

## I. Meaning and Importance of Organising

1. Meaning of Organising Organising is the management function that follows planning.

It is defined as a process that initiates the implementation of plans by clarifying jobs and working relationships and effectively deploying resources for the attainment of identified and desired results.

Essentially, it coordinates human efforts, assembles resources, and integrates both into a unified whole to be utilised for achieving specified objectives.

According to Louis Allen, it is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority, and establishing relationships to enable people to work most effectively together.

2. Importance of Organising A properly performed organising function is crucial for the survival and growth of an enterprise. Its significance includes:

- **Benefits of Specialisation:** Organising leads to a systematic allocation of jobs. Repetitive performance of a specific task allows workers to gain experience, leading to specialisation and enhanced productivity.
- **Clarity in Working Relationships:** It establishes lines of communication and specifies who reports to whom, removing ambiguity in the transfer of information and instructions.
- **Optimum Utilisation of Resources:** The proper assignment of jobs avoids overlapping work and prevents the wastage of material, financial, and human resources.
- **Adaptation to Change:** It allows the organisation structure to be suitably modified to accommodate changes in the dynamic business environment.

- **Effective Administration:** By providing clear descriptions of jobs and duties, it prevents confusion and duplication, making management easier.
- **Development of Personnel:** Effective delegation stimulates creativity in managers by allowing them to focus on innovation while subordinates develop skills to handle challenges.
- **Expansion and Growth:** Organising enables an enterprise to add more job positions, departments, and even diversify product lines or territories.

## II. Steps in the Process of Organising

The process of organising involves four logical steps:

1. **Identification and Division of Work:** The first step is identifying and dividing the work according to previously determined plans. Work is divided into manageable activities to avoid duplication and share the burden among employees.
2. **Departmentalisation:** Activities that are similar in nature are grouped together into sets called departments. These can be based on criteria such as territory (e.g., North, South) or products (e.g., appliances, cosmetics).
3. **Assignment of Duties:** Once departments are formed, each is placed under a person's charge. Jobs are allocated to members based on their skills and competencies to ensure an effective match between the job nature and individual ability.
4. **Establishing Authority and Reporting Relationships:** Every individual must know

who they take orders from and to whom they are accountable. This establishes a hierarchical structure and facilitates coordination across departments



### III. Structure of Organisation: Functional and Divisional

The organisation structure is the framework within which managerial and operating tasks are performed, specifying relationships between people, work, and resources.

1. Functional Structure This involves grouping jobs of a similar nature under major functions (e.g., Production, Marketing, Finance) and organising them as separate departments reporting to a coordinating head.

- **Advantages:** Leads to occupational specialisation, promotes internal department control, increases efficiency, and makes training easier.
- **Disadvantages:** May place departmental interests above overall organisational goals, lead to coordination problems across departments, and cause a narrow perspective in functional heads.

- **Suitability:** Best for large organisations with a need for a high degree of specialisation and diversified activities.

2. Divisional Structure As organisations diversify into multiple product categories, they may adopt a divisional structure comprising separate business units or divisions based on product lines.

- **Advantages:** Promotes product specialisation, helps in the development of varied skills in divisional heads, ensures clear accountability for profit/loss, and facilitates expansion.
- **Disadvantages:** May lead to conflicts over fund allocation, increased costs due to duplication of activities across divisions, and divisional heads ignoring organisational interests in favour of their own units.
- **Suitability:** Ideal for enterprises manufacturing a large variety of products using different productive resources.

### IV. Formal and Informal Organisation

1. Formal Organisation This is the structure designed by management to accomplish specific tasks, clearly specifying boundaries of authority and responsibility.

- **Features:** Specifies relationships between job positions, serves as a means to achieve planned objectives, is deliberately designed, and emphasizes work over interpersonal relationships.
- **Advantages:** Easier to fix responsibility, no role ambiguity, maintains unity of command, and provides stability.
- **Limitations:** Procedural delays (due to scalar chain), lack of recognition for creative talent,

and failure to provide a complete picture of human relationships.

2. **Informal Organisation** This is a network of social relationships among employees that arises spontaneously when people interact beyond their officially defined roles.

- **Features:** Originates within the formal organisation, based on group norms rather than written rules, has independent communication channels, and lacks a definite structure.
- **Advantages:** Leads to faster information spread (quick feedback), fulfills social needs of members, and compensates for inadequacies in the formal structure.
- **Disadvantages:** Can spread rumours, may resist changes proposed by management, and may pressurise members to conform to norms that conflict with organisational interests.

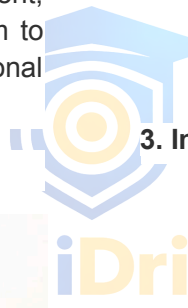
It is a prerequisite for efficient functioning because it allows a manager to use their time on high-priority activities while satisfying the subordinate's need for recognition. Delegation does not mean abdication; the manager remains accountable for the outcome.

### 2. Elements of Delegation

- **Authority:** The right of an individual to command subordinates and take action within their position's scope. It flows from top to bottom.
- **Responsibility:** The obligation of a subordinate to properly perform the assigned duty. It flows upwards from subordinate to superior.
- **Accountability:** Being answerable for the final outcome; it cannot be delegated and flows upwards.

### 3. Importance of Delegation

- **Effective Management:** Allows managers to focus on important matters rather than routine work.
- **Employee Development:** Provides opportunities for subordinates to utilise talent and prepares future managers.
- **Motivation of Employees:** Entrusting tasks involves trust, which builds self-esteem and confidence in subordinates.
- **Facilitation of Growth:** Provides a ready workforce to handle positions in new ventures.
- **Basis of Hierarchy:** Establishes superior-subordinate relationships.



### V. Delegation: Meaning, Elements, and Importance

1. **Meaning of Delegation** Delegation is the downward transfer of authority from a superior to a subordinate.

- **Better Coordination:** Defines powers and duties clearly to avoid overlapping effort.

## VI. Decentralisation: Meaning and Importance

1. Meaning of Decentralisation Decentralisation refers to the selective dispersal of authority throughout all levels of the organisation.

It pushes decision-making authority down to the points of action, reflecting a belief that people at lower levels are competent and capable. While an organisation is never completely centralised or decentralised, larger firms tend to move toward decentralisation to handle complexity.

### 2. Importance of Decentralisation

- **Develops Initiative:** Promotes self-reliance and judgment among subordinates by giving them freedom to take decisions.
- **Develops Managerial Talent:** Provides subordinates with the experience of handling assignments independently, creating a reservoir of qualified manpower.
- **Quick Decision Making:** Since decisions are taken nearest to the point of action, the process is faster than in centralised structures.
- **Relief to Top Management:** Diminishes direct supervision, allowing top leaders to focus on policy decisions.
- **Facilitates Growth:** Awards autonomy to divisions, fostering competition and increasing productivity.
- **Better Control:** Makes it easier to evaluate performance at each level and hold departments accountable for results.

