

Chapter- 5 Organizing.

Very short answer questions.

1) What is organisation?

⇒ Organisation refers to a mechanism which enables men to live together and perform the activities collectively.

2) Mention any four principles of organization.

- ⇒ - Principle of unity of objectives
 - Principle of efficiency.
 - Principle of division of works.
 - Principle of simplicity
- Organization Center

3) Mention any four importance of organisation.

- ⇒ - optimum utilization of human resource.
- Effective and efficient administration.
- Facilitates growth and diversification.
- Training and development.

4) Mention the process of organisation.

- ⇒ - Determination of objectives
- Identification of activities
- Grouping activities
- Co-ordination.

5) What is line organisational structure?

⇒ line organisation refers to the direct vertical relationship between superior and subordinates

6) What is line and staff organisational structure?

⇒ line and staff organisation structure involves line and staff relationship. It consists of line authority and staff authority.

7) What is functional organisation structure?

⇒ Functional organisation structure involves grouping of activities and people of an enterprise into specialised functions and forming different departments to perform this functions. व्यवहार कक्षा

8) What is divisional organisational structure?

⇒ An action performed to separate certain things into a number of parts.

9) What is matrix organisational structure?

⇒ Matrix organizational is a newly evolving organizational structure which has received considerable attention in the development as well as developing countries.

10) What is committee form of organisational structure?

→ A number of persons may come together to take a decision, decide a course of action, advise line officers on some matters, it is a committee form of organizational structure.

11) What is delegation of authority?

→ The process of transferring authority from superior to subordinate to perform a certain task and achieve a specified goal is known as delegation of authority.

12) What is centralization of authority?

→ Centralization denotes that a majority of the decisions are being made by the higher level of management and they are not provided the decision making role to the working level of organization.

13) What is decentralization of authority?

→ Decentralization is the outcome of delegation of authority. It is the distribution of authority throughout the organization.

H) Differentiate between delegation and decentralization of authority in any two grounds.

Delegation	Decentralization
- The main purpose of delegation is to reduce the burden of the manager.	- The main purpose of decentralization is to prepare the organisational participants for handling major decisions and action of the organisation.
- Delegation indicates a relationship between superior and his immediate subordinates.	- is Decentralisation indicates a relationship between top management and various units, departments and plants.

Short / long answer question

i) Explain any seven principles of organisation.

→ Principle of unity of objectives :- Organisation is the mechanism to achieve the goals and objectives. The objectives of the organisation influence the organisational structure.

- Principle of efficiency :- Organisation should be able to attain the mission and objectives of the enterprise at the minimum cost.

- Principles of span of control :- Span of control is a device through which a number of subordinates can be controlled. A manager cannot supervise and control unlimited number of subordinates.

- Principle of division of works :- A sound and efficient organisation involves systematic distribution of works and responsibilities.

- Principle of unity of command :- According to the principle of unity of command.

- Principle of unity of command :- According to the principle of unity of command each subordinate should have one superior to whom he will be accountable.

- Principle of unity of direction :- There should be one objective and plan for the group activities. The activities of an individual and group should be directed towards the attainment of the set objectives.

2) Explain the importance of organisation.

→ - Optimum utilization of human resource :- A sound and effective organisation utilises the human resource properly.

- Effective and efficient administrative :- Organisation is needed for efficient and effective administration. It defines the various activities and authority relationship in the organisational structure.

- Allows optimum use of new technology :- A sound organisation is always flexible. It has capacity of absorbing changes in the environment.

- Training and development :- A sound and effective organising function offers a good scope for the development of managerial ability and competency by providing training.

- Productivity and job satisfaction :- Productivity of human resource can be increased when personnel of any organisation are made free to exercise their ideas.

3) Explain the Process of organisation.

⇒ - Determination of objectives :- In the first step of organising process, the objectives of the enterprise are to be determined.

- Identification of activities :- In the second step of organisation process, the works, jobs and activities to be performed are to be clearly identified.

- Grouping activities :- After identifying and dividing the activities of the enterprise, the similar activities should be grouped.
- Allocation of duties and responsibility :- Now, in forth step of organising process, the activities and task should be assigned to the employees.
- Delegation of authority :- Perhaps, delegation of authority is the most important device to ensure the attainment of the goals and objectives of the enterprise.
- Co-ordination :- In the last step of organising process, coordination is given a due emphasis. For the successful operation of any organisation, there should be proper and effective co-ordination between the activities and efforts of various departments.

4) What is organisational structure? Why is it required?

⇒ Organisational structure is a consolidated picture of duties and responsibilities of people. It is required because these structures determine how information flows between different levels of company.

It established flow of authority and responsibility. In fact, in any type of structure,

the hierarchy of positions has to be built up with clearly defined authority and responsibility for the successful operation of any type of business organisation, the organisational structure should have the features such as clear line of authority, adequate delegation of authority, less managerial levels, proper span of control and simple and flexible.

5) Define line and staff organisation. Explain its advantages.

> Line and staff organisation structure involves line and staff relationship. It consists of line authority and staff authority.

Advantages are as given below:-

- Specialization: This type of organisation is based on planned functional specialization. The experts provide their valuable advice and suggestions to the line executives in all strategic issues.
- Sound decision: Line and staff organisation enables the line managers to get reliable information and advice from the expert staff.

→ The advantages of functional organisation are :-

- Benefits of specialization :- In functional organisation functional foremanship is practised. Due to such practice, division of labour is successfully ensured.

- Efficiency :- It helps the enterprise to increase the efficiency of subordinates. The subordinates get advice and directions from different specialists which enhance their efficiency.

- Large scale production :- It facilitates for mass production. Efficiency and specialisation make the firm competitive and enable it for mass production.

- Flexibility :- A notable benefit of this structure is flexibility. Any change can be introduced in functional area easily.

- Better control :- The activities performed by the workers are jointly supervised by many foremen.

→ The disadvantages of functional organisation are :-

- Conflict in authority :- In this form of organisation, many bosses control the workers. They are bound to get direction from various bosses.

- Weak discipline:- More decentralisation of authority and provision of many bosses contribute to weakening the discipline.

- Delay in decision making:- It makes delay in decision making. Many experts are to be consulted in making decisions.

- Expensive:- In this form, many specialist are required to perform varied functions. Thus, this form of organisation is too expensive.

7) Explain the matrix organisational structure with its advantages and disadvantages.

➤ Matrix organizational is a newly evolving organisation structure which has received considerable attention in the development as well as developing countries.

Advantages of Matrix organisation:-

- Environmental adaptation:- Matrix organization has been designed to cope with the complexities of multi-product, multinational organizations.

- Sharing resources:- This structure facilitates the power sharing and utilization of highly specialized staff, equipment and resources.

- Professional Identification :- The matrix organization provided the professional identification of specialists and professionals based on their specialization and efficiency.
- Flexibility :- Matrix structure fosters flexibility throughout the organization. Various skills can be brought together in this type of organization.
- Effective control :- The main responsibility of the project manager is to maintain co-ordination among interrelated factors of a particular

The disadvantages of matrix organization structure are:-

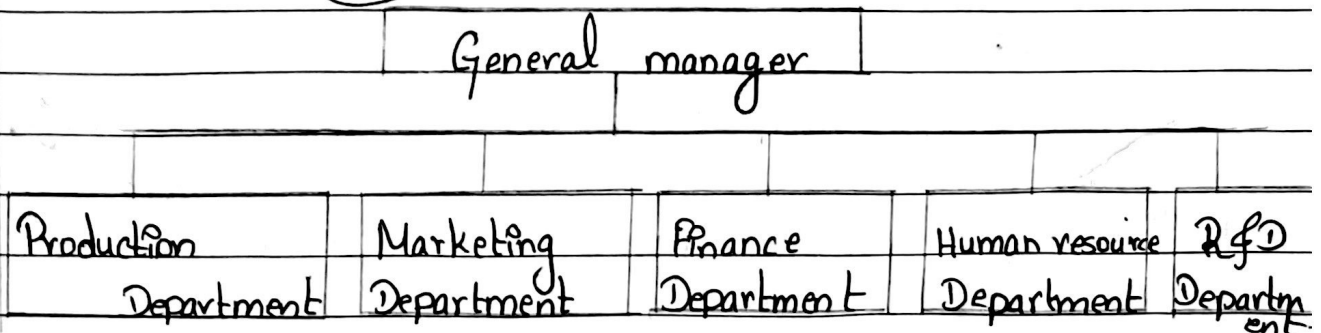
- Lack of Unity of command :- In matrix structure, subordinates have to follow instructions from ~~fr~~ more than one superior.
- Costly :- This structure increases administrative cost. In this structure, specialists from the project as well as functional authorities involve in project work.
- Power struggle :- One of the main problems with the matrix structure is that the project manager and functional manager may not agree on priorities or resources.
- Difficulties :- Matrix structure requires a high level of interpersonal relations and skills.

The disadvantages of committee organisational structure are :-

- Delay in decision making :- The main drawback of committee form of organization is delay in taking decisions.
- Compromise :- Generally, efforts are made to reach consensus decisions. The view point of the majority is taken as a unanimous decision.
- No accountability :- No individual accountability to be fixed if these decisions are bad.
- Strained relations :- Sometimes relations among committee members or with others become strained.

9) Explain the bases of departmentalization.

> - Departmentation by functions :- It is the very popular basis of departmentation. It is very simple and the most common method of departmentation.



2) Departmentation by product / services:- It is a method of departmentation in which departments are created and grouped on the basis of product / services.

3) Departmentation by territory:- Departmentation can also be done on the basis of territory or geographical location of the units. When several production or marketing units of a business organisation are geographically dispersed in various locations, it becomes logical to departmentalize all those units on a geographical basis.

4) Departmentation by customers:- It is that method of departmentation in which enterprise is divided into a number of departments on the basis of the customers that it serves.

5) Departmentation by time:- In this method of departmentation, activities are grouped on the basis of timing of their performance. This is the oldest form of departmentation.

6) Departmentation by process:- It is also called process or equipment departmentation. Under this form departmentation is done on the basis of several discrete processes or technologies involved in the manufacturing process of a product.

7) Departmentation by numbers :- Under this method, departments are created on the basis of number of persons. The organisation is divided into many groups.

10) Explain the guidelines for the effective delegation of authority.

→ Assignments should be clearly defined :- While delegating the authority, the assignments should be clearly ~~diff~~ defined in terms of goals or results expected.

- Two-way communication :- There is a two-way communication between the manager and the subordinates so, that proper understanding could be established.

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- Performance should be prescribed :- While delegating the authority, an outline of the job set must be clear and standards of performance should be prescribed.

- Performance should be appraised periodically :- The performance should be evaluated periodically after delegating the authority.

- The subordinates must be trusted :- While delegating the authority, the trusty environment should be developed so, that there should be little interference in their work.

- Managers must develop proper attitudes :- The managers should develop the proper attitudes for an effective delegation, viz.

1) Explain the factors affecting the centralization of authority

→ - Nature of organization :- When the organization is generally a sole proprietorship or partnership entity with less number of employees to be managed.

- Size of the organization :- The organization which are small in size and operating on a small scale can be efficiently managed by the top management hence following a centralized system.

- Nature of task :- The organization engaged in business operations which does not require much expertise or specialization, can be managed through centralization.

- Delegation of authority :- ability :- The capability of the management to delegate the responsibility to the subordinates while keeping the charge in their hand is another factor determining the organizational structure.

12) Explain the advantages and disadvantages of decentralization of authority.

→ The advantages are as given below:-

- Sound decision :- When the right to make decision are transferred to those who are responsible to execute, it supports for sound decisions and effective implementation.
- Development of managers :- When authority is delegated, managers at lower level becomes familiar with the art of decision making.
- Democratic management :- Decentralisation creates strong atmosphere of democracy in the organization.
- Effective communication :- There is effective communication in decentralised set-up. A healthy and close relationship is established between superior and subordinates.

Disadvantages of decentralization is given below:-

- Uniform policies not followed :- Under decentralisation it is not possible to follow uniform policies and standardised procedures.
- Problem of co-ordination :- Decentralisation of authority creates problems of co-ordination as authority lies dispersed widely throughout the organisation.

- Conflict :- Decentralisation puts more pressure on divisional heads to realize profits at any cost

12) Differentiate between delegation and decentralisation of authority.

→ Bases	Delegation	Decentralisation
Nature	Delegation of authority is the process of transferring authority to subordinates and making them responsible for their performance	Decentralisation is the end result of delegation of authority. It is not possible without delegation of authority.
Purpose	The main purpose of delegation is to reduce the burden of manager	The main purpose of it is to prepare the organisational participants for handling major decision and action of the organisation.
Responsibility	In delegation of authority, the only authority is delegated and not responsible	In decentralisation, the superior is relieved from responsibility.
Withdrawal of authority.	In delegation of authority, the delegated authority can be withdrawn by the delegator.	In here, the policy of the firm and matter is taken as withdrawal of authority is not so simple.

14) Discuss the various principles of organising.

⇒ They are as explained below:-

- Principle of unity of objectives :- Organisation is the mechanism to achieve the goals and objectives.
- Principle of efficiency :- Organisation should be able to attain the mission and objectives of the enterprise at the minimum cost.
- Principles of span of control :- Span of control is a device through which a number of subordinates can be controlled.
- Principle of division of work :- A sound and efficient organisation involves systematic distribution of works and responsibilities.
- Principle of unity of command :- According to the principle of unity of command, each subordinate should have one superior to whom he will be accountable.
- Principle of unity of direction :- There should be one objective and plan for the group activities.
- Principle of delegation :- Under this principle of delegation, authority, rights and power should be delegated to all levels of management.

- Principle of simplicity :- The principle emphasises upon the simplicity of the organisational structure. The structure of the organisation should be simple.

- Principle of authority :- Authority means the rights and power. It is the tool which makes a manager able to accomplish the desired goals.

- Principle of responsibility :- Principle of responsibility makes the superior responsible for their authority.

- Principle of flexibility :- Considering the environmental dynamism, the organisational structure should be flexible.

- Principle of balance :- There should be a proper and reasonable balance in the activities and the size of the departments within the organisation.

- Scalar Principles :- It is also known as "chain of command". It is unbroken line of command or authority from the top level to the bottom of the organisation.

- Principle of specialisation :- The principle of effective organisation provokes specialisation. It promotes for economy and efficiency.

- Principle of personal ability :- For the sound and effective organisation, human resource is very important.