



Organisation: Concept, Nature, Importance and Benefits

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The term ‘Organising’ and ‘Organisation’ are given a variety of interpretations. In the first sense, ‘organising’ refers to a dynamic process and a managerial activity by which different elements or parts of an enterprise are brought together to obtain a desired result. This process places the enterprise into working order by defining and allocating the duties and responsibilities of different employees and provides it with everything useful to its functioning—raw material, tools, capital and personnel. It thus combines and co-ordinates their activities for commonness of purpose. So the term ‘organising’ implies co-ordination and arrangement of men and materials of an undertaking in order to achieve a certain purpose.

When used in the other sense, the term ‘Organising’ is understood as the creation of a structure of relationships among various positions and jobs for the realisation of the objectives and goals of the enterprise. In this sense, ‘Organisation’ is the vehicle through which goals are sought to be attained. The organisation structure is also viewed differently by various writers. Some of them regard it as a network of relationships, a blueprint of how the managers will assign the various activities and connect them together. Some others look upon it as a social system, consisting of human relationships existing among the people performing different activities. To some other authors, an organisation is a system with inputs (men, materials, machines, etc. in the case of business), and processes through which these are converted into outputs (goods and services, profits, etc.)

Organising is a part of management activity devoted to establish a structural relationship of the resources of an undertaking and is a mechanism that enables the employees to work together. The work of organising in this way looks to the structural as well as functional aspects of business and correlates the different factors with their functions. All business enterprises, irrespective of their forms, require organisation for their economic operation and smooth running of business. The larger the size of a business, the more complicated and formal becomes the task of organising.

KEY WORD: organising , activities, business

Definition:

According to G. E. Milward:

“Organisation is the harmonious inter-relation of functions and staff.”

Nature of Organisation:

There are some common features of organisation through which a clear idea about its nature can be obtained. These are indicated below:

1. Process:

Organisation is a process of defining, arranging and grouping the activities of an enterprise and establishing the authority relationships among the persons performing these activities. It is the framework within which people associate for the attainment of an objective.

The framework provides the means for assigning activities to various parts and identifying the relative authorities and responsibilities of those parts. In simple term, organisation is the process by which the chief executive, as a leader, groups his men in order to get the work done.

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2. Structure:

The function of organising is the creation of a structural framework of duties and responsibilities to be performed by a group of people for the attainment of the objectives of the concern. The organisation structure consists of a series of relationships at all levels of authority.

An organisation as a structure contains an **“identifiable group of people contributing their efforts towards the attainment of goals.”** It is an important function of management to organise the enterprise by grouping the activities necessary to carry out the plans into administrative units, and defining the relationships among the executives and workers in such units.

3. Dividing and Grouping the Activities:

Organising means the way in which the parts of an enterprise are put into working order. In doing such, it calls for the determination of parts and integration of one complete whole on the other. In fact, organisation is a process of dividing and combining the activities of an enterprise.

Activities of an enterprise are required to be distributed between the departments, units or sections as well as between the persons for securing the benefits of division of labour and specialisation, and are to be integrated or combined for giving them a commonness of purpose.

L. Urwick defines organisation as: ‘determining what activities are necessary to any purpose and arranging them as groups which may be assigned to individual.

4. Accomplishment of Goals or Objectives:

An organisation structure has no meaning or purpose unless it is built around certain clear-cut goals or objectives. In fact, an organisation structure is built-up precisely because it is the ideal way of making a rational pursuit of objectives. Haney defines organisation as: **“a harmonious adjustment of specialised parts for the accomplishment of some common purpose or purposes”**.

5. Authority-Responsibility Relationship:

An organisation structure consists of various positions arranged in a hierarchy with a clear definition of the authority and responsibility associated with each of these. An enterprise cannot serve the specific purposes or goals unless some positions are placed above others and given authority to bind them by their decisions.

In fact, organisation is quite often defined as a structure of authority-responsibility relationships.

6. Human and Material Aspects:

Organisation deals with the human and material factors in business. Human element is the most important element in an organisation. To accomplish the task of building up a sound organisation, it is essential to prepare an outline of the organisation which is logical and simple. The manager should then try to fit in suitable men. Henry Fayol says in this connection: “see that human and material organisations are suitable” and “ensure material and human order”.

From these features of organisation, it emerges that, an organisation is essentially an administrative ‘process’ of determining what activities are necessary to be performed for the achievement of objectives of an enterprise, dividing and grouping the work into individual jobs and, a ‘structure’ of positions arranged in a hierarchy with defined relationships of authority and responsibility among the executives and workers performing these tasks for the most effective pursuit of common goals of the enterprise.

Importance and Significance of Organisation:

All business and non-business enterprises require sound organisation for their smooth, efficient and economical operation to achieve maximum results with minimum of cost and efforts. Evidently, when two or more people are engaged in an institution, the task of each person is required to be fixed through the division of total activities among them and they should have a concerted action.

Each one’s work must be directed in such a way that they can reach the commonness of purpose.



A sound organisation is a must for success in any line of business. This is necessitated by the magnitude and complexities of business enterprises. The entire work of such enterprises is beyond the capacity of a single person to manage. When there is specialisation and division of work into its logical component parts, it can attain economies of large-scale production.

The speed of performance is ensured and the standard of work performed is improved by distributing the work constantly among a number of persons on the basis of their knowledge, experience and capacity. Organisation sets the relationship between people, work, and resources. Whenever groups of people exist in a common effort, organisation must be employed to get productive results.

Organisation is a tool of efficient management. It is the mechanism through which the manager directs co-ordinates and controls the business affairs. It is, indeed, the foundation of business and, as such, it provides a means by which human efforts are properly directed to more and more productive, effective and fruitful results. Organisation is a means by which the problems of the enterprise connected with policies, operations, and administration can efficiently be solved. Sound organisation can contribute greatly to the success and continuity of the enterprise.

The importance of sound organisation will be more clear if we remember what Andrew Carnegie once said: “Take away our factories, take away our trade, our avenues of transportation, our money, leave us nothing but our organisation, and in four years we shall have established ourselves.”

So, no institution or enterprise—whether business, educational, cultural or governmental—can function properly and successfully without sound organisation. And herein lies the need for and significance of organisation.

Benefits of Sound Organisation:

Organising of people and things is essential for co-ordinated work. Good organisation structure is an indispensable means for better business performance and better achievement of the objectives. A planned organisation outlines the required functions, relates those functions in a systematic manner and assigns requisite authorities and degrees of responsibility to the people performing those functions.

The principal advantages of organisation may be stated briefly as follows:

1. Efficient Administration:

A properly designed organisation facilitates administration. Proper division of work with systematic and specific fictionalization of duties and consistent delegation of authority with well-defined inter-relationship will not only ensure better utilisation of the personnel and their abilities but also smooth the management of business activities.

It avoids confusion and misunderstanding, eliminates delay and inefficiency in the performance of work; it removes all bottlenecks in the flow of work and facilitates quick and correct decisions. It secures optimum use of physical, mechanical and human resources.

2. Prompt Accomplishment:

It adds definiteness to the activities to be accomplished by allocating the duties and responsibilities to the individual members of the enterprise. It, thus, secures certainty and promptness in accomplishment of the task.

3. Growth and Diversification:

It promotes growth and facilitates diversification. Expansion of business and diversification of production process depend on sound organisation. Giant businesses are the outcome of organisational ability of the managers.

4. Optimum Use of Advanced Technology:

Present technical development greatly influences the need for more adequate organisation structure and for understanding the proper form of organisation best designed to accommodate the new factors.



The high cost of installation, operation and maintenance of new equipment call for proper organisation.

5. Stimulating Creativity:

Good organisation stimulates independent creative thinking and initiative by providing well-defined areas of work with provision for development of new and improved ways of doing things. In short, the organisation structure demands creative result from creative people. By establishing clear-cut accountability it provides recognition for the professionals and the specialists in terms of their achievements.

“Organisation embraces the duties of designating the departments and the personnel that are to carry on the work, defining their functions and specifying the relations that are to exist between departments and individuals.”

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