

## Chapter-5 Organising

(A) Meaning and definition :-

(\*) (gm) meaning organising is the process of identifying & grouping of work to be performed, defining and delegating of authority & responsibility & establishing relationship, in order to enable workers to work effectively & together to achieve goals of the concern.

(\*) (gm) definition Henry Fayol :- "To organise, a business, is to provide it with everything, useful to its functions :- raw materials, tools, capital & the personnel."

(B) Steps in organising :-

- (1) Identification & division of work :- (Analysing & segregation process)
  - (2) Departmentalisation :- grouping activities of similar nature under a dept.
  - (3) Assignment of duties :- allocating work, to employees, based on skill & potential
  - (4) Establishing of reporting relationship :- (Creating a leader, from whom employees receive orders & report work is done)
- ↳ The process of organising must be logical & ordered manner.



(C) ->

Importance of organising :-

- (a) Benefits of specialisation
- (b) Closely in working relationship
- (c) optimum utilisation of resources
- (d) Adaptation to changes
- (e) Effective administration
- (f) Expansion & growth
- (g) Development of personnel.

(g) mention any 4 points, to explain why organising is important, significant or needed?

(D) -> (i) Definition of organisation structure :- (2m).

\* According to Hayman, "organisation is a framework within which various efforts are co-ordinated and related to each other."

(ii) Two types of ORGANISATION STRUCTURE ARE :-

- (A) Functional structure -> Managing <sup>(executive)</sup> objects
- (B) Divisional structure

HR ARE :-  
R & D  
Marketing  
Purchasing

(A/A) Functional structure :- (\*) various dept. are created based on the way various dept. has a division.



- (A) Functional structure:-
- (\*) Various dept- are created based on the major function performed by firm.
  - (\*) Every dept- has a division and contains departmental managers.
  - (\*) Headed by one executive.
  - (\*) Simplest form, whose jobs of similar nature are grouped.
  - (\*) Suitable for large scale activities.

## (2) Advantages / Benefits:-

- (a) Specialisation of particular field.
- (b) Better central and coordination.
- (c) Increases managerial and operational efficiency.
- (d) Limited set of training.
- (e) Repetition of work is not necessary.

## (3) Disadvantages:-

- (a) Limited interaction among other departments.
- (b) Inferiority / And / Jealousy of opinions.
- (c) Internal conflicts.
- (d) Problems in co-ordinations among other divisions.



(5) Divisional structure:- (a) dividing the organisation according to the major product to be manufactured.

(\*) grouping of activities based on product to be produced.

(\*) Top-level has extensive authority over divisional heads.

(\*) Divisional heads are responsible for profit/loss of their dept.

(\*) Suitable for firm which is engaged in production of diff. product lines.

(2) Advantages:-

(a) Product specialisation.

(b) Performance of each unit can be measured.

(c) Faster decision making.

(d) Every unit performs as an independent unit.

(e) New units/divisions can be added/implemented.

(3) Disadvantages:-

(a) Duplication of resources, if one unit requests more funds/resources.

(b) Duplication of products, leads to increase in price.

(c) Suitable only for large organisations.

(d) Difficult to manage various divisions.



(5) (1)

Divisional structure :- (\*) Dividing the organisation according to the major product to be manufactured.

(\*)

(\*)

Grouping of activities based on product to be produced.  
Top-level has extensive authority over divisional heads.

(\*)

(\*)

Divisional heads are responsible for profit/loss of their dept.  
Suitable for firm which is engaged in production of diff. product lines.

(2)

Advantages :-

(a)

Product specialisation.

(b)

Performance of each unit can be measured.

(c)

Faster decision making.

(d)

Every unit performs as an independent unit.

(e)

New units/divisions can be added/deleted.

(3)

Disadvantages :-

(a)

Expensive, as one unit requires more funds/resources.

(b)

Duplication of products, leads to increase in price.

(c)

Suitable only for large organisations.

(d)

Difficult to manage various divisions.



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(E) (i) Formal Organisation :- (\*) a structure of well-defined jobs & positions, displays definite measures of accountability, responsibility & authority, rules & procedures etc.. as set up by Top level management.

Define 2m- { (\*) Chaster Barnard :- "Organisation is formal only when two or more persons are consciously co-ordinating<sup>ated</sup> to achieve common objectives.

→ Features :- (4m)

- (a) specifies various job <sup>position</sup> relationships.
- (b) lays down rules & procedure.
- (c) designed by top management.
- (d) emphasises more on work to be performed.
- (e) co-ordinated, integrated & inter-linked

(\*)

Advantages

- (a) Efficient management.
- (b) smooth functioning.
- (c) easy responsibility fixing.
- (d) rules help in achieving goals.
- (e) stability of organisation increases.

(\*)

Disadvantages

- (a) lack of co-operation & co-ordination.
- (b) rules can't be followed all time.
- (c) efforts of various dept. must be equal.
- (d) smooth functioning is difficult.
- (e) NO space for recognition of employee's skills.

meaning (1P) } Informal Organisation :- (\*) which is not based on formal authority, arises from personal & social relations of people.

(2m) } (\*) Keith Davis :- "AN Organisation refers to type of relationship between people of organisation based on personal attitude, likes & dislikes etc."

### → Features :-

- result of interaction among employees of Formal Organisation.
- Does not have a secure form. It is complex.
- Emerges spontaneously.
- Rules are laid based on group norms.
- Independent channels of communication among members exist.



### Advantages

- Faster spread of information & quick feedback.
- Everyone could express their own opinions & suggestions.
- Try to fulfillment of objectives of the organisation.



### Disadvantages

- Lack of systematized manner of dealing with things.
- Less efficiency & efficient manner of completing activities.
- Employees have more freedom / liberty of actions.



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(F) delegation :- (i) means :-

- (\*) It is a process in which superior gives his subordinates the authority to discharge the work assigned to him
- (\*) E.g. more :- "delegation means assigning the work to others and to give them authority to do it."

(1) Elements of delegation

- (A) Authority :- the power to command the employees to perform the task. It flows from superior to subordinates. Subordinates must abide all the laws, rules and regulations of the firm.

- (B) Responsibility :- obligation of employee to complete the task assigned to him. It flows upwards. Employee must execute the task with utmost sincerity and responsibility.

- (C) Accountability :- being answerable to final results. It can never be delegated. Must carry out the task with responsibility and give its outcome report to their superior.



(iii) (a) <sup>transfer of control.</sup> Importance of delegation:-

- (a) Effective management
- (b) Employee development
- (c) Motivation of employees
- (d) Facilitation of growth
- (e) Better co-ordination
- (f) Basis of Hierarchy of management.

(g) (i) Decentralisation:- means disposal of authority to lower levels of management.

(j) (ii) Keating & O'Seal:- "decentralisation is fundamental phase of delegation".

(\*) Henry Fayol "Everything which goes to increase importance of sub-ordinates is decentralisation & everything that reduces it is centralisation".

(i) Importance of decentralisation:-

- (a) develops initiative among employees
- (b) develops talent for future
- (c) quick decision making
- (d) Facilitates growth
- (e) Better control
- (f) Relief of Top management.

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(ii) (b) Centralisation of authority which lies in the hands of top and at the top level of management is "centralisation".

(i) Definition (Cm)  
According to A. Allen "Centralisation is the systematic and conscious concentration of authority at central point in an organisation".

Chapter-6  
Staffing

Introduction:-