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# **UNIT 1 INTRODUCTION TO ORGANISATION**

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## **Structure**

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## **1.0 OBJECTIVES**

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After studying this unit, you should be able to:

- explain the concept of organisation;
- discuss the basic concept of management;
- analyse the functions of managers;
- identify the roles of managers;
- discuss various types of organisation; and
- explain the features of modern organisation.

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## **1.1 INTRODUCTION**

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An organisation is a group of people working together to achieve the specified goal. A manager play a central role in grouping the people and activities, establishing authority and responsibility and interacting with people for the achievement of the organisational goal. He performs the functions of planning, organising, directing and controlling for smooth functioning of the organisation. Moreover, continuous influence of dynamic environment on the organisation requires new managerial techniques to manage these changes. The detailed study of various aspects of organisation and management may provide proper techniques for managing them effectively. In this unit, you will learn the concept of organisation and management. You will further learn the functions and roles of managers. You will be acquainted with the types of organisation and the features of the modern organisation.

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## **1.2 CONCEPT OF ORGANISATION**

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To understand basic concept of organisation, let us learn it through following dimensions of enquiry:

- What? - What do we mean by an organisation?
- Why? - Why is study of organisation needed?
- When? - When are organisations able to serve its purpose (or otherwise fail)?
- How? - How are organisations formed?
- Where? - Where to find people who can manage organisations well?
- Who? - Who are the people having ability to create excellent organisation?

### **What do we mean by an organisation?**

Stoner, Freeman, and Gilbert describe that at an organisation, two or more people work together in a structured way to achieve a specific goal or set of goals. Through this description, certain salient features of an organisation emerge. These are:

- Organisation is a conglomerate of multiple number of persons;
- Relationship among people working together is defined through a structure. Through structure, communications take place among persons working in the organisation. Such structure may be relatively rigid, as in the case of formal structure, or the structure may be relatively loose, as in the case of informal structure;
- Organisation strives to achieve planned goal. The goal(s) may be singular or plural. Goal is one of the fundamental elements of an organisation.

Robbins describes an organisation as a consciously coordinated social entity, with a relatively identifiable boundary, that functions on a relatively continuous basis to achieve a common goal or set of goals. The additional salient features of this description of organisation are following:

- The activities at an organisation are consciously coordinated. It means affairs at organisation are properly managed. It implies importance of management in organisation;
- The term relatively identifiable boundary implies that organisation works within a flexible yet definable boundary. Any organisation with a significant size has three layers of boundaries. The innermost boundary contains of the internal stakeholders i.e. employees, shareholders, and board of directors. The next layer consists of external stakeholders i.e. customers, competitors, financial institutions, suppliers, government, labour unions, media, and special-interest group. The outermost boundary consists of major macro variables like economic variables, technological variables, political variables, legal variables, and social variables.

Brown and Moburg describe organisations as relatively permanent social entities characterised by goal-oriented behaviour, specialisation, and structure. This description of organisation suggests that organisations have four basic features:

- Organisations are relatively permanent social entities though many changes which might be taking place within the organisation- thus continuity is at the core of existence of any organisation;
- Goals remain an integral part of any organisation;
- Organisations need highly specialised skills to attain goals,
- In order to bring together various work activities, organisations need to have structures.

Hicks describes an organisation as a structured process in which persons interact for objectives. This description indicates five facts that are common to all organisations:

- An organisation always include persons;
- These persons are involved with one another in some way;
- The interactions among persons can always be ordered or described by some sort of structure;
- Each person in the organisation tries to meet personal objectives also through organisational activities;
- These interactions can also help to achieve compatible joint objectives, i.e. organisational objectives and personal objectives.

Schein describes organisation as the planned coordination of the activities of a number of people for the achievement of some common, explicit purpose or goal, through division of labour and function, and through hierarchy of authority and responsibility. According to this definition, Organisations have following characteristics:

- Coordination of efforts;
- Common goal;
- Division of labour;
- Hierarchy of authority.

### **Why is study of organisation needed?**

Arguing in favour of rationale for the creation of organisations, Chris Argyris states:

Organisations are usually created to achieve objectives that can best be met collectively. This means that the sequences of activity necessary to achieve objectives are too much for one individual and they must be cut up into sequential units that are manageable by human beings. At the individual level the unit are roles; at the group level the units are departments. These units are integrated or organised in a particular sequence or pattern designed to achieve the objectives, and the resulting pattern constitutes the organisation structure.

Organisations have become cornerstone of our basic existence. Organisations pursue goals and objectives that can be more efficiently and effectively achieved by the concerted actions of individuals. Hospitals, educational institutions, production units, service centres are nothing but organisations. Our civilized life would perhaps collapse without various organisations around us. Therefore there is need for us to know how does an organisation work ? Further it is more important to make organisations around us healthier and more effective for better future.

### **When are organisations able to serve its purpose (or they otherwise fail)?**

Organisations are able to serve its purpose when they are well managed. In fact study of organisation and study of management of organisation go hand in hand. A well managed organisation is able to utilize human input and its resources like money, material, machine, motivation of employees, market etc. in an integrated manner. Organisations are able to survive and excel if they utilize their all resources in tune with the market needs. Successful organisations also orient themselves towards external factors like economic environment, political environment, legal environment, social environment, environment of international market etc.

### **How are organisations structured?**

There are various approaches to structure and design organisations. You shall study about this issue in detail in Unit 3. At this point of time, it would be desirable for you to comprehend that organisational structure or

its design is appropriately chosen to facilitate various factors like flow of communication, decision making, execution of decision, controlling, and integration of all activities of the organisation.

### **Where to find people who can manage organisations well?**

People who can manage an organisation well may be found within the already existing organisation. Otherwise in case of a newly established organisation or even in case of old organisation, appropriate people can be identified from outside. People who are already with the organisation can be further developed for higher responsibilities through developmental programmes, on the job training, and career planning. Appropriate people from outside can be identified for positions at various levels through proper recruitment and selection policies and procedures.

### **Who are the people having ability to create excellent organisation?**

In fact employees are the greatest assets of an organisation. In modern organisations, employees are expected to possess multiple skills. In order to perform various activities in an organisation, different persons are expected to possess different skills, so that organisation has an appropriate skills-basket. Normally people who can create excellent organisation have many desirable skills and traits. Some important skills and traits are:

- Integrative values i.e., ability to generate faith and trust;
- Organising ability;
- Ability to see further i.e., ability to perceive future trend;
- Ability to put adequate effort;
- Up-to-date skills to perform ever changing nature of task;
- Skills to establish effective human relations with insiders and outsiders;
- Ability to generate adequate resources.

So far you were developing basic understanding of organisation. Through the next section let us develop basic understanding of management.

### **Activity A**

For appropriate understanding the subject matter dealt in this Unit as well as in all the subsequent units of this course, apart from reading the course material, you are required to have a direct feel of functioning of organisations. Visit an organisation near to your place. Such organisation may be a production organisation, a service organisation, a voluntary organisation, or a cooperative organisation. Through observation, secondary data, and dialogue with a few persons working there, analyse the following: a) What is the purpose of existence of the organisation? b) How does the organisation coordinate its various activities of different departments? c) How are people working in the organisation connected to one another formally, through an organisational chart?

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## **1.3 BASICS OF MANAGEMENT**

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In this section we shall examine the basic meaning of management, levels of management in an organisation, and basic principles of management.

### 1.3.1 Meaning of Management

Many experts call management as a process. Some others call it as activity directed towards coordination of resources. Let us take following descriptions of the term 'management'. Stoner, Freeman, and Gilbert describe the term management as the process of planning, organising, leading, and controlling the work of organisation members and of using all available organisational resources to reach stated organisational goals. Kimball states that management may be broadly defined as the art of applying the economic principles that underlie the control of men and materials in the enterprise under consideration.

Koontz defines management as the art of getting things done through and with people in formally organised group. According to Henry L. Sisk, management is the coordination of all resources through the process of planning, organising, directing, and controlling in order to attain stated objectives.

Yet another view on management calls management as a body of personnel. The management plans the work, organises and obtains the production. Emphasizing the importance of management for an organisation, Urwick states, No ideology, no ism, no political theory, can win greater output with less efforts from a given complex of human and material resources: only sound management. And it is on such greater output that a higher standard of life, more leisure, more amenities for all must necessarily be founded.

In the recent era management has emerged as a prominent profession, as management fulfils the following characteristics of a profession:

- Management is a body of knowledge;
- There is formal teaching of that knowledge;
- There are representative associations and body of members in the field of management;
- There are ethical standards of conduct enforced by the profession;
- There is provision of suitable remuneration to the members in the service of management.

### 1.3.2 Levels of Management

In order to coordinate various activities in an organisation, various levels of management are created. In general there are three levels of management:

- Top management;
- Middle-level management
- Supervisory or Junior level management.

Top level management consists of Board of Directors, Chairperson, Managing Director, and General Managers of functional areas like production, marketing, finance, and human resource management. Top level management gets involved in all activities like planning, organising, directing, and controlling, however it focuses more on planning and organising than the other levels of management. The prime concerns of top management include : enhancing shareholder values, providing vision and mission to organisation, upholding overall objectives of the organisation, taking policy decisions, review of budget and keeping organisation financially sound, maintaining progress, profit, and sustainability of the organisation, communicating goals of organisation to all the members, protecting integrity, and guiding the organisation through sound leadership. There are more requirements of conceptual skills than human skills or technical skills at the level of top management.

Middle-level management acts with guidance of top management to accomplish the objectives of the organisation. The prime concern of the middle management is to carry out organising function in more detail,

in order to keep top management free for doing planning level activities. Some of the functions of middle management include: creating coordination and cooperation among various departments of the organisation, to design and operate upon a system in the organisation which would keep various resources in smooth flow as well as which would ensure motivation and morale of people working in the organisation, to develop staff at various levels through training and developmental activities, and to creatively control and guide the personnel at junior level in order to achieve bottom line results. There are more requirements of human skills than conceptual or technical skills at the level of middle management.

At supervisory or junior level management, there is more requirement of technical skills than conceptual skills or human skills. However in the modern era when role of service sector is increasing in the economy, the importance of human skills is increasing at the level of middle management also. People at junior level management are directly connected to the people who work at operational level. Hence junior level management is more concerned with direction and control of activities than planning and organising functions.

All three levels of management : top, middle, and junior play crucial roles in achieving the organisational goal. The three levels differ only in terms of emphasis on certain activities. Top management is more concerned with planning and overall organising, middle management is more concerned with detailed out organising, and junior level is more concerned with directing and controlling. However now we are witnessing appropriate empowerment at the level of middle level and junior level management, thus the roles of these two levels are enhancing in the modern organisations.

### 1.3.3 Basic Principles of Management

Different experts have described principles of management in various ways. However, general principles of management as propounded by Henri Fayol are one of the most comprehensive principles of management.

The general principles of management as given by Henri Fayol have following components:

**Division of Work:** It is closely related to specialisation. Division of work promotes more skills on a particular job, leading to more efficiency.

**Authority and Responsibility:** Authority is the vested power through the position one holds. Authority and responsibility go hand in hand. Authority is required to fulfil the responsibilities entrusted.

**Discipline:** By discipline, Fayol meant obedience, application, energy, and respect. Penalties should be judiciously applied, and supervision should be competent and fair.

**Unity of Command:** A subordinate should take orders from only one authority. Fayol apprehended that in the absence of unity of command, authority is undermined, discipline is jeopardized, order gets disturbed, and stability gets threatened.

**Unity of Direction:** Fayol advocated that there should be only one head and only one plan.

**Subordination of Individual Interests to General Interests:** The interest of organisation should come before the interest of an individual.

**Remuneration:** Practice of fair pay should prevail and attempt should be made to arrive at the best scheme of payment.

**Centralisation:** For overall control there should be one central point in the organisation. In relatively larger organisation, appropriate decentralisation may be practiced through delegation of authority.

**Scalar Chain:** Authority should flow from top to bottom through unbroken chain. Through scalar chain various people in the organisation are connected in a particular way and the chain determines the direction of flow of communication. However in many cases, quicker action is possible if people at lower level directly communicate between themselves.

**Order:** People and materials should be at right place at right time. A position should be manned with a person who is most suitable for that job.

**Equity:** Equity brings forth loyalty and devotion from employees.

**Stability of Staff:** Stable work force promotes efficiency in the organisation.

**Initiative:** Initiative should be promoted in the organisation and a climate of sufficiently tolerating mistakes should be promoted.

**Esprit de Corps:** Through promoting team spirit and fellow feeling, an organisation can become stronger. More informality and healthy communication promote unity in the organisation.

Apart from these 14 principles of management given by Fayol, there are some other principles of management also which you should know. In brief they are:

**Harmony of Objectives:** Organisations perform more effectively when all functions are directed towards harmonised grand objective.

**Universality of Management:** A sound principle of management is applicable to any type of organisation, engaged in varied activities, and located anywhere.

**Primacy of Objectives and Planning:** Objectives and planning precede any other activities in an organisation.

**Control by Exception:** Subordinate staff should take up routine activities, and management should take up exceptional control and supervision, having broader impact on the organisation.

**Decision by Exception:** A manager should take decision within the boundary defined by authority of the position. The higher authority should decide a matter beyond that boundary.

**Equality of Authority, Power, Responsibility, and Accountability:** In an organisation, authority, power, responsibility, and accountability should be in balance. Otherwise the results are hostility, friction, resentment, dissatisfaction, and strife. If organisation is not balanced, it may be a factor responsible for its decay in the long run.

**Coordination:** Coordination is the corner stone of the efficient functioning of the organisation. Each activity as well as efforts of the people working in the organisation should be coordinated.

The basic principles of management as described above provide a guideline for managing an organisation effectively. The application of these principles generate efficiency and effectiveness in an organisation. However we should remember that certain principles of management have universal and eternal appeal whereas some other principles need to be flexible in nature in order to create healthy flow of activities within an organisation.

### Check Your Progress A

- 1) Why do we need to study about organisations? How are different activities in an organisation coordinated for achieving a common goal?  
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- 2) Do the terms 'organisation', and 'management' go together? Describe purpose of management in an organisation.  
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- 3) Do you agree with all the 14 principles of management given by Henri Fayol in context of modern organisations?  
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## 1.4 FUNCTIONS OF MANAGERS

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It may be interesting to note that the three terms, organisation, management, and manager are quite different from each other, yet for practical purposes they are inseparable. We need organisations for various purposes, as they fulfil different needs of society. Once an organisation exists, there is need for establishing sound principles of management for its efficient and effective functioning. Then for establishing sound principles of management, we need managers who have ability, required skills, proper motivation and satisfaction, and never ending zeal to achieve new heights.

Managers perform certain functions and certain roles. Though the terms function and role are used interchangeably, there is technical difference between these two terms. Functions of a manager include the assigned tasks according to the authority level as well according to the job description of the position of the manager. On the other hand roles indicate what a manager is expected to do as a person of conscientiousness. Let us learn some important functions of managers.

Main functions of managers include following activities:

- Planning (including creating vision, mission, goal setting, setting objectives);
- Organising;
- Staffing
- Directing;
- Communicating;
- Decision making;
- Controlling.

Let us describe them briefly.

**Planning :** The planning function includes those activities, which lead to the definition of ends and the determination of appropriate means to achieve the defined ends. Planning is the process by which a manager anticipates the future and discovers alternative courses of action open to him.

Vision refers to creating and articulating a realistic, credible, attractive position of the future of an organisation or organisational unit that grows out of and improves upon the present situation. Mission refers to the broad purpose that the society expects the organisation to serve. Mission statements are broad and value-driven.

Goals refer to a future state or condition which contributes to the fulfilment of the mission of the organisation; when they are realized. The goal is relatively more concrete than mission yet less concrete than objectives.

Objectives are derived from goals and are ordinary short-run, specific milestones towards goals.

**Organising :** Organising is the process by which the structure and allocation of jobs are determined. The organising function includes all managerial activities, which are undertaken to translate the required activities of plans into a structure of tasks and authority. The organising function involves four sub-functions:

- Defining the nature and content of each job in the organisation;
- Determining the bases for grouping the jobs together;



- Deciding the size of the group;
- Delegating authority to the assigned manager.

**Staffing :** It is the process by which managers select, train, promote, and retire subordinates. Staffing is concerned with entire human resource planning activities done by managers.

**Directing :** It is the process by which actual performance of subordinates is guided toward common goals. Supervising is one aspect of this function at lower levels of management.

**Communicating :** It is the process by which ideas are transmitted to others for the purpose of achieving a desired result.

**Decision-making :** It is the process by which a course of action is consciously chosen from available alternatives for the purpose of achieving a desired result.

**Controlling :** It is the process that measures current performance and guides it toward some predetermined goal. The controlling function includes activities, which managers undertake to assure that actual outcomes are consistent with planned outcomes. Three basic conditions must exist to undertake control:

- Standards;
- Information;
- Corrective action.

As explained earlier, functions of a manager directly emerge from the authority of his position as well as from the job description of the position held by the manager.

Now let us analyse some important roles of managers.

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## 1.5 ROLES OF MANAGERS

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Henry Mintzberg has identified ten roles (clubbed under three broad categories) of managers. The roles of managers are as follow:

### Interpersonal Roles

- Leading
- Liaison
- Symbol/Figurehead

In their interpersonal roles, managers act as figurehead, lead, and interact with members of the organisation, within the department or outside the department. Now let us understand the three roles: leading, liaison, and symbol/figurehead.

Leading is one of the important roles of a manager. A manager supervises a number of persons reporting to him/her. The manager is responsible for motivating and directing the subordinates. Through the role of leading, a manager helps subordinates to visualize the plan of action, and helps them to achieve the result through committed performance.

Liaison is another role of a manager. Liaison means maintaining a network of interaction with outsiders who matter. For example a manager heading a production unit need to maintain relationship with external

members of the board, regulating authorities, government officials, police force, civil authorities etc. Through this role a manager establishes contact with those who matter in managing the activities at hand.

A manager is the symbolic head of a firm, or of an unit, or of a department. You are aware of the role of the head of a family. In the same way, a manager symbolizes the role of figurehead because he/she has to perform a number of duties of legal or social nature.

### **Informational Roles**

- Monitoring
- Sharing information
- Spokesperson

In their informational roles, managers seek information from others, provide information to others, and provide information to people outside the organisation, in the capacity of representative of the organisation. Now let us understand the three roles: monitoring, sharing information, and spokesperson.

A manager acts as nerve center for receiving all the external and internal information. Through the role of monitoring, a manager receives information. The manager utilizes such information appropriately.

Once a manager has gathered information, he/she needs to share information among internal employees for proper execution of work. Through meeting, e-mail, circular, notice, office order etc. a manager acts as disseminator of information particularly to subordinates.

As a spokesperson, a manager is authorized to share information about the organisation to outsiders. The manager may share information with outsiders about plans, strategies, and future direction of the organisation. The sharing of information may be through conference, meeting the press, board meeting, interview etc.

### **Decisional Roles**

- Taking initiative
- Handling disagreement
- Allocating resources
- Negotiating

In their decisional roles, managers take proactive actions, sort out differences in opinion amicably, allocate resources to various departments in optimum way, and negotiate implementation of new projects. Now let us understand the four roles: taking initiative, handling disagreement, allocating resources, and negotiating.

A manager is required to take initiative and should lead from the front. A manager analyzes the future opportunities in the business, evaluates alternative opportunities, analyzes internal strength and weaknesses of the organisation, and also calculates risks before implementing a new idea. In a way a manager need to explore business opportunities through entrepreneurial skills.

Always going is not smooth in an organisation. At times due to various dissatisfactions among the subordinates, conflicts may arise. A manager is responsible for handling conflict and disturbances in a way that would reestablish the confidence of subordinates as well as good productive culture. Disagreements are

handled through periodical meetings, review sessions, collective bargaining, grievance handling machinery etc.

Manager is custodian of organisational resource. He/she has to allocate resources to various departments in optimum way. For allocating resources the manager has to do budgeting, scheduling of tasks, authorization and sanctioning of resource, and approving of significant organisational decisions.

Negotiating is also an important role of a manager. Sometime manager has to negotiate with internal employees on the matter related to rights, benefits, and sharing of revenue. This is done through internal bargaining. Sometime negotiation is tripartite including, the management, the employees, and the appropriate government (Central or the State Government). Negotiation is also done on matter related to contract assignment, purchase of material etc. A manager plays important role in these activities.

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## **1.6 ORGANISATION AS A PROCESS OF MANAGEMENT**

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In this Unit you have already studied about basic concepts of organisation and basic concepts of management. Out of various functions of management, organising is one of them. However before organising various activities within the organisation, the organisation itself needs to be organised through defined structure. In this light organising the organisation itself becomes an important process of management.

McFarland describes management as the process by which manager create, direct, maintain and operate purposive organisations through systematic, coordinated and cooperative human efforts. In order to achieve desired results in an organisation, process of management should be such that it should lead to effective achievements of the objectives.

The process of planning, organising, staffing, directing, and controlling need to continue effectively, as long as organisation needs to achieve its objectives.

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## **1.7 TYPES OF ORGANISATION**

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Hicks has identified various types of organisations along various parameters. They are:

- Organisations classified according to their structure

### **Formal and Informal Organisations**

Their characteristics can be understood through following continuum:

**Table 1.1 : Formal and Informal Organisation**

<b>Formal</b>	<b>Informal</b>
Structured	Loose
Rigid	Flexible
Defined	Undefined
Durable	Spontaneous

Formal and informal define the extremes of a continuum of organisational types. As shown above formal organisations are structured more rigidly, and processes are more or less defined to the maximum extent. On

the other hand, informal organisations are characterised by more flexible structure, and processes are more spontaneous than rigid. You may appreciate that arguably in a repetitive production organisation formal structure may be required, whereas in service organisations, which require more of spontaneous decisions, informal structure may be more suitable. In actual practice, it would probably be impossible to find a completely formal or informal organisation.

- Organisations classified according to the emotional involvement of members:

### Primary and Secondary organisations

Their characteristics can be understood through following continuum:

**Table 1.2 : Primary and Secondary Organisation**

Primary	Secondary
Complete emotional involvement	Contractual involvement

Again, in actual practice, it would probably be impossible to find a completely pure form of organisation.

- Organisations classified according to their principal objectives. On this basis we can broadly identify following types of organisations:
  - Service organisation (e.g., charities, public schools, park, zoo, road etc.);
  - Economic organisation (e.g. , cooperations, proprietorships, partnerships etc.);
  - Religious organisations (e.g., sects, orders, temple trusts, churches etc.);
  - Protective organisations (e.g. ,police, military, fire department etc.);
  - Government organisations (e.g. ,central and state government departments, courts, cities etc.);
  - Social organisations (e.g., fraternities, clubs, teams etc.).

## 1.8 FEATURES OF MODERN ORGANISATION

Changing economic environment has always a great impact on organisations. Hence, before understanding features of modern organisation let us first review the rapid changes taking place in economic environment particularly during last one decade. Following are the major changes in economic environment:

- The economy has become more competitive. Hence organisations are facing stiffer competition for its survival and growth;
- Various economies are joining hands together to enjoy higher economy of scale. This has further created more challenges for organisations in developing countries;
- Giant organisations are joining hands through merger, acquisition, and takeover, thus enjoying economic benefits of being big. In this situation domestic organisations big or small are finding it tough to survive and grow;
- International norms, domestic laws, and mood of the policy makers throughout the world are getting tilted towards letting organisations survive through excellence. Era of protectionism is disappearing;
- Technology is becoming substitute of human power in larger domain of activities;

- Contribution of service sector in national economy is continuously increasing in most of the developing countries including in India;
- Advent of computer has revolutionized the work place in organisation. It has also created impact on the interaction pattern of people working in the organisation;
- Continuous product innovation and product differentiation are becoming rules of the game in business;
- With fast growing competition among producers and service providers, it is time for consumers to dictate the terms in the game of demand and supply;
- Producers are facing stiff competition for reaching to their consumers through speedy supply chain;
- It appears that we have entered era of obsolescence (or era of continuous innovation). Not only a particular technology is subjected to obsolescence very fast, any idea (managerial innovation) also is replaced soon by newer idea;
- The world has become a global village, and organisations like multinationals are like one roof beneath which multicultural society gets nurtured.

Such changes are taking place on continuous basis. The changes listed above are not exhaustive but only indicative. Such changes in economic environment have created impact on modern organisations. In this light, some of the salient features of modern organisations are as follow:

- There is tendency towards organisations becoming smaller with respect to the size of manpower;
- Numbers of layers in the organisations are reducing. Taller organisational structure is giving way to flatter organisational structure- even to the circular organisational structure;
- Average technical skills of modern technical workers is much more than their earlier counterparts;
- Customer satisfaction and enhancing shareholder values are becoming focal points of business;
- Flexi-time, flexi-place are more frequently being applied;
- Quality orientation is being more focussed;
- With the increasing advent of service organisation, there is more empowerment at the level of middle management as well as at the level of junior management, as they have first hand feel of and information about customer needs. With this change, apart from upward communication, and downward communication getting overhauled, more of lateral as well as informal communications within the organisational structure are being promoted;
- Middle-management and even junior management are being involved more frequently in decision making at top level;
- Now business ethics is formally emphasized as ethics is basic input for long-term survival of any organisation;
- Individual learning and organisational learning are emphasized because any technology or any concept, both are getting subjected to depletion very fast;
- Due to more advent of multinational organisations, cross-cultural issues within and outside the organisation are gaining importance;
- Concept of permanent departments in the organisation is being replaced by outsourcing the activities of a department where job is repetitive.

Now you are aware of some of the features of modern organisations. You shall learn more about the changing trends of organisations while going through Unit 20.

**Check Your Progress B**

- 1) What are various functions and roles of managers?  
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- 2) What are various types of organisations?  
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- 3) Which factors determine that an organisation belongs to a particular type?  
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- 4) What kinds of changes are taking place in the economic environment impacting change on organisations?  
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- 5) Identify five new changes taking place in the environment, which have not been mentioned in this Unit.  
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**1.9 LET US SUM UP**

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An organisation is a group of people working together for the achievement of specific goal. On the other hand, the management is the art of getting things done through and with people in formally organised group. It is the process of planning, organising, leading and controlling the activities of an organisation to increase its effectiveness. The philosophies and principles of organisation and management are widely used for enhancing the efficiency and productivity of the enterprise. The levels of management are : top level, middle level and supervisory level. All levels play crucial role in achieving the organisational goal. The general principles of management propounded by Fayol provide guidelines for smooth functioning of the organisation.

In an organisation, the managers perform various functions. The major functions performed by the manager are : Planning, organising, staffing, directing, communicating, decision making and controlling. Managers also perform various roles in the organisation. The major roles are : Interpersonal roles, informational roles and decisional roles.

Organisation may be classified into formal and informal organisation, primary and secondary organisation and principal objectives based organisation. The rapid changes in the environment have led to the emergence of modern organisation. The features of modern organisation are : smaller size, smaller layer, higher technical skills, focus on customer satisfaction and shareholder’s value, flexi time and flexi place, quality orientation, more empowerment at middle level, business ethics gaining ground, continuous learning orientation, cross cultural management, growing outsourcing business; etc. These features require highly vigilant and dynamic management styles for the smooth and efficient functioning of the organisation.

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## 1.10 KEY WORDS

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**Formal Organisation:** Organisation, which has more rigid structure and where processes are more or less defined to the maximum extent.

**Functions of Manager:** Assigned tasks according to the authority level as well according to the job description of the position of the manager.

**Informal Organisation:** Organisation characterized by more flexible structure, and here processes are more spontaneous than rigid.

**Levels of Management:** Generally speaking there are three levels of management- top, middle, and junior.

**Management:** Process of planning, organising, leading, and controlling the work of organisation members and of using all available organisational resources to reach stated organisational goals.

**Organisation:** A place where two or more people work together in a structured way to achieve a specific goal or set of goals.

**Organisational Structure:** A formal way to relate various persons working in the organisation to facilitate various factors like flow of communication, decision making, execution of decision, controlling, and integration of all activities of the organisation.

**Principles of Management:** Basic philosophy and guidelines around which managerial functions are woven together for effective management in an organisation.

**Roles of Manager:** What a manager is expected to do as a person of conscientiousness.

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## 1.11 TERMINAL QUESTIONS

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- 1) Explain basic purpose of existence of various organisations in society.
- 2) Describe basic features of an organisation.
- 3) What are various responsibilities of various levels of management in an organisation?
- 4) What are various principles of management? How are modern organisations different from typical classical organisations, in terms of practices of various principles of management?
- 5) Explain various functions and roles of managers. How are they useful in enhancing the efficiency of the organisation ?
- 6) Describe various types of organisations. Why do organisations differ from one another?

**Note :** These questions will help you to understand the unit better. Try to write answers for them. Do not submit your answers to the university for assessment. These are for your practice only.