effective state to include formulating effective labour policies for long period and ensuring their implementation.
- Develops manpower to its maximum by providing scientific training and conducting various development programmes.

The following are the importance of staffing:

- Fills the various positions with competent people who ensure that the activities are done as efficiently and effectively as possible. If the activities identified by organising are not filled by manpower who is able to do the activities, it would follow that no activity will take place and no goals will be achieved.
- Ensures the quality of manpower by providing appropriate goals, motivation, training, and other aspects that are essential to keep the staff from delivering.
- Impacts the productivity directly.
- Plays a vital and considerable role especially with regard to development of executives and non-executives employees.
- Helps in matching the expenditure incurred in maintaining human resource and the benefit derived out of it.
- Creates synergy with other functions of management and makes them strong e.g., without staffing there can be no planning, leading, or controlling. Therefore it is central to the management process.

Self Assessment Questions

17. Staffing can be defined as that management process which ensures _____ and keeping _____ the various organisational positions
18. Staffing function prepares manpower planning to match the organisational and departmental requirements. (True/False).
19. Staffing impacts productivity indirectly. (True/False)

4.8 Line and Staff Concept

You will hear the term 'line' and 'staff' frequently in the industry and more often about the conflict between them. Line and staff are forms of authority. However, it is important to know the existence of the staff cadre in organisations.

Authority is the right to perform or command. An authority holder can act in specified ways and directly influence the actions of others through orders. It also allows its holder to allocate the organisation's resources to achieve organisational objectives. Chester Barnard, a noted management thinker

defines authority as the character of communication by which an order is accepted by an individual as governing the actions that individual takes within the system. Barnard maintains that authority will be accepted only under the following conditions:

- The individual can understand the order being communicated.
- The individual believes that the order is consistent with the purpose of the organisation.
- The individual sees the order as compatible with his/her personal interests.
- The individual is mentally and physically able to comply with the order.

The fewer of these four conditions that are present, the lower the probability that authority will be accepted and obedience be exacted. Barnard's guidelines on what a manager can do to make the orders accepted are as follows:

- Each organisation member has an assigned formal communication channel through which orders are received and given and the manager uses them.
- The line of communication between manager and subordinate is as direct as possible.
- The complete chain of command is used to issue orders.
- The manager possesses adequate communication skills.
- The manager uses formal communication lines only for organisational business.
- A command is authenticated as from a manager.

Types of authority

Three main types of authority can exist within an organisation:

- Line authority
- Staff authority
- Functional authority

Let us now study the types of authority in detail.

Line authority

This is the most fundamental authority within an organisation. It reflects the existing superior-subordinate relationships. It consists of the right to make decisions and to give orders concerning the production, sales, finance, and

other related areas and what subordinates in these areas should do. Line authority usually pertains directly to key departments such as production, sales, finance, etc. and on how to achieve the objectives in these areas. People directly responsible for these areas within the organisation are delegated line authority to assist them in performing their obligatory activities.

Staff authority

Staff authority has the right to advise or assist those who possess line authority as well as other staff personnel. Staff authority enables those responsible for improving the effectiveness of line personnel to perform their required tasks. Harold Stieglitz has pinpointed three roles that staff personnel typically perform to assist line personnel:

- i) **Advisory or counselling role** – In this role, staff personnel use their professional expertise to solve organisational problems. The staff personnel are, in effect, internal consultants whose relationship with line personnel is similar to that of a professional and a client.
- ii) **Service role** – Staff personnel in this role provides services more efficiently and effectively by centralising these functions rather than by scattering individuals throughout the organisation e.g., one person per branch doing the payroll job. This role can probably be best understood if staff personnel is viewed as suppliers and line personnel as customers.
- iii) **Control role** – Staff personnel helps to establish a mechanism for evaluating the effectiveness of organisational plans.

Line and staff relation

Staff authority is generally used in very large organisations. As an organisation expands, it usually needs employees with expertise in diversified areas. Although small organisations may require this kind of diverse expertise, they often find it more practical to hire part time consultants to provide it when needed rather than hiring full time staff personnel, who may not always be kept busy. E.g., a plant manager has line authority over each immediate subordinate, human resource manager, the production manager, and the sales manager. However, the human resource manager has staff authority in relation to the plant manager. This means that the human resource manager has staff authority in relation to the plant

manager i.e., the human resource manager possesses the right to advise the plant manager on human resource matters. However, final decisions concerning human resource matters are in the hands of the plant manager, the person holding the line authority. The role of staff in any organisation should be specifically designed to best meet the needs of that organisation.

Line and staff conflict

Line and staff personnel must work together and when they do, organisational effectiveness would be high; but are often in conflict. From the view point of line personnel, conflict is created because staff personnel tend to:

- Assume line authority
- Do not give sound advice
- Steal credit for success
- Fail to keep line personnel informed of their activities
- Do not see the whole picture

From the view point of staff personnel, conflict are created because line personnel do not make proper use of staff personnel, resist new ideas, and refuse to give staff personnel enough authority to do their jobs.

Staff personnel can often avert line-staff conflicts if they strive to emphasise the objectives of the organisation as a whole, encourage and educate line personnel in the appropriate use of staff personnel, obtain any necessary skills that they do not already possess, and deal intelligently with the resistance to change rather than view it as an immovable barrier.

Line personnel can do their part to minimise line staff conflict by showing appreciation for the advice given by the staff, utilising their abilities, and keeping staff personnel appropriately informed.

Delegation

Delegation is the process of entrusting someone else to do a part of your job. It is the sub-allocation of duties and powers to the subordinates in order to achieve results. To delegate, one should have the authority. It is different from responsibility. Responsibility means the duty of a person to complete the task assigned to him/her and being answerable for not doing so. Another related term is accountability which means giving explanations for any

variance in the actual performance and being answerable for the end results. Accountability cannot be delegated.

Self Assessment Questions

20. Line and staff are forms of _____.
21. There are four conditions under which authority will be accepted. Larger the presence of the conditions, greater will be the probability that the authority will be accepted. (True/False)
22. There are three types of authority namely line, staff, and _____.
23. Three roles that staff perform are advisory, service, and _____.

4.9 Staffing Concept and HR Management

The entire gamut of HR management emanates from the staffing concept. If staffing is the process of ensuring that there are people for all activities, this is done through the HR process of planning, recruiting, selection, performance evaluation and management, reward management, training and development, and motivation. Hence staffing directly connects to HR.

HR planning is the process by which the requirement of manpower for an organisation is forecasted and a plan is created to recruit and select the required people. Thus the execution of staffing process starts with HR planning. Once a plan is created, the people have to be recruited. Therefore, we have the recruiting plan, which is the process of calling for applications and ensuring that sufficient numbers of qualified applications are made available. From these qualified applicants, the best are selected based on several factors through the selection system. They have to be oriented, trained, and positioned in various jobs and only then we can say that we have staffed the various activities.

Even after the employees are positioned we cannot say that staffing is complete. If an organisational activity has to be done to make the organisation effective, they have to perform. Therefore, the performance management system comes into play and sets objectives, targets, etc. and defines the way of measuring the achievement of these objectives. The employees have to be rewarded so that they remain motivated and continue to deliver the objectives. Often you might find that the people manning the

activity are not effective for various reasons and therefore the role of training and development comes in.

Thus we find that staffing is a complex process and does not end by merely picking up people and placing them in job roles to do some activities but goes beyond to ensure that people produce effectively in these roles. Thus staffing and HR management are inseparable.

Activity:

Browser through the official web site of the Aditya Birla group and find out how departmentation is organised in the group. Identify the types of departmentation followed.

Hint: Refer Section 4.6

4.10 Summary

Let us recapitulate the important concepts discussed in this unit:

- Organising is a very important process by which the organisation groups its activities required to achieve the mission so that these activities can be better co-ordinated.
- There are several ways of doing this and every organisation evolves itself depending on the product, geographical spread, business complexity, and goal of the organisation.
- Organising enables smooth communication between departments. Organisation structure needs people for manning various activities and this is done through staffing.
- Large organisations have line and staff concept, the staff being advisors to the line.
- Staff provides specialised advice and can create value but often line and staff are in conflict. Staffing is also related to HR because it is about the HR processes that find the right person to man the activity and keep that position filled and also ensure that the activity is done effectively.

4.11 Glossary

- **Authority:** That character of communication by which an order is accepted by an individual and is adhered to.

- **Delegating:** Process of handing over specified duties and required authority and resources to a subordinate with a view to increase organisation's efficacy.
- **Departmentation:** Process of creating divisions in a large organisation so that the rules of interaction can be defined. Departments operate as fairly independent entities with a clear head and have considerable autonomy within the overall organisational policies.
- **Organising:** Process of grouping activities so that different groups of activities can be done cohesively and co-ordinated.
- **Parochial:** Having a narrow outlook.

4.12 Terminal Questions

1. Define organisation. Give any three reasons for why organising is important.
2. Organising is about creating an intentional structure of roles. Justify.
3. Differentiate between a formal organisation and an informal organisation.
4. Informal organisations synergise formal organisations and becomes a very important part of organisation. Justify with an example.
5. Identity the process of organising using a schematic diagram.
6. Describe a virtual organisation.
7. Why do companies follow product based departmentation?
8. Staffing function and HR management are inseparable. Justify.

1.12 Answers

Self Assessment Questions

1. activity
2. efficiency
3. organisational structure
4. restructure
5. formal and informal
6. False
7. conscious
8. synergy

9. division
10. communication
11. false
12. verifiable
13. control
14. Territory or geographic
15. customer based departmentation
16. False
17. filling, filled
18. True
19. false
20. authority
21. True
22. functional
23. control

Terminal Questions

1. Organisation is important as it clarifies authority, creates roles and facilitates specialisation. Refer Section 4.3 for more details.
2. Organising links a person to an activity with its own set of responsibility. Refer Section 4.3 for more details.
3. Formal and informal organisation differ in terms of the conscious effort involved. Refer Section 4.4
4. When people work together for achieving organisational goals social ties are formed that creates co-operation for achieving the goals. Refer Section 4.4
5. Organising involves identification and classification of activities, its grouping, delegation of authority and co-ordination of authority. Refer Section 4.5 for more details.
6. Virtual organisations are those primarily connected by information technology. Refer Section 4.6
7. Product based departmentation is carried out in large companies that have homogeneous products. Refer Section 4.5 for more details.
8. All HR management functions are derived from the concept of staffing. Refer Section 4.9 for more details.

References/E-References

- Chester B. I., (1964). "*The Functions of the Executive*", Harvard University Press, Cambridge.
- James P.S., (2011). "*Instructor notes on the relation between staffing and HR*".
- Koontz, Harold, & Heinz, W., (2010). "*Essential of Management – An International Perspective*", Tata McGraw Hill, New Delhi.