

Importance of Organisation & Steps in Process of Organisation

Organisation is the main success factor for any business or group. Organisation is how resources, roles, and responsibilities are structured to attain desired goals efficiently. Even the most talented teams fail to reach their objectives without proper organisation. The importance of organisation is in the efficient use of resources, better coordination and communication, and increased accountability. The Organisation explains the clear-cut organisational structure through which businesses function effectively and ensures that everyone knows his or her role and responsibilities. The present article explores the business organisation, types of organisation, and the prime steps in organized resource usage.

What is Organisation?

Organisation is the planned arrangement of people, resources, and activities to assist any organisation in achieving its objectives. It can be an enterprise, a non-profit or a governmental organization. The construction of roles, specification of responsibilities, and development of workflows ensure that everything moves autonomously. Organisational behaviour can be described as how individuals within the organization interact with each other and how this affects the organisation's overall performance.

Importance of Organisation

The importance of organization cannot be overemphasized, whether in a small business or in large corporations. Effective resource organization enables companies to manage efficiently, reduce waste, and stay on track with long-term goals.

Clear Structure and Responsibilities

An organisational structure provides employees with clear and defined roles to play within a company. A clear organisational structure provides much less confusion over the work employees expect. Consequently, when employees understand what is required, their productivity improves significantly. The group becomes efficient and focused when delegating roles to employees and decreasing overlapping work is more manageable.

Efficient Use of Resources

When organisations are properly allocating tasks, they can utilize their resources effectively. Proper allocation will prevent duplication of efforts and maximize the impact of each resource. Employees focus on their specific tasks, avoiding wasting time, money, and effort. This eventually leads to cost savings and greater efficiency overall.

Better Coordination and Communication

An organizational structure provides clear communication channels. This ensures that each team is lined up toward company goals and focusing on the same set of objectives. A clearer structure gives people a better view of whom to contact when needing information or assistance. This would ensure reduced miscommunication and stronger teamwork. This leads to easier workflows and fine results.

Increased Accountability

A defined hierarchy within an organization increases accountability. Employees understand who they are responsible to and accountable for what. With transparent reporting lines, monitoring progress and holding people responsible for their work becomes more manageable. This reduces error incidence, and the task is completed as stipulated in time and quality.

Boosts Performance and Morale

Employees boost their morale with a clear sense of role and how it contributes to the organization's goals. They feel valued through a sound structure because it gives them direction a sense of accomplishment. Employees are motivated toward better job performance because they understand their expectations.

Types of Organisation

There are several types of organisations, each with its structure and way of operating. These types help businesses decide how they want to divide tasks and responsibilities.

Functional Organisation

Under a functional organization, employees are assembled according to the function or expertise the firm needs. Separate departments such as marketing, finance, and operations have managers responsible for running all activities within that department.

- **Benefits:** Division of tasks on expertise. Clarity of what falls within the sphere of a given department. Rational use of each function's resources.
- **Examples:** A manufacturing firm with a different production, finance, and marketing department.

Divisional Organisation

In a divisional organization, the business is divided into semi-autonomous divisions, each responsible for its own goods, services, or regions. Each division operates like a company but is still part of the larger organization.

- **Benefits:** Concentrating all divisions on a specific goal Encourages changeability and innovativeness from the divisions or units. End.
- **Examples:** A global company with various business segments for various geographical regions such as North America, Europe, and Asia.

Matrix Organisation

A matrix is a combination of functional and divisional structures. Employees report to the functional manager and the project or product manager in this structure. This is designed to increase flexibility and communication between different parts of the organisation.

- **Benefits:** Interdepartmental collaboration is increased. Flexibility in accommodating new projects or priorities. Better utilization of resources in multiple projects.
- **Examples:** A technology company where developers work on various product teams but also report to functional managers for specific technical skills.

Flat Organisation

A flat organization has minimal levels in a hierarchy, meaning employees have much closer access to top management, which fosters open communication and high autonomy levels.

- **Benefits:** Stimulates innovation and creativity. Minimizes cost for management. Makes faster decisions.
- **Examples:** Startups or small businesses with fewer layers of management.



Steps in the Process of Organisation

An effective organization is created through several key steps to ensure the structure supports business goals. The main steps in the process of organization are as follows:

1. **Identification & Division of work:** Identifying objectives must be done before organizing resources. This is where the entire direction of the business is set. Clear objectives set the direction to determine the required structure and resource allocation.
2. **Work Divided or Departmentalisation:** After the objectives have been defined, work is divided into specific functions or departments. In large organizations, this could be done by grouping employees into sales, finance, marketing, etc., based on their skills and expertise.
3. **Assigning Authority (duty):** A chain of command shall be created. This defines who will decide and control the operation at which level. It eliminates the allowance of an unawareness of accountability.
4. **Coordinate activities (Establishing reporting relationship):** After setting out the roles and authority, coordinating activities across departments will be essential to ensure that all go according to plan and work toward achieving the organisational goal.

Importance of Organisation FAQs

What is the importance of organization?

Organization is important because it can improve efficiency, communication, and accountability to help businesses achieve their goals.

What are the types of organization?

Functional, divisional, matrix, and flat structures provide different benefits according to the business needs.

What is the importance of organizational behavior?

Organisational behaviour is vital to help achieve a positive work culture because it makes them work efficiently and adequately communicate with the people, resulting in better results.

What are the steps of the process of organisation?

Organisational Process Steps: Observe the purpose, divide jobs, assign authority, and coordinate activities.

Why is business important for an organization?

Business organization is essential in ensuring efficient management of resources, clear roles, and effective communication, hence increased productivity and growth.



The image is a promotional graphic for Plutus Education. It features a smartphone on the left displaying the Plutus Education mobile application interface, which shows various exam categories like IITJEE Main, IITJEE Advanced, UPSC IAS, etc. In the center, the Plutus Education logo is displayed above the text "Join The Plutus Education ACCA Newsletter Boost your Exam Preparation". Below this text are two buttons: "Join Now" and "Download Broucher". On the right side of the image, there is a portrait of a man with his arms crossed, wearing a black polo shirt with the Plutus Education logo on the chest. The background of the image is white with a large, stylized teal 'P' graphic at the bottom.