

Question No. 1 Explain modern principles of Organization with examples.

Solution: The modern principles of organisation are guidelines for planning an efficient organisation structure. The important modern principles of organisation are given as follows:

1. **Unity of Objectives :** An enterprise strives to accomplish certain objectives. The organisation and every part of it should be directed towards the attainment of objectives. Every member of the organisation should be familiar with its goals and objectives. There must be unity of objective so that all efforts can be concentrated on the set goals. The principle requires objectives to be clearly formulated and well understood.
2. **Division of Work and Specialisation :** The entire work in the organisation should be divided into various parts so that every individual is confined to the performance of a single job. This facilitates specialisation which in turn leads to efficiency and quality. However, each area of specialisation must be interrelated to the total integrated system by means of coordination of all activities of all departments.
3. **Definition of Jobs :** Every position in the organisation should be clearly defined in relation to other positions in the organisation. The duties and responsibilities assigned to every position and its relationship with other positions should be so defined that there is no overlapping of functions.
4. **Separation of Line and Staff Functions :** Whenever possible, line functions should be separated from staff activities. Line functions are those which accomplish the main objectives of the company. In many manufacturing companies, the manufacturing and sales departments are considered to be accomplishing the main objectives of the business and so are called the line functions. Other functions like personnel, plant maintenance, financing and legal are considered as staff functions.
5. **Chain of Command or Scalar Principle :** There must be clear lines of authority running from the top to the bottom of the organisation. Authority is the right to decide, direct and coordinate. The organisation structure should facilitate delegation of authority. Clarity is achieved through delegation by steps or levels from the top position to the operating level. From the chief executive, a line of authority may proceed to departmental managers, to supervisors or foremen and finally to workers. This chain of command is also known as scalar principle of organisation.
6. **Parity of Authority and Responsibility or Principle of Correspondence :**
Responsibility should always be coupled with corresponding authority. Each subordinate must have sufficient authority to discharge the responsibility entrusted to him. This principle suggests that if a plant manager in a multi-plant organisation is held accountable for all activities in his plant, he should not be subject to seek orders from company headquarters for his day to day activities.

7. Unity of Command : No one in the organisation should report to more than one line supervisor. Everyone in the organisation should know to whom he reports and who reports to him. Stated simply, everyone should have only one boss. Receiving directions from several supervisors may result in confusion, chaos, conflicts and lack of action.

8. Unity of Direction : According to this principle a group of activities that have a common goal should be managed by one person. There should be one head and one plan for a common objective of different activities. This facilitates smooth progression towards the achievements of overall organisational goals.

9. Exception Principle : This principle suggests that higher level managers should attend to exceptional matters only. All routine decisions should be taken at lower level, whereas problems involving unusual matters and policy decisions should be referred to higher levels.

10. Span of Supervision : The term 'span of supervision' means the number of persons a manager or a supervisor can direct. No manager should be required to supervise more subordinates than he can effectively manage within the limits of available time and ability. The exact number may vary according to the nature of the job and the frequency of intensity of supervision needed.

11. Principle of Balance : There should be proper balance between various parts of the organisation and no function should be given undue importance at the cost of others. Balance should be maintained also between centralisation and decentralisation, span of supervision and lines of communication, and authority allocated to department and personnel at various levels.

12. Communication : A good communication network is essential to achieve the objectives of an organisation. No doubt the line of authority provides channels of communication downward and upward, still some blocks in communication occur in many organisation. The confidence of superior in his subordinates and two-way communication are the factors that unite an organisation into an effectively operating system.

13. Flexibility : The organisation structure should be flexible so that it can be easily and economically adopted to the changes in the nature of business as well as technological innovations. Flexibility of organisation structure ensures the ability to change with the environment without disrupting the basic design.

14. Continuity : Change is the law of nature. Many changes take place outside the organisation. These changes must be reflected in the organisation. For this purpose

the form of organisation structure must be able to serve the enterprise to attain its objective for a long period of time.