

Yogoda Satsanga Mahavidyalaya
Department of Commerce
B.Com Semester I

Paper Name: Business Organization and Management
Paper Code: MJ 1
Topic: Principles of Organizing

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of Specialization

According to the principle, the whole work of a concern should be divided amongst the subordinates on the basis of qualifications, abilities and skills. It is through division of work specialization can be achieved which results in effective organization.

2. Principle of Functional Definition

According to this principle, all the functions in a concern should be completely and clearly defined to the managers and subordinates. This can be done by clearly defining the duties, responsibilities, authority and relationships of people towards each other. Clarifications in authority-responsibility relationships helps in achieving co-ordination and thereby organization can take place effectively. For example, the primary functions of production, marketing and finance and the authority responsibility relationships in these departments should be clearly defined to every person attached to that department. Clarification in the authority-responsibility relationship helps in efficient organization.

3. Principles of Span of Control/Supervision

According to this principle, span of control is a span of supervision which depicts the number of employees that can be handled and controlled effectively by a single manager. According to this principle, a manager should be able to handle what number of employees under him should be decided. This decision can be taken by choosing either from a wide or narrow span. There are two types of span of control:-

Wide span of control- It is one in which a manager can supervise and control effectively a large group of persons at one time. The features of this span are:-

- i. Less overhead cost of supervision
- ii. Prompt response from the employees
- iii. Better communication

- iv. Better supervision
- v. Better co-ordination
- vi. Suitable for repetitive jobs

According to this span, one manager can effectively and efficiently handle a large number of subordinates at one time.

- b. **Narrow span of control-** According to this span, the work and authority is divided amongst many subordinates and a manager doesn't supervise and control a very big group of people under him. The manager according to a narrow span supervises a selected number of employees at one time. The features are:-
 - i. Work which requires tight control and supervision, for example, handicrafts, ivory work, etc. which requires craftsmanship, there narrow span is more helpful.
 - ii. Co-ordination is difficult to be achieved.
 - iii. Communication gaps can come.
 - iv. Messages can be distorted.
 - v. Specialization work can be achieved.

Factors influencing Span of Control

- c. **Managerial abilities-** In the concerns where managers are capable, qualified and experienced, wide span of control is always helpful.
- d. **Competence of subordinates-** Where the subordinates are capable and competent and their understanding levels are proper, the subordinates tend to very frequently visit the superiors for solving their problems. In such cases, the manager can handle large number of employees. Hence wide span is suitable.
- e. **Nature of work-** If the work is of repetitive nature, wide span of supervision is more helpful. On the other hand, if work requires mental skill or craftsmanship, tight control and supervision is required in which narrow span is more helpful.
- f. **Delegation of authority-** When the work is delegated to lower levels in an efficient and proper way, confusions are less and congeniality of the environment can be maintained. In such cases, wide span of control is suitable and the supervisors can manage and control large number of sub-ordinates at one time.
- g. **Degree of decentralization-** Decentralization is done in order to achieve specialization in which authority is shared by many people and managers at different levels. In such cases, a tall structure is helpful. There are certain concerns where decentralization is done in very effective way which results in direct and personal communication between superiors and sub-ordinates and there the superiors can

manage large number of subordinates very easily. In such cases, wide span again helps.

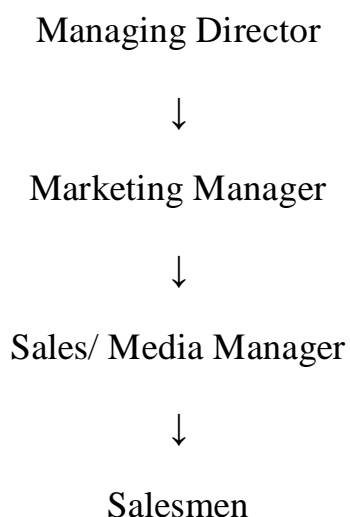
4. Principle of Scalar Chain

Scalar chain is a chain of command or authority which flows from top to bottom. With a chain of authority available, wastages of resources are minimized, communication is affected, overlapping of work is avoided and easy organization takes place. A scalar chain of command facilitates work flow in an organization which helps in achievement of effective results. As the authority flows from top to bottom, it clarifies the authority positions to managers at all level and that facilitates effective organization.

5. Principle of Unity of Command

It implies one subordinate-one superior relationship. Every subordinate is answerable and accountable to one boss at one time. This helps in avoiding communication gaps and feedback and response is prompt. Unity of command also helps in effective combination of resources, that is, physical, financial resources which helps in easy co-ordination and, therefore, effective organization.

Authority Flows from Top to Bottom



According to the above diagram, the Managing Director has got the highest level of authority. This authority is shared by the Marketing Manager who shares his authority with the Sales Manager. From this chain of hierarchy, the official chain of communication becomes clear which is helpful in

achievement of results and which provides stability to a concern. This scalar chain of command always flow from top to bottom and it defines the authority positions of different managers at different levels.