

# Organization

## ORGANIZING

### Concept of Organizing:-

Ans:- Organizing is the process of bringing all of an organization's resources together and building productive relationships amongst them. It also entails outlining the power and responsibilities of all of the company's personnel. Organizing defines the hierarchy of positions of all the authorities from top level to subordinate levels.

**According to Theo Haiman,** "Organization is the structural framework within which the various efforts are coordinated and related to each other."

Organizing is known as foundation of an enterprise. It involves rules, regulation, working procedures and system. All the member of an enterprise need to work according to rules and systems.

### **1. Explain the Principle of Organizing.**

**Ans:-** A sound organization can be stated by keeping in view some basic principles. The major principles of organization are discussed as follows:

- i. Unity of objectives**
- ii. Specialization**
- iii. Coordination**
- iv. Authority and responsibility**
- v. Unity of command**
- vi. Scalar chain**
- vii. Span of control**
- viii. Exception**

- ix.        **Efficiency**
- x.         **Balance**
- xi.        **Continuity**
- xii.       **Simplicity**
- xiii.      **Flexibility**
- xiv.       **Personal ability**

**i. Unity of objectives:-**

**Ans:-** All the members working in an organization should have common goals. To accomplish this, the enterprise's shared objectives should be determined first, and then the enterprise's departments and sections should be divided. This is necessary in order to complete the assignment on time.

**ii. Specialization:-**

**Ans:-** Specialization in a specific work is an important principle of organization. Work should be assigned to employees on the basis of their skill and experience. It is helpful to maintain and develop working efficiency and minimize cost of output or service of the enterprise.

**iii. Coordination:-**

**Ans:-** Coordination integrates effort of all the members to meet common goals. Many departments are established, and numerous people are assigned to various departments. One of the aspects of organization is the coordination of various departments and their activities.

**iv. Authority and responsibility:-**

**Ans:-** In the organization there must be balance between authority and responsibility. In the similar way, sufficient

authority to an employee without responsibility may create the problem of misuse of authority.

**v. Unity of command:-**

**Ans:-** A subordinate should receive instruction only from one superior at a time. A subordinate has responsibility to complete the instruction of a superior at a time. Thus, when he is answerable to more than one superior at a time, he cannot devote his duties in proper time.

**vi. Scalar chain:-**

**Ans:-** There should be unbroken hierarchy of relation from top to subordinate levels in the enterprise. It also promotes mutual understanding among superiors and subordinates of different levels of the organization.

**vii. Span of control:-**

**Ans:-** There should be limited number of subordinates under a supervisor so that he can control them effectively. The narrow span needs more close and effective supervisor as there should be limited number of subordinates under a supervisor.

**viii. Exception:-**

**Ans:-** Top-level managers should be involved in creative activities like as planning, policy development, and strategy development, among other things. This is critical in order to maximize efficiency at both the upper and lower levels. The exception principle makes effective delegation of authority in accordance with responsibility.

**ix. Efficiency:-**

**Ans:-** The efficiency of an organization is measured by its capability to achieve the predetermined objectives in effective

and within minimum cost. Management has to make plan and develop strategy for better utilization of resources including manpower.

**x. Balance:-**

**Ans:-** There must be balance between efficiency and effort. The works should be delegated to a particular department on the basis of its capability. There must be equal division of work among all department and sections of the organization.

**xi. Continuity:-**

**Ans:-** Organizing is a continuous process up to the functioning of an enterprise. Organizational structure should be examined and updated in response to the changing business environment. Managers must keep it current and adaptable to the changing environment.

**xii. Simplicity:-**

**Ans:-** Organizational structure should be designed in such a manner that all members can understand it easily. It provides a framework for better co-operation among all the members.

**xiii. Flexibility:-**

**Ans:-** Organizational structure once developed should be adoptable to the changing business. The organizational structure must be flexible. Organizational structure should be such it is adjustable according to changing environment of the society.

**xiv. Personal ability:-**

**Ans:-** Working environment should be developed in such a way that each member can develop working efficiency. For this purpose, there must be the proper system of recruitment,

selection, appointment, and placement of appropriate workers in right place.

## **2. Explain the Importance of Organizing as a Management Function?**

**Ans:-** An effective organization structure encourages for the expansion, promotion and diversification of business. The following are the major importance of organizing:

**:-**

- ii. Relationships**
- iii. Flow of Work**
- iv. Coordination**
- v. Staffing**
- vi. Change Management**
- vii. Goal Focus**

### **i. Division of Work:-**

**Ans:-** Organizing involves division of work for specialization. It divides the job into departments. Positions and persons are allocated work. By making greater use of resources, efficiency rises. It is avoided that resources are misused. There is no duplication of effort. The promotion of specialization is encouraged.

### **ii. Relationships:-**

**Ans:-** Organizing establishes a network of authority and responsibility relationships. A hierarchical structure is constructed. It specifies who is responsible for what. Communication channels have been clarified. There will be no confusion or misunderstanding. The flow of information is aided. People are placed in positions.

### **iii. Flow of Work:-**

**Ans:-** Organizing clearly defines jobs. It facilitates orderly flow of work. It clarifies who is to do what. Decision making is made easy for smooth operations. Delegation of authority is facilitated.

### **iv. Coordination:-**

**Ans:-** Organizing creates coordination mechanisms. Harmony of efforts. Human resources are effectively utilized. Activities are coordinated.

### **v. Staffing:-**

**Ans:-** Organizing designs a structure and provides positions. This leads to help staffing function. Right persons are hired for right job. Training and development is facilitated.

### **vi. Change Management:-**

**Ans:-** Organizing helps to manage change. New technology can be introduced. Growth and expansion can be managed. Structure can be changed to manage change.

### **vii. Goal Focus:-**

**Ans:-** Organizing produces focused work efforts. Goals can be achieved efficiently and effectively.

## **3. Explain the Process or Steps of Organizing.**

**Ans:-** Organizing is a continuous process and involves series of activities. An organizing process usually goes through following steps.

- i. Determination of Objectives**
- ii. Determination of Activities**

- iii. Grouping of Activities**
- iv. Establishing Formal Relationship**
- v. Creation of Managerial Position**
- vi. Assignment of Works**
- vii. Establishment of Communication and Coordination**

**i. Determination of Objectives:-**

**Ans:-** All the enterprises are established for achieving definite objectives. Predetermined objectives must be specific and achievable through organizational resources.

**ii. Determination of Activities:-**

**Ans:-** After determination of objectives second step of organizing process is to determine activities of the enterprise. It is necessary to engage in a variety of activities in order to reach a specific goal. This stage entails estimating the overall amount of work that must be accomplished in order to meet the goals. A manufacturing business's operating activities, for example, may differ from those of a trade concern.

**iii. Grouping of Activities:-**

**Ans:-** After determination of various activities another step of organizing is to grouping them on the basis of common nature. It means activities must be classified on the basis of nature and should be put at one group or subgroup. A department may be sub divided into sections and individual job units by using the concept of division of labour and specialization .

**iv. Establishing Formal Relationship:-**

**Ans:-** In an enterprise many members may involve in various activities in different levels. It is critical to have formal relationships among all members in order to regulate smoothness in organizational activities and achieve results. The formation of a formal relationship among the members creates a framework for the distribution of duties and obligations.

**v. Creation of Managerial Position:-**

**Ans:-** This step concentrates to create managerial position for each group of works. It means that each group or department has its own department manager who is in charge of its operations. In this context, the concepts of delegation of authority and decentralization of authority are relevant.

**vi. Assignment of Works:-**

**Ans:-** After grouping of activities, establishment of formal relationship and creation of managerial position, another task of organizing is to assign duties to each department, section, and individual. The work should be given to a specific individual for whom it is suitable.

**vii. Establishment of Communication and Coordination:-**

**Ans:-** Exchange of information among the members in the enterprise is a must during the course of performance. The subordinates also want to maintain communication with their colleagues and superior.

**4. What is organizational structure? Why is it required?**

**Ans:** Organizational structure establishes the authority-responsibility connection and offers

direction for the organization's smooth operation. It investigates the dynamics of the authority-responsibility relationship within the company and focuses on work division. The formal structure provides a framework for managers and subordinates to perform their assigned functions.

The sort of organizational structure, on the other hand, is determined by the nature and size of the company. It may differ from one company to the next. Management must use extreme caution when establishing a system of authority-responsibility relationships, which is critical to the enterprise's success.

A good organizational structure encourages the expansion, promotion, and diversification of business. The common advantages of organizational structure are as follows:

- i. Effective Management**
- ii. Develop Specialization**
- iii. Avoid Overlapping**
- iv. Proper Use of Resources**
- v. Defines authority and Responsibility**
- vi. Support for business Growth**

**i. Effective Management:-**

**Ans:-** A good organizational structure should support for effective management of an enterprise. It is the system through which a manager can direct, control and co-ordinate the business activities. It helps to avoid confusion and delay in works.

**ii. Develop Specialization:-**

**Ans:-** A sound organizational structure helps to develop specialization among the workers. This division and classification of work lead to develop specialization among the workers

**iii. Avoid Overlapping:-**

**Ans:-** A good structure of an organizational helps to avoid overlap and duplication of efforts. In organizational structure works are divided into many departments, sections, and individuals

**iv. Proper Use of Resources:-**

**Ans:-** A sound organization helps for proper use of human resources and other physical resources of an enterprise. It guarantees that the proper individual is assigned to the right job. The efficient use of human and other resources helps to reduce output costs.

**v. Defines authority and Responsibility:-**

**Ans:-** A sound organizational structure clearly defines authority-responsibility relationship among all the members. It develops a feeling of self-responsibility among members. It also helps to develop mutual understanding among the members.

**vi. Support for business Growth:-**

**Ans:-** An effective organizational structure leads to growth and diversification of business activities of the enterprise. It helps to keep control upon various activities of the enterprise.

**5. What is Line and Staff Organizational Structure? Explain Merits and Demerits of Line and Staff Organizational Structure.**

**Ans:-** In this structure, there is the provision of chain of commands, and besides, there is the provision of specialist to provide suggestions to line managers in decision making. In line authorities there is provision of chain of command from top level to subordinate levels. Line managers are experts in their respective fields and are in charge of the entire department's operations. They are in charge of offering advice and information to line managers who are having problems making decisions. The following are some of the most prevalent benefits of having a line and staff organization structure.

**i. Managerial Specialization:-**

**Ans:-** In line and staff organization, works of the organization are divided among the line authorities. Line authorities are efficient in their specific field of work and are also in charge of completing assigned tasks.

**ii. Better Coordination:-**

**Ans:-** Coordination among all the members of the organization is one of the advantages of line and staff organizational. Line authorities involve implementing plans maintaining control over activities.

**iii. Limited Functional Authority:-**

**Ans:-** This feature of line and staff organizational provides aid to management. The line authorities are mainly given authority to manage their respective line departments' subordinates.

**iv. Practical Decision:-**

**Ans:-** The right decision at the right time is essential for business success. In this structure, the

top management and line authorities are responsible for decision.

**v. Facilitates For Growth:-**

**Ans:-** The line and staff organizational structure facilitates to grow and develop business activities of the enterprise. The line authorities are mainly given authority to manage their respective line departments' subordinates.

**vi. Better Utilization of Resources:-**

**Ans:-** Better utilization resources is essential for successful completion of organizational objectives. The line and staff organization facilitates for the better utilization of organizational resources including manpower.

**vii. Greater Flexibility:-**

**Ans:-** This organization structure provides better scope of flexibility. New line department can be created on the basis of requirement. Line authority and subordinates can be appointed in the concerned department.

**Disadvantages of Line and Staff Organizational Structure:-**

**i. Problem of Conflict:-**

**Ans:-** One of the limitations of line and staff organization is the problem of conflict between line and staff authorities. When both authorities have contradictory attitudes toward each other, this limitation causes major problems in the organization. To maintain coordination among the members, top-level management must exert more effort.

## **ii. Greater Confusion:-**

**Ans:-** The line and staff organization creates confusion in the mind of manager, subordinates and also among line and staff authorities. The lack of demarcation of authority and responsibility between line and staff authorities creates confusion among them.

## **iii. High Costly Structure:-**

**Ans:-** The line and staff organization needs more administration cost. There are two sorts of executives needed in this structure: line and staff executives. As a result, minimizing costs and maintaining higher operational efficiency with fewer resources is unattainable. As a result, this structure is unsuitable for small and medium-sized businesses with limited resources.

## **iv. Overdependence on Staff:-**

**Ans:-** In some situation, line executives may have overdependence on staff for getting information and suggestions. This may exploit the main theme of line and staff concept and can provide negative impact in business line of the enterprise.

## **v. Ineffective Staffs:-**

**Ans:-** The functional specialists have no formal right to take active part in preparation and implementation of the plans. Their only responsibility is to offer advice and suggestions to line authorities. It is up to the line authority to accept or reject their suggestion.

## **vi. Lack of Responsibility:-**

**Ans:-** Line managers may depend too much on functional specialists. Line managers even may

implement plans in accordance with functional specialists' advice and suggestion. In such situation, line authorities may lose their initiative and creativity in works.

**vii. Complication For Management:-**

**Ans:-** It is more difficult to coordinate and manage both line and staff authorities as both may have negative attitude towards each other. In some situation, top management feels puzzle to handle line and staff authorities.

**6. What is Line Organizational Structure? Explain its advantages and disadvantages?**

**Ans:-** The oldest and most traditional type of organizational structure is the line organization structure. Military organization is another name for it. There is an uninterrupted chain of authority from the top level to the levels of the subordinates under this system. It means subordinate level employees are responsible to their immediate superiors.

In line organization structure, the business activities of an organization are divided into different department on the basis of common nature of works. A department head is appointed in each department who is responsible for each and every activity of the concerned department.

**Advantages of Line Organization:-**

**Ans:-** The following are the common advantages of line organization structure:

**i. Simple:-**

**Ans:-** A line organization is simple to design, understand, and operate. The authority-

responsibility connection between all members of the enterprise is clearly defined. They also know who their boss is, to whom they must report.

**ii. Quick Decision And Implementation:-**

**Ans:-** In line organization, top level manager is responsible for taking strategic decision. He can implement decision in practical field also in simple manner.

**iii. Maintain Discipline:-**

**Ans:-** In line organization, there is chain of command from top level to the subordinate levels of management. Every employee is responsible to his immediate superior.

**iv. Fixation of Responsibility:-**

**Ans:-** Fixation of responsibility facilitates in line organization because of unity of command. No one can evade or delegate responsibility to others. Every employee is accountable for completing assigned tasks. As a result, a responsible organization structure is formed via line organization.

**v. Flexibility In Operation:-**

**Ans:-** The structure of line organization is adjustable according to the changing environment of the business. Thus, it permits flexibility in operation. Depending upon the requirement, more departmental managers can be added to the existing structure.

**vi. Effective Management:-**

**Ans:-** The line organization permits chain of command and span of control. The top level

management can control the whole organization through hierarchy of authority. Every employees is responsible for his immediate supervisor.

### **vii. Economical Organization:-**

**Ans:-** A line organization is economical in operation. There are no experts or specialists available to provide assistance to top-level management. Top management makes decisions based on requirements rather than technical advice from specialists. Management makes decisions based on their own rationale and ideas.

### **Disadvantages of Line Organization:-**

**Ans:-** The following are the main disadvantages of line organization:

#### **i. Overloading On Manager:-**

**Ans:-** In line organization, top level manager needs to perform a wide variety of functions in enterprise. He cannot devote his time to supervise the subordinates.

#### **ii. Lack of Specialization:-**

**Ans:-** In line organization, there is absolute lack of functional specialization. An employee is required to participate in a variety of tasks. Similarly, a manager must handle multiple departments and functions at the same time. When a bad decision is put into reality, it has a negative outcome.

#### **iii. Autocratic Leadership:-**

**Ans:-** The executive authority of the enterprise is concentrated in top level management. Subordinates have no freedom to do their

performance.

**iv. Problems of Coordination:-**

**Ans:-** The top level management may face problem to maintain coordination in the functions of various departments In line organization, various departments are autonomous in operation and there is little communication with each other.

**v. Inefficiency:-**

**Ans:-** There is lack of provision of experts and specialists in decision making process. The top level management takes decision without taking any suggestion and guidance from experts.

**vi. Lack of Stability:-**

**Ans:-** Line organization totally depends upon few executives. They perform a wide range of unique and inventive works. If an issue with a senior management is discovered, the organization's performance may be hampered. As a result, there is a lack of stability in the business.

**vii. Unsuitable Under Present Day Environment:-**

**Ans:-** The line organization is based on traditional concept of management. There is no provision of guidance and suggestion from experts and specialists for managerial decision.

**7. What is Functional Organizational Structure? Explain its Advantages and Disadvantages.**

**Ans:-** All business activities of an enterprise are divided into a number of functions and each function is entrusted to a specialist.

All of an enterprise's business activities are separated into a number of functions in functional organization, and each function is assigned to a specialist. Each specialist who is entrusted with a function is referred to as a functional specialist, and the authority assigned to each specialized is referred to as his functional authority. A functional manager can exert functional authority not only over his own subordinates, but also over all subordinates in all other functional divisions of the firm, which is one of the key elements of functional organization.

### **Advantages of Functional Organization:-**

**Ans:-** The following are some common advantages of functional organization:-

#### **i. Benefits of Specialization:-**

**Ans:-** The functional organization structure provides the benefit of functional specialization. Every manager is an expert in his or her profession. Functional specialization has a number of advantages, including better managerial decisions, lower operating costs, and increased company efficiency and productivity.

#### **ii. Increase Efficiency:-**

**Ans:-** Each department of the enterprise is given under the supervision of a functional specialist. Top-level management makes decisions with the help of functional specialists' suggestions, advice, and assistance. As a result, both supervisors and subordinates work more efficiently.

#### **iii. Healthy Competition Among Experts:-**

**Ans:-** Functional organizational structure has given importance to functional specialization.

Healthy rivalry among functional experts is encouraged by functional organization. This healthy competitive spirit aids in the development of effective executives and managers.

**iv. Relief to Executives:-**

**Ans:-** In functional organization, works are divided to functional managers on the basis of their area of specialization. They have full authority and are responsible for each and every activity of concerned functional area.

**v. Mass Production:-**

**Ans:-** There is the provision of functional specializations and standardization in work in functional organizations. Mass scale production helps to minimize per unit cost of products and services.

**vi. Facilitates Growth and Expansion:-**

**Ans:-** The functional organization structure provides preference for growth and expansion of business activities. Each and every executive is expert in effective manner in accordance with requirement.

**vii. Suitable for Present Environment:-**

**Ans:-** The functional organization structure is suitable for the management of large scale business enterprises in present day environment. The completion of business operation under such environment requires the services of various area.

**Disadvantages of functional organization:-**

**Ans:-** The following are some points of disadvantages of functional organization:-

### **i. Multiple Command System:-**

**Ans:-** The lack of unity of command is the major limitation of functional organization structure. Because of the breakdown of the principle of unity of command, both functional specialists and subordinates do not want to assume full responsibility for their work.

### **ii. Lack of Coordination:-**

**Ans:** A functional expert is assigned to each department of the company. Department heads are self-sufficient in carrying out their responsibilities. There is no official contact established between departmental specialists. They don't communicate well with one another. The general manager may face very difficulty to co-ordinate departmental activities because of static and narrow vision of departmental managers.

### **iii. High Administrative Cost:-**

**Ans:-** The functional organization needs more administrative cost. Many functional specialists are assigned to various departments in a functional organization. Under a functional structure, minimizing costs and maintaining improved efficiency in operations is impossible.

### **iv. Delay in Decision Making:-**

**Ans:-** To make quick decision and prompt implementation is the present day need of business. There is no way to make a timely choice in a functional organization. Before making a choice, it is critical to seek advice and recommendations from specialists and to speak with them in a group setting.

### **v. Spoil Human Relation:-**

**Ans:-** It is more difficult to maintain mutual relation among the members. A subordinate is forced to work under multiple executives due to a lack of command unity. The interaction between superiors and subordinates is complicated, which ruins human relationships in the workplace.

**vi. Narrow Outlook of Specialists:-**

**Ans:-** The narrow vision of departmental specialists creates problems in functional organizations to achieve overall objective of the enterprise. The departmental specialists are concentrated only on the efficiency functioning of their respective functional areas.

**vii. Shifting Responsibility:-**

**Ans:-** It is more difficult to fix a definite responsibility to a functional specialist or to a subordinate. Because there is a lack of command unity, everyone wants to blame others for the poor quality of their work. It is difficult to attain set objectives in such an atmosphere.

**8. What is Departmentation? Explain the methods of Departmentation.**

**Ans:-** In an organization many members perform various activities in different situation. All types of works cannot be completed at the same time or by a group of individuals. It's critical to break down activities into small chunks. To finish work in an efficient and effective manner, departmentation separates large and complicated organizational functions into smaller and more flexible groups.

**According to Wilson,** "The process of combining jobs into groups is termed departmentation."

Departmentation is a notion that emerges for the

purpose of completing work in a methodical and efficient manner. Work is usually divided into small manageable parts based on its nature and assigned to a departmental head. Each and every work of the concerned department is the responsibility of the departmental leader.

It creates a separate unit with some independent responsibilities to departmental managers who in turn improve their working efficiency and effectiveness.

### **Methods of Departmentation.**

**Ans:-** The followings are the major bases of departmentation of an organization:-

#### **i. Departmentation by Function:-**

**Ans:-** In this method, various departments have been created on the basis of nature of functions like production, finance, personnel, marketing etc. All department heads are professionals and specialists in their respective fields. When a department's workload increases, it may be subdivided into sub-departments once more.

#### **ii. Departmentation by Product/Service:-**

**Ans:-** In this method, a separate departments is created for a single product of product line and all functions of one department are brought together. Each department is independent and responsible to improve and expand its business performance. The department manager is responsible for its expenses, revenues, profits, failure, and success.

#### **iii. Departmentation by Customers:-**

**Ans:-** This type of departmentation is developed by those organizations which deal differently with

different types of customers. Types of customers are the key basis of departmentation of the enterprise. Banking organization creates departments on the basis of customers' service like deposit, letter of credit, loan department etc. The departmentation by customer is as follow:-

#### **iv. Departmentation by Territory/Location:-**

**Ans:-** In this strategy, departments are created based on the business's geographical locations. It is suited for large-scale businesses that are geographically dispersed throughout numerous sites, such as insurance, chain stores, or a nationally distributed product. In such departmentation, the local customers are served by the divisional manager while the plans and policies are formulated at the head office.

#### **v. Departmentation by Process:-**

**Ans:-** This method of departmentation is used in large scale manufacturing enterprise such as textile, cement, chemicals, medicines etc. The activities are grouped on the basis of process. This is done to maintain working efficiency of each process and to economize in productivity.

#### **vi. Departmentation by Time:-**

**Ans:-** In this method, departments are formed on the basis of shifts such as day, evening and night. A separate department is created on the basis of shift and a departmental head is appointed for each shift.

### **9. What is Delegation of Authority? Explain its Principle.**

**Ans:-** Delegation of authority entails assigning tasks to subordinates and granting them the

authority they require to complete the tasks efficiently. Delegation of authority is a crucial idea and practice that has an impact on managerial functions and the organization's overall operations. The expansion of business volume and diversification of line of business makes impracticable to handle all the business by a single manager.

**According to Moore** "Delegation means assigning works to others and gives them authority to do it."

Delegation of authority reduces a manager's workload while simultaneously improving the organization's overall efficiency. Some of the manager's authority, as well as specific responsibilities, must be delegated to subordinates.

The following are the principles suggested for effective delegation of authority:-

- i. Principle of functional definition**
- ii. Principle of delegation by the result expected**
- iii. Scalar chain principle**
- iv. Principle of unity of command**
- v. Principle of absolute responsibility**
- vi. Principle of parity between authority and responsibility**
- vii. Strategic control principle**
- viii. Authority level principle**

**i. Principle of functional definition:-**

**Ans:-** This principle concentrates on the various units of functions to be performed in the enterprise. Separate departments should be developed based on the nature of the functions, and each department's responsibility should be pre-

defined. Managers will benefit from knowing which efficient subordinates have been assigned specific tasks.

**ii. Principle of delegation by the result expected:-**

**Ans:-** This principle focuses on the delegation of authority in accordance with result expected from subordinates. It means that each subordinate should be granted sufficient authority so that he or she may carry out his or her responsibilities independently, confidentially, and without interruption. When more authority is delegated than is required, there is a risk of abuse and waste.

**iii. Scalar chain principle:-**

**Ans:** This principle emphasizes the flow of authority from the top down down the scalar chain or management hierarchy to the subordinates. It suggests that subordinates should only ask their immediate superior for the authority they require. The study about this principle is essential for effective delegation of authority.

**iv. Principle of unity of command:-**

**Ans:-** This principle stresses that a subordinate must receive instruction from one and only one superior at a time. This idea is used to delegate authority effectively. A subordinate cannot effectively operate under two or more superiors. As a result, the principle of unity of command makes it easier for a superior to assign duty to a subordinate and hold him accountable for reporting his performance to the superior.

**v. Principle of absolute responsibility:-**

**Ans:-** According to this principle, responsibility

assigned is fixed and absolute. No executive may outsource accountability to any of his subordinates in this situation. To fulfill corporate goals, the general manager cannot transfer his duty to his department managers.

**vi. Principle of parity between authority and responsibility:-**

**Ans:-** Authority and responsibility go together and there must be balance between these two terms. Without adequate authority, assigning responsibility to subordinates is pointless because subordinates are unable to commit their duties autonomously and efficiently.

**vii. Strategic control principle:-**

**Ans:-** This principle focuses that superior is delegating some of his authority must maintain broad natural control over his subordinates' activities. It indicates that you shouldn't get involved in day-to-day operations, but you should keep an eye on your subordinates' activities. This notion is linked to the principle of complete accountability. A severe blunder by a subordinate is likely to jeopardize the superior's existence and prestige.

**viii. Authority level principle:-**

**Ans:-** This principle concentrates to decision making authority. According to this principle, a superior at a particular level of management chain must take only such decision which comes within the preview of his authority. for such matters which do not come under his authority must be either referred to upper level or downward in management hierarchy to whom it is related.

## **10. Explain the Barriers to Effective Delegation of Authority?**

**Ans:-** Delegation of authority barriers may arise both from executive and subordinates. The following are the common barriers for delegation of authority:

- i. Reluctant to delegate**
- ii. Fear of losing importance**
- iii. Loss of control**
- iv. Mutual distrust**
- v. Fear of subordinates**
- vi. Incompetent subordinates**
- vii. Lack of motivation**
- viii. Authoritarian tendency**

### **i. Reluctant to delegate:-**

**Ans:-** Some managers are reluctant to delegate authority to subordinates. They believe that they are better equipped to make decisions than their subordinates. This notion is common among newly promoted managers and those who suffer from a superiority complex.

### **ii. Fear of losing importance:-**

**Ans:-** Managers, who feel comfortable with authority fear to delegate authority. They believe it will degrade their status. Such managers only distribute authority to subordinates that is relevant to their job responsibilities. As an organization's positional superior, they retain their influence.

### **iii. Loss of control:-**

**Ans:-** Some managers have opinion that they will lose control by delegating authority to their

subordinates. They believe that if they give authority to their subordinates, they will not be able to ensure that subordinates fulfill their assigned responsibilities. Such apprehension is understandable in the case of supervisors who are incapable of delegating tasks to others.

**iv. Mutual distrust:-**

**Ans:-** Managers are often reluctant to delegate authority to subordinates if there is an environment of distrust in the organization. A manager must have confidence in his own ability to help, guide, and control his subordinates before delegating authority.

**v. Fear of subordinates:-**

**Ans:-** Managers are reluctant to delegate authority if they fear that it will expose their shortcomings. They believe that their subordinates will perform better than they will, and that this will cause problems in their own careers. They lack self-confidence and are averse to competing in a competitive environment.

**vi. Incompetent subordinates:-**

**Ans:-** Some subordinates are often unwilling to accept delegated authority because of lack of self-confidence. They are afraid of making errors during their performance. It is the superior's role to help them develop self-confidence by guiding them and providing a supportive environment.

**vii. Lack of motivation:-**

**Ans:-** Lack of motivational environment discourages subordinates to take responsibility and accept authority. Such environment is found in organizations where there is a lack of reward and

judgment system.

**viii. Authoritarian tendency:-**

**Ans:-** Authoritarian leadership style also creates barriers in delegation of authority. Self-determination, issuing orders, and close control of subordinates are all values held by such managers. They will never delegate even a small portion of their power. They are overworked and unable to dedicate extra time to managerial responsibilities.

**11. What is Decentralization? Explain the importance of Decentralization?**

**Ans:-** Decentralization is the systematic delegation of authority to the level where the actual work is done. This ideology emphasizes that top management should have the bare minimum of authority and devolve the most authority to lower levels of management. Supervisory responsibilities fall to the top level manager.

**According to Louise A. Allen** "Decentralization is the systematic and consistent delegation of authority to the level where the work is performed."

Decentralization refers to the methodical and scientific delegation of managerial authority to middle and lower-level management in accordance with their responsibilities. In practice, delegating absolute control to lower-level management is impossible. It depends on the organization's nature and size, as well as the level of responsibility delegated to lower levels.

The following are the rational of decentralization of authority:-

- i. Relief to top management**
- ii. Facilitates manager's development**
- iii. Possibility of better decisions**
- iv. Effective control**
- v. High morale and motivation**
- vi. Facilitates diversification**
- vii. Environment adaptation**

**i. Relief to Top Management:-**

**Ans:-** In decentralization, most of the routine managerial responsibilities are delegated to middle and lower level managers. It reduces the top manager's excessive burden. It allows the senior manager to focus on non-programmed decisions such as planning, policy formulation, strategy formulation, and control.

**ii. Facilitates Managers' Development:-**

**Ans:-** In decentralization, appropriate responsibility and authority is delegated to subordinate level managers. It gives them an opportunity to show their skills and efficiency so as to get promotions. therefore, decentralization creates the reserve of talent.

**iii. Possibility of Better Decisions:-**

**Ans:-** Decentralization also delegated decision-making responsibility to the managers closest to the operational level. Managers who work closest to the operation have a greater understanding of the complexities of challenges. This helps in taking a better decision to solve a problem.

**iv. Effective Control:-**

**Ans:-** In decentralization, it is convenient to set standards of performance. This makes it easier to compare actual performance to standard performance. This enables quick decisions to be made in order to remedy variations in actual performance. As a result, effective control may be maintained.

**v. High Morale and Motivation:-**

**Ans:-** Decentralization is highly motivational as it gives the subordinates the freedom to act and take decisions. This develops among the subordinates a feeling of status and recognition and ultimately a feeling of dedication, commitment and belongingness.

**vi. Facilitates Diversification:-**

**Ans:-** The addition of new product lines or expansion of existing lines of business develops complexity in an organization. This also develops a challenge to the top manager. The top manager can meet such challenges by delegating authority to his subordinates.

**vii. Environmental Adaptation:-**

**Ans:** A dynamic environment can cause issues in many operational units. The operating level managers are granted decision-making authority in decentralization. This facilitates quicker and flexible decisions on the basis of situation.

**12. Explain the Factors Affecting Decentralization?**

**Ans:-** The following factors should be, generally, taken into consideration for decentralization:-

- i. Organization history**
- ii. Philosophy of management**
- iii. Size of the organization**
- iv. Availability of competent subordinates**
- v. Dispersion of operation**
- vi. Ability of top management**
- vii. Nature of management function**
- viii. Cost of decentralization**

**i. Organization History:-**

**Ans:-** The history or internal structure of the organization affects the degree of decentralization. There is a greater chance of centralized authority if the organization is founded, grown, or expanded under the direction of the owner. In this case, senior management must distribute authority to subordinates based on their responsibilities.

**ii. Philosophy of Management:-**

**Ans:-** The philosophy of top management affect the degree of decentralization. If management has a liberal ideology, subordinates may be given some degree of autonomy based on their job. Owner-managed businesses, on the other hand, have a slim chance of decentralization.

**iii. Size of the Organization:-**

**Ans:-** The size of the organization also affects decentralization. In small businesses with few commercial activities and a low level of complexity, senior management may have complete control over all operations. For effective work, top-level management delegated authority to middle and lower-level management.

#### **iv. Availability of Competent Subordinates:-**

**Ans:-** Decentralization is also influenced by the availability of experienced and competent subordinates inside the organization. Top management should never assign authority to an inept subordinate since he is more likely to make a mistake. In some situation, a minor mistake in decision might affect negatively in organizational performance.

#### **v. Dispersion of Operation:-**

**Ans:-** The dispersion of area of operation of enterprise affects decentralization. In case the enterprise has business operation in large areas, there is the concept of decentralization. Here top management has to create various departments and branch offices in every business unit.

#### **vi. Ability of Top Management:-**

**Ans:-** The ability of chief executive is also important factor affecting in degree of decentralization. The concept of decentralization can be developed if the top management has strong managerial and control capabilities. In this scenario, the CEO delegated decision-making authority to subordinates based on their responsibilities.

#### **vii. Nature of management Functions:-**

**Ans:-** The nature of management functions also affects degree of decentralization. In an enterprise, many functions may be performed like production, purchase, sales, promotion, research and development etc. Generally there is centralized authority in functions like sales, production, and other direct financial activities.

### viii. Cost of Decentralization:

**Ans:-** The concept of decentralization attracts many professionals in a certain area of business. It is essential to pay more amount as remuneration for their service. This high cost discourages decentralization. Thus, enterprise having maximum resources and large area of business operation can only implement the concept of decentralization.

### 13. Explain the Difference between Delegation and Decentralization of authority?

**Ans:-** The following are the common difference between delegation of authority and decentralization of authority:-

Bases of Difference	Delegation	Decentralization
Nature	Delegation of authority is the primary concept which involves in developing organizational structure.	Decentralization is the secondary concept and also and result of delegation process.
Essence	It is the essential part of organization structure.	It is optional; that is, the top management may or may not decentralization authority.
Relationship	Delegation shows a relationship between a superior and his immediate subordinates in management	Decentralization shows the relationship between top management and various departments

	hierarchy.	of responsibility.
Technique	Delegation is a management technique to get work done through subordinates.	Decentralization is a management technique as well as management philosophy.
Responsibility	Delegation of authority means not to delegate responsibility of the superior.	Decentralization of authority provides relief to the superior through decentralization of responsibility.
Control	In delegation of authority superior exercises total control over subordinates.	In decentralization of authority, superior exercises general control over subordinates.
Scope	Limited transfer of authority	Wide distribution of authority

