

UNIT -5 ORGANIZING

Short Answer Type Question (3/4 marks)

6.6 How does informal system work in a formal organization?

Ans. An informal system works in an informal organisation without any formalities.

- a. An informal organisation originates from within the formal organisation as a result of personal interaction among employees.
- b. The standards of behaviour evolve from group norms rather than officially laid down rules and regulations.
- c. Independent channels of communication without specified direction of flow of information are developed by group members.

Q2 Discuss the steps of Organising.

a) Identification and Division of Work

The first step in the process of organizing involves identifying and dividing the total work to be done into specific activities (called jobs) in accordance with previously determined plans.

Such division of work into jobs is necessary because of the following reasons :

One individual cannot perform the entire work. By dividing the work, the burden of work can be shared among the employees.

b) Grouping jobs and Departmentalisation

The second step in organizing is to combine or group similar/related jobs into larger units called departments, divisions or sections. This grouping process is called "Departmentalisation". Departments can be created using several criteria as a basis such as products territory etc.

c) Assignment of Duties:

It is necessary to allocate work to various employees. Once departments have been formed, each of them is placed under the charge of an individual, called departmental head (e.g., production manager, finance manager, marketing manager, etc.) Jobs are then allocated to the members of each department according to their skills and competencies.

d) Establishing Reporting Relationships :

Merely allocating work is not enough. Each individual should also know from whom he has to take orders and to whom he is accountable. The establishment of such reporting relationships helps in coordination amongst various departments.

d).7 Give any three demerits of divisional organisation.

Ans. Demerits of Divisional structure

- (i) **Departmental conflicts** : Conflict may arise among different divisions with reference to allocation of funds and further a particular division may seek to maximize its profits at the cost of other divisions.
- (ii) **Costly** : It may lead to increase in costs since there may be a duplication of activities across products. Providing each division with separate

set of similar functions increases expenditure.

- (iii) **Ignoring of organizational interests** : It provides managers with the authority to supervise all activities related to a particular division. In course of time, such a manager may gain power and then he may ignore organizational interests.

Q4 .State four advantages of Delegation of Authority.

Ans. Delegation of authority is necessary in all types of organizations. Reasons can be seen through the importance.

The importance of delegation of authority may be outlined as follows :

1. **Reduced workload of managers** : Delegation of authority permits a manager to share his workload with his subordinates. By passing on the routine work to the subordinates, the manager is able to concentrate on more important aspects of his subordinates and is able to concentrate on policy matters and decision-making. This would increase his effectiveness.
2. **Effective management** : The manager who delegates authority can perform much more than the one who does not. This is because the manager can get some work done by his subordinates and is able to concentrate on policy matters and decision-making. This would increase his effectiveness.
3. **Motivation of employees** : Delegation implies grant of authority to the subordinates along with responsibility for work. A result, subordinates have a sense of recognition. They are motivated to work for higher performance. They do their job to the best of their abilities and skills.

4. **Employee development :** As a result of delegation, employees get more opportunities to utilize their talent. It allows to develop those skills which will improve their career prospects. It makes them better leaders and decision makers. Thus, delegation helps by preparing better future managers.

4.8 State any two circumstances in which Divisional organization structure is more suitable.

Suitability

- (i) Divisional structure is suitable for those business enterprises where a large variety of products are manufactured using different productive resources.
- (ii) When an organisation grows and needs to add more employees, create more departments and introduce new levels of management, it will decide to adopt a divisional structure.

4.9 Delegation of authority is based on the elementary principle of division of work. Explain.

Ans. In division of work, the work is divided into small tasks. Same way in delegation, the manager

divides some of his work & authority among his subordinates. No manager can perform all the functions himself. To get the work done efficiently and in a specialized manner, the manager divides the work among his subordinates according to their qualification & capability.

4.10 Authority can be delegated but responsibility cannot. Explain.

Ans.. Authority can be delegated but responsibility cannot. Delegation does not mean abdication.

The manager shall still be accountable for the performance of assigned tasks. The manager cannot escape from the responsibility for any default or mistake on the part of his subordinates.

Thus irrespective of the extent of delegated authority, the manager shall still be accountable to the same extent as before delegation.

LONG ANSWER TYPE QUESTIONS (5 / 6 mks)

Q1. Distinguish between Delegation of Authority and Decentralisation

| Basis | Delegation of Authority | Decentralisation |
|----------------------|---|---|
| a) Meaning | Sharing of the task with the subordinate and granting authority in a prescribed limit by the superior is Delegation | The systematic delegation to the lowest level of management is called decentralization. |
| B) Nature | It becomes compulsory in all the organizations as the complete task cannot be performed by the superior | It becomes compulsory in the large organisations |
| c) Freedom in action | Less freedom to the subordinate Final authority lies with the delegator | More freedom given to the subordinate. |
| d) Status | This is a process done as a result of Division of work | This is the result of the policies framed by higher officials |
| e) Scope | It depicts limited distribution of work, so has a limited scope | It depicts broader distribution of authority so has a wider scope. |

| | | |
|-----------|---|--|
| f)Purpose | Its purpose is reduction of workload of the officer | The purpose is expansion of the authority in the organization. |
|-----------|---|--|

Q2 Distinguish between Formal and Informal Organisation

| Basis | Formal Organisation | Informal Organisation |
|--------------------------|--|--|
| a) Creation | It is created by the Management in the form of structure of authority | It is created spontaneously by the mutual relations of the employees. |
| b) Origin | It is established because of the rules and policies of the organization | It is established due to the social relationship. |
| c) Flow of communication | Communication is defined. It moves according to the chain of command. | Communication can move in any direction. |
| d) Leadership | Because of the high rank, Managers are leaders | The leader is elected |
| e) Nature | It is more stable | It is not stable and so is temporary in nature. |
| f) Behaviour | Behaviour of the employees is influenced by the rules and procedures laid down by the management | Behaviour of employees is spontaneous and governed by personal belief, values and attitudes. |

Q3. What is meant by functional structure? Give its merits & demerits

Ans. Functional organization structure is a structure whereby the departments are created on the basis of functions of the organization such as Production, marketing, finance etc.

Advantages/Merits

- 1. Specialisation :** A functional structure leads to occupational specialization since emphasis is placed on specific functions. this promotes efficiency in utilization of manpower as employee perform similar tasks within a department and are able to improve performance.
- 2. Efficiency :** It helps in increasing managerial and operational efficiency and this results in increased profit.
- 3. Minimises costs :** It leads to minimum duplication of effort which results in economies of scale and thus lowers cost.
- 4. Better control and coordination :** It promotes control and coordination within a department because of similarity in the tasks being performed.
Proper attention : It ensures that different functions get due attention.
- 5. Ease in training employees :** It makes training of employees easier as the focus is only on a limited range of skills.

Disadvantages/Demerits

- 1. Functional empires :** A functional structure places less emphasis on overall organizational objectives than the departmental objectives. Such practices may lead to functional empires wherein the importance of a particular function (or department) may be over-emphasised.
- 2. Problems in coordination :** Pursuing departmental interests at the cost of

organizational interests can also hinder the interaction between two or more departments. It may lead to problems in coordination among different departments.

3. **Conflict of interests** : A conflict of interests may arise among departments when the interests of two or more departments are not compatible.
4. **Inflexibility** : It may lead to inflexibility as people with same skills and knowledge base may develop a narrow perspective and thus have difficulty

Q4. Why is organising considered an important function of management? Give any six reasons?

Ans. The importance of organizing may be summaries as follows :-

- (a) **Benefits of specialization** : The activities are grouped very carefully into specialized jobs on the basis of similarity. repetitive performance of a particular task leads to specialization.
- (b) **Clarity in working relationships** : The jobs of managers and non managers are clearly defined & differentiated.
- (c) **Effective administration** : Organising provides a clear description of a jobs and related duties. This helps to avoid confusion and duplication. Clarity in working relationship enables proper execution of work. This brings effectiveness in administration.
- (d) **Source of support and security improves job satisfaction:** Organising is a source of support, security and satisfaction to managers and employees in performing their assigned tasks. It recognizes the status levels of members; each one of the members enjoys a definite status and position in the organisation.

In a sound organisation every individual is assigned the job for which he is best suited. The assignment of right jobs to right persons improves job satisfaction among the employees.

- (e) **Optimum utilization of resources** : A sound organisation helps In the optimum utilization of technological and human resources by avoiding duplication of work and overlapping of efforts.
- (f) **Adaptation of change** : The process of organizing allows a business enterprise to adapt itself according to changes in the business environment. It allows the organisation structure to be suitably modified and the revision of inter-relationships amongst managerial levels to pave the way for a smooth running of the business.

Conclusion : Organising is a process by which the manager—brings order out of chaos, removes conflict among people over work or responsibility, and creates an environment suitable for teamwork.

Q5. “Delegation is the entrustment of responsibility and authority to another and the creation of accountability for performance.” Explain the elements of delegation in the light of this statement.

Elements of Delegation of Authority

Responsibility

Authority

Accountability

a) Responsibility

Responsibility is the obligation of a subordinate to carry out assigned activities to the best of his abilities.

It arises from a superior-subordinate relationship because the subordinate is bound to perform the duty assigned to him by his superior.

Thus, responsibility flows upwards, i.e., as subordinate will always be responsible to his superior.

b)

Authority

Authority is the sum of powers and rights of an individual to command his subordinates, to use financial, material and human resources as well as the right to take action within the scope of his position.

Authority is needed to discharge a given responsibility.

Authority flows from top to bottom, i.e., the superior has authority over the subordinate.

An important consideration to be kept in view with respect to both authority and responsibility is that when an employee is given responsibility for a job he must also be given the degree of authority necessary to carry it out. Thus, for effective delegation, the authority granted must be equal to the assigned responsibility.

If authority granted is more than responsibility, it may lead to misuse of authority.

On the other hand, if responsibility assigned is more than authority, it may make a person ineffective.

c)

Accountability

Accountability implies being answerable for the final outcome. Once authority has been delegated and responsibility accepted, one cannot deny accountability.

It cannot be delegated and flows upwards, i.e., a subordinate will be accountable to a superior for satisfactory performance of work.

It indicates that the manager has to ensure the proper discharge of duties by his subordinates.

Conclusion:

- While authority is delegated, responsibility is assumed, accountability is imposed. Responsibility is derived from authority and accountability is derived from responsibility.