## Theory of Management & Communication- KCA-103

## **UNIT-2 - Planning & Organizing**

- i) Need, Scope and Importance of Planning
- ii) Steps in planning
- iii) Decision making model
- iv) Organizing need and Importance
- v) Organizational Design
- vi) Organizational structure
- vii) Centralization and Decentralization
- viii) Delegation
  - i) Need, Scope and Importance of Planning
  - a) Introduction-

Planning is important as by nature it enquirers about organizational goals and involves decision making about desired ways and means to achieve goals. but thinking **Planning** is nothing before action takes the place. It helps us to take a peep into the future and decide in advance the way to deal with the situations, which going to encounter in future. we It involves logical thinking and rational decision making.



Planning is concerned with setting objectives, targets, and formulating plan to accomplish them. The activity helps managers analyse the present condition to identify the ways of attaining the both, the need of the organisation and the responsibility of managers.

## b)Need

- **Planning** is needed to fulfill goals.
- **To get help in progress of high dynamic economy.**
- **\*** For best utilization of scarce resources.
- **To tackle business & organizational complexity.**
- **To minimizes the chance of business failure.**
- **To set direction and priorities.**
- **\*** To simplify decision-making.
- **\*** To communicate the message effectively.

## c) Nature & Scope of Planning in Management

## i) Nature

- **!** It is a contribution to objectives,
- **!** It is primacy among the manager's tasks.
- **!** It is pervasiveness/Expensibility.
- **\*** The efficiency of resulting plans.

## ii) Scope

- **Planning focuses on achievement of goal.**
- **!** It is the first important function of management.
- **Planning is a continuous process.**
- **Planning decides a plan of action.**
- **!** It involves others in decision making.
- \* Planning is a mental exercise which work on the questions- what, how, when, who
- ❖ Risk defines in advance what may happen to drive the plan off course, and what will be done to recover the situation.
- **The spread or deviation of quality allowed from a desired standard.**
- \* Time tasks are to be undertaken and when.
- **Resource** can be used to meet the scope.
- ❖ Planning is an important component of the project management

## d) **Importance of Planning in Management**

#### **Planning provides directions**

Planning assures that the objectives are certainly asserted so that they serve as a model for determining what action should be taken and in which direction. If objects are well established, employees are informed of what the company has to do and what they need do to accomplish those purposes.

#### Planning decreases the chances of risk

Planning is an activity which permits a manager to look forward and predict changes.

By determining in prior the tasks to be completed, planning notes the way to deal with changes and unpredictable effects.

## Planning decreases overlapping and wasteful activities

Planning works as the foundation of organizing the activities and purposes of distinct branches, departments, and people.

It assists in avoiding chaos and confusion. Since planning guarantees precision in understanding and action, work is conducted on easily without delays.

#### Planning encourages innovative ideas

Since it is the primary function of management, new approaches can take the form of actual plans. It is the most challenging project for the management. It leads all planned actions pointing to growth and of the business.

## Planning aids decision making

It encourages the manager to look into the future and make a decision from amongst several alternative plans of action.

The manager has to assess each option and pick the most viable plan.

## ii) Steps in Planning

- a) Steps
- a) Being Aware of Opportunities:
- **\*** The awareness of opportunities in the external environment as well as within the organisation is the real starting point for planning.

## b) **Determination of Objectives**

- **Planning** is not possible without definite objectives.
- **Determination of objectives starts the planning process.**
- **The clarity about the objectives helps in plan for the future.**
- **After determining corporate objectives, we fix up departmental objectives, and then objectives for sub departments and sections.**

**!** If there is more than one objective, then the priorities of different objectives are determined.

## c) **Constructing Planning Premises**

- **Planning means thinking in advance.**
- **❖** Planning therefore foresees future.{bhavishya ki bhavishyavani}
- **!** It depends upon accurate business forecasting.
- **Demand and price of a commodity can be forecast.**
- **\*** Wage rates can be forecast.
- ❖ Forecasting generates planning premises factors that affect a firm are of three types —
- **They are -population explosion, price level etc.**
- **They are beyond the control of organisation.**
- **Solution** Efficiency of workforce is controlled partially
- **Developmental plan of an organisation for future are fully controlled.**
- **Qualitative and quantitative methods are used to make these forecasts.**

## d) Collection, Classification and Processing of Information

- **!** Information collected pertains to factors that affect planning process.
- **Only relevant information facilitates planning process.**
- Information must be classified, analyzed and processed.
- **!** It helps interpretation and the establishment of cause and effect relationship.

### e) Deciding Alternative Courses of Action

- **To fulfill an objective, there can be more than one course of action.**
- **\*** If, we want to increase profits, we can increase sales, keeping the prices, keeping the sales constant.
- **We** can make the spares or we can buy them from outside sources.
  - **\*** We can get capital by issuing shares or by borrowing from financial institutions.
  - **All these possibilities must be explored during the planning process.**

### f) Evaluation of Alternatives

- **Each** alternative is then weighed against the other alternatives.
- **\*** This is a very intricate exercise.
- **Cost-benefit analysis of each alternative must be made.**
- Optimization models of Operations Research are used to evaluate the alternative sources of action.

#### g) Selecting Plan

- Evaluation makes comparison of different plans possible in terms of results.
- The best plan is then selected.
- **Selection** of a plan is a skilled job, as its consequences are far-reaching.

#### h) Controlling the Plan

- Plans and subsidiary plans are first tried on a pilot basis to test the possibility of their success.
- **\*** The obstacles in the process are remedied.
- **\*** The plan is then implemented.
- It is constantly monitored and results are obtained as feedback from time-to-time.
- The shortcomings are remedied as early as possible.
- **•** Future plans when framed are framed in the light of this experience.

#### i) Numbering Plans by Budgeting

- **After decisions are made and plans are set, it is necessary to numbered them by converting them into budgets.**
- Overall budgets represent the sum total of income and expenses with major balance sheet items such as cash and capital expenditures and resultant profit (or) surplus.

## j) Securing Participation from Employees

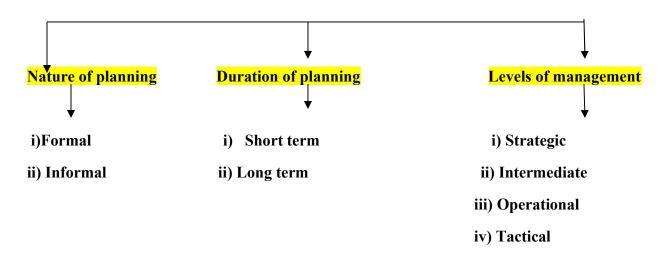
- \* After finalizing the derivative plans, the plans should be communicated to the employees to earn their participation and cooperation in the execution of plans.
- \* The successful implementation of plans requires whole hearted involvement and understanding of employees.
- **The whole hearted involvement enables employees to give their best to plans.**

#### k) Providing for Follow Ups

- \* In older to see that the plans are proceeding along right lines, it is necessary for the management to devise a system for continuous evaluation and appraisal of the plan.
- The continuous evaluation of plans and the process of planning help to detect short comings of the plans.
- All to plans should be reviewed from time to time in the light of current circumstances and necessary action should be taken them up to-date.

## Types of planning

It is the most basic of all the managerial functions. It involves selecting missions and objectives and the actions to achieve them. Therefore every organisation gives a greater emphasis on planning.



## **❖** Nature of Planning-

i) Formal Planning - Planning can be done officially to be followed or implemented.

Formal planning is aims to determine and objectives of planning. It is the action that determines in advance what should be done.

Proper Cooperation among employees,

ii) Informal Planning- An informal plan is one, which is not in writing, but it is conceived in the mind of the manager. Informal planning will be effective when the number of actions is less and actions have to be taken in short period.

#### Duration of Planning-

i) Short term Planning- It is made for short period. These plans are prepared by foreman & supervisors. It works with actual work & problems of task. Short term planning is the planning which covers less than two years. It must be formulated in a manner consistent with long-term plans. It is considered as tactical planning. Short-term plans are concerned with immediate future; it takes into account the available resources only and is concerned with the current operations of the business.

## ii) Long-Term Planning

Long-term Planning- It is usually converse a period of more than five years, mostly between five and fifteen years. It deals with broader technological and competitive aspects of the organisation as well as allocation of resources over a relatively long time period. Long-term planning is considered as strategic planning.

#### **Levels of Management-**

i) Strategic Planning- The strategic planning is the process of determining overall objectives of the organisation and the policies and strategies adopted to achieve those objective. It is conducted by the top management, which include chief executive officer, president, vice-presidents, General Manger etc. It is a long range planning and may cover a time period of up to 10 years. It basically deals with the total assessment of the organization's capabilities, its strengths and its weaknesses and an objective evaluation of the dynamic environment. The planning also determines the direction the company will be taking in achieving these goals.

ii) Intermediate planning – It cover time frames of about 6 months to 2 years and is contemplated by middle management, which includes functional managers, department heads and product line mangers. They also have the task of polishing the top management's strategic plans. The middle management will have a critical look at the resources available and they will determine the most effective and efficient mix of human, financial and material factors. They refine the broad strategic plans into more workable and realistic plans. The plans are formulated by managerial hierarchy the departmental managers.

The corporation has many departments- sales, purchasing, finance, personnel etc.

iii) Operational Planning- Operational planning deals with only current activities. It keeps the business running. These plans are the responsibility of the lower management and are conducted by unit supervisors, foremen etc. These are short-range plans covering a time span from one week to one year. These are more specific and they determine how a specific job is to be completed in the best possible way. Most operational plans .ire divided into functional areas such as production, finance, marketing, personnel etc.

Thus even though planning at all levels is important, since all levels are integrated into one, the strategic planning requires closer observation since it establishes the direction of the organisation.

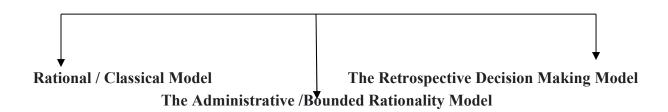
iv) Tactical Plan- This is concerned with various organizational units and ensures of strategic plan day implementation on today It is called coordinative or functional plan. Tactical plans describe the tactics that the managers plan to adopt to achieve the objectives set in the strategic plan. Tactical plans span a short time frame (usually less than 3 years) and are usually developed middle level by It details specific means or action plans to implement the strategic plan by units within Tactical plans entail detailing resource and work allocation among the subunits within each division.

## iii) Decision making model

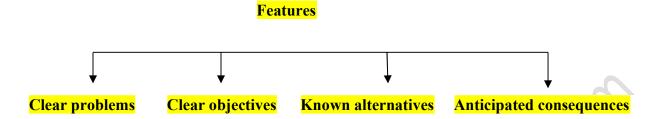
## a) Introduction

A decision is the conclusion of a process by which one chooses between two or more available alternative courses of action for the purpose of attaining goals. The process is called decision making. Managerial decision making is synonymous with the whole process of management. Decisions are usually made to attain the objectives of the business.

#### b) Model of Decision Making



- i) Rational/ Classical Model- The rational model is the first attempt to know the decision-making-process.
  - **\*** The rational model of managerial decision-making has its roots in the economic theory of the firm.
  - \* When theories about the economic behavior of business firms were being developed, there was a general tendency among economists to assume that whatever decisions managers made would always be in the best economic interests of their firms. This assumption was initially accepted by many management theorists. According to the rational model, managers engage in a decision-making process which totally rational. Thev have all the relevant information needed take decisions. to They are also aware of different possible alternatives, outcomes and ramifications, and hence make rational decisions.



#### ii) The Administrative /Bounded Rationality Model-

Bounded rationality is the idea that rationality is limited, when individuals make decisions, by the tractability of the decision problem, the cognitive limitations of the mind, and the time available to make the decision

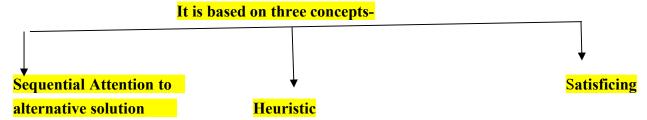
This concept revolves on recognition that human knowledge and capabilities are limited and imperfect.

It results, they settle for the first 'good enough' solution that they find.

Limitations-

- **Decision** makers do not have access to all possible information relevant to the decision, and the information they do have is often flawed and imperfect.
- **❖** Decision makers have limited analytical and computational abilities. They are not capable of judging their information and alternatives perfectly.
- **They will inevitably make misjudgments in the evaluation process.**
- **Decision** makers do not have unlimited time to make decisions.
- \* Real-life situations provide time constraints in which decisions must be made.

Bounded Rationality model is based on the concept developed by Herbert Simon. This model does not assume individual rationality in the decision process.



## **Sequential Attention to alternative solution**

It is the tendency for people to examine possible solution one at a time instead of identifying all possible solutions and stop searching once an acceptable (though not necessarily the best) solution is found.

#### Heuristic

These are the assumptions that guide the search for alternatives into areas that have a high probability for yielding success.

#### **Satisficing**

Herbert Simon called this "satisficing" that is picking a course of action that is satisfactory or "good enough" under the circumstances. It is the tendency for decision makers to accept the first alternative that meets their minimally acceptable requirements rather than pushing them further for an alternative that produces the best results. Satisficing is preferred for decisions of small significance when time is the major constraint or where most of the alternatives are essentially similar.

## iii) Retrospective decision model

This model focuses on how decision-makers attempt to rationalize their choices after they have been made and try to justify their decisions.

This model has been developed by Per Soelberg.

He made an observation regarding the job choice processes of graduating business students He noted that, in many cases, the students identified implicit favorites (i.e. the alternative they wanted) very early in the recruiting and choice process. However, students continued their search for additional alternatives and quickly selected the best alternative.

The total process is designed to justify, through the guise of scientific rigor, a decision that has already been made intuitively.

By this means, the individual becomes convinced that he or she is acting rationally and taking a logical, reasoned decision on an important topic.

#### **Demerits-**

#### **Indecisiveness**

**❖** Decision-making is full of responsibility. The fear of its outcome can make some people timid about taking a decision.

#### Postponing the decision until the last moment

\* This is a common feature which results in decision-making under pressure of time which generally eliminates the possibility of thorough analysis of the problem which is time consuming as well as the establishment and comparison of all alternatives.

#### A failure to isolate the root cause of the problem

**\*** It is a common practice to cure the symptoms rather than the causes.

A failure to

assess the reliability of informational sources

❖ Very often, we take it for granted that the other person's opinion is very reliable and trustworthy and we do not check for the accuracy of the information ourselves.

## v) Organizing need and Importance

#### a) Introduction

A group of people who form a business, club, etc. together in order to achieve a particular aim.

Organizing creates the framework needed to reach a company's objectives and goals. Organizing is the process of defining and grouping activities, and establishing authority relationships among them to attain organizational objectives.

## b) Need & Importance

- \* Specialization Organizational structure is a network of relationships in which the work is divided into units and departments. This division of work is helping in bringing specialization in various activities of concern.
- **❖** Well defined jobs Organizational structure helps in putting right men on right job which can be done by selecting people for various departments according to their qualifications, skill and experience. This is helping in defining the jobs properly which clarifies the role of every person.

- **❖** Co-ordination Organization is a means of creating co-ordination among different departments of the enterprise. It creates clear cut relationships among positions and ensure mutual co-operation among individuals. Harmony of work is brought by higher level managers exercising their authority over interconnected activities of lower level manager.
- **Growth and diversification** A company's growth is totally dependant on how efficiently and smoothly a concern works. Efficiency can be brought about by clarifying the role positions to the managers, co-ordination between authority and responsibility and concentrating on specialization.
- Sense of security Organizational structure clarifies the job positions. The roles assigned to every manager is clear. Co-ordination is possible. Therefore, clarity of powers helps automatically in increasing mental satisfaction and thereby a sense of security in a concern. This is very important for job- satisfaction.
- ❖ Scope for new changes The roles and activities to be performed are clear and every person gets independence in his working, this provides enough space to a manager to develop his talents and flourish his knowledge. A manager gets ready for taking independent decisions which can be a road or path to adoption of new techniques of production. This scope for bringing new changes into the running of an enterprise is possible only through a set of organizational structure.

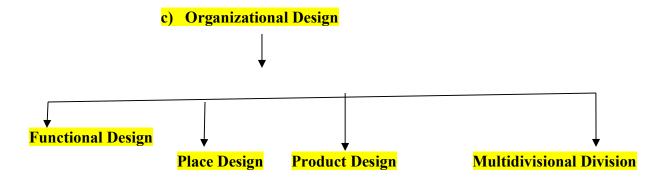
## vi) Organizational Design

#### a) Introduction

Organizational design is a step-by-step methodology which identifies dysfunctional aspects of work flow, procedures, structures and systems, realigns them to fit current business realities/goals and then develops plans to implement the new changes.

## b) Importance

- **Solution** Good organizational structure and design helps improve communication, increase productivity, and inspire innovation.
- **!** It creates an environment where people can work effectively.
- **❖** Most productivity and performance issues can be attributed to poor organizational design.



## **Functional Design**

- **❖** This is the oldest and the most commonly used design.
- ❖ The organisation runs with the proper function of many departments as material management production, operation management, finance & accounting, human resource management and research & development etc.
- **❖** These departments are coordinated by chief executive of organisation.
  ------ Advantage
- **This sets up division of work which applies specialization.**
- **Each department works with the coordination of each other to achieve goal.**

-----Disadvantage

- **Employee may lose sight of the organisation as a whole.**
- **❖** There is no accountability of each function of total result.

## **Place Design**

- **❖** It is usually adopted by multinational organizations or corporations to meet the local needs.
- ❖ It involves in establishing an organization's primary units geographically while retaining significant elements of the functional design.

-----Advantage

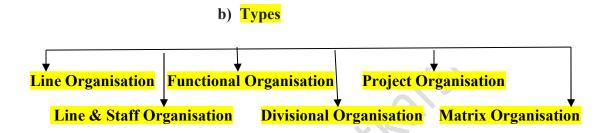
❖ It is also known as geographic area design.

<b>*</b> ]	It permits locating different tasks required to serve a geographic territory under one
1	manager rather, than grouping various functions under different managers for all tasks
i	n one central office.
	There is chance duplication of the functions.
<b>*</b> ]	Problem of lack of communication among various divisions.
	Product design
<b>*</b> ]	It aims at assigning worldwide responsibility for either specific or certain number of
	products.
-	Separate operating divisions operate within one firm.
	The manager who is in charge of a product division has authority for the product line
	on global basis.
	Advantage
* ] - *	A product division is an autonomous unit and operates as profit on global basis  Product design is usually followed in global enterprises multinational corporations.  Disadvantage  Company is able to match its marketing strategy to the specific needs of the customers.  Organizations adopting product design usually begin with functional design and then add some place design as they begin to serve new geographic markets.  Multidivisional designs
,	
	They are usually referred as the M-form.
•	❖ In such a design tasks are organized by division on the basis of the product or
	geographic area, in which the goods or services are sold
_	
	The primary responsibility lies with the divisional heads to take the operations
	decisions with regard to their units.
	Disadvantage
•	❖ Organizational structure includes the duplication of functions; it leads to a lack
	of standardization and inefficiencies.
•	❖ It includes include management focusing on local strategic issues rather than
	overall company issues.

## vi) Organizational structure

## a) Introduction

An organizational structure is defined as "a system used to define a hierarchy within an organization. It identifies each job, its function and where it reports to within the organization." A structure is then developed to establish how the organization operates to execute its goals. In other words an organizational structure is a system that outlines how certain activities are directed in order to achieve the goals of an organization.



- i) Line organization- is the simplest form of organization and is most common among small companies.
- **❖** The authority is embedded in the hierarchical structure and it flows in a direct line from the top of the managerial hierarchy down to different levels of managers and subordinates and further down to the operative levels of workers.

## Advantages Advantages

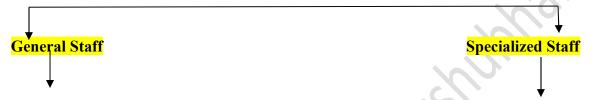
- **!** It clearly identifies authority, responsibility and accountability at each level.
- ❖ There is clear unity of command so that the person at each level is reasonably independent of any other person at the same level and is responsible only to the person above him.
- **❖** Due to small size of company, the line structure is simple & the authority as well as responsibilities is clear cut, easily operated.
- **❖** It is easy to develop sense of belonging to the organisation.

# **Disadvantages**

- **❖** It is a rigid form of organization and there is a tendency for line authority to become dictatorial that may be resented by the employees.
- **❖** There is no provision for specialists and specialization that is essential for growth and optimization and hence for growing companies, pure line type of structure becomes ineffective.
- ❖ In the pure line type set-up, all similar activities are performed at any one level.

- ii) Line & Staff Organisation- the functional specialists are added to the line, thus giving the line the advantages of specialists.
- **\*** This type of organization is most common in our business economy and especially among large enterprises.
- **Staff** is basically advisory in nature and usually does not possess and command authority over line mangers.

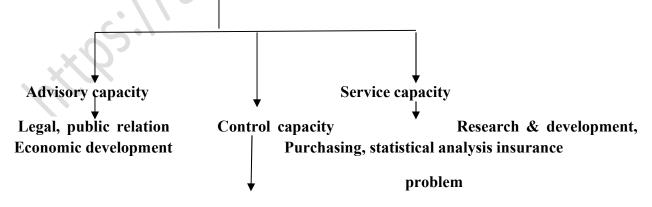
### The staff consists of two types



- This group has a general background that generally executives and serves as assistants to top management.
- Unlike the general staff who is usually similar to assist only one line executive.
- They are not specialists and generally have Specialized staff provides expert staff
  They may be known as special assistants, advice and service to all employees assistant managers or in a college setting on a company wide basis. as deputy chairpersons.

This group has specialized background in some functional area.

It could serve with the following capacity.



To control quality & enforce standard

- ii) Functional Organisation Fredrick W. Taylor gave functional organizational concept, originated with and it permits a specialist in a given area to enforce his directive within the clearly defined scope of his authority.
- ❖ A functional manager can make decisions and issue orders to the persons in divisions other than his own, with a right to enforce his advice.
- Some good examples of specialists who have been given functional authority in some organizations are in the areas of quality control, safety and labor relations.



- **❖** The functional organization features separate hierarchies for each function creating a larger scale version of functional departments.
- **❖** The functional design enhances operational efficiency as well as improvement in the quality of the product.
- **\*** The chain of command in each function leads to a functional head who in turn reports to the top manager.



- **❖** The functional design is that it encourages narrow specialization rather than general management skills so that the functional managers are not well prepared for top executive positions.
- **❖** The functional units may be so concerned with their own areas that they may be less responsive to overall organizational needs.
- Divisional Organisation- The divisional or departmental organization involves grouping of people or activities with similar characteristics into a single department or unit.
  - **This is also known as self-contained structures.**
  - **The decisions are generally decentralized so that the departments guide their own activities.**
  - The decisions are generally decentralized so that the departments guide their own activities.

# Division &integrated units is categorized on the following basis Departmental by Product Departmental by Customers Departmental by Time

## \_\_\_\_\_\_ Advantage

- **Decentralized decision facilitates coordination, communication and control, which contribute to organizational success.**
- **❖** The units are independent and semi-autonomous; it provides satisfaction to the managers that in turn improve efficiency and effectiveness.

## **Disadvantage**

- ❖ It focuses on divisions; employees working in the same function in different divisions may be unable to communicate well between divisions.
- **❖** This structure also raises issues with accounting practices and may have tax implications.
  - iv) Project Organisation- These are temporary organizational structures formed for specific projects for a specific period of time and once the goal is achieved, these are dismantled.
- **\*** These functional departments are production, engineering, quality control, market research, etc.
- **❖** These specialist are basically selected on the basis of task related skills and technical expertise rather than decision making experience or ability.

## \_\_\_\_\_\_ Advantage

- **The project is clearly defined in terms of objectives to be achieved and the target date for the completion of the project is set.**
- **\*** The project is separate and unique and not a part of the daily work routine of the organization.
- **❖** There must be different types of activities that require skills and specialization and these must be coordinated to achieve the desired goal.



- ❖ A deliberate conflict is established between the project officer and the existing department heads because of the overlapping of authority delegation.
- **At** the close of the project, there is every likelihood of insecurity of employment.
- \* Rotation from project to project reduces employees' loyalty to the parent functional
- v) Matrix Organisation- In the matrix structure, employees may report to two or more bosses depending on the situation or project.
  - ❖ For example, under normal functional circumstances, an engineer at a large engineering firm could work for one boss, but a new project may arise where that engineer's expertise is needed.
  - ❖ For the duration of that project, the employee would also report to that project's manager, as well as his or her boss for all other daily tasks.

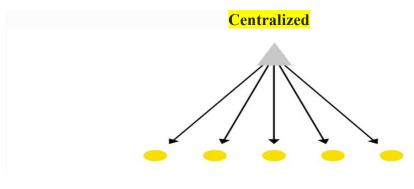


- ❖ A matrix structure is, in a sense, a combination and interaction of project and functional structures and is suggested to overcome the problems associated with project and functional structures individually.
- **❖** The key features of a matrix structure are that the functional and project lines of authority are super-imposed with each other and are shared by both functional and project managers.

**Disadvantage** 

- **❖** It can be tough reporting to multiple bosses and knowing what to communicate to them.
- **❖** The matrix structure can appear as confusion between managers who are involved with projects that are outlined by the matrix.
  - vi) Centralization and Decentralization
  - a) Introduction

An organizational structure is the outline of a company's framework and guidelines for managing business operations.



**Decentralized** 

Two types of organizational structures are found in the business environment.



## 1. Centralized Organizational Structure

- **\*** Centralized organizational structures rely on one individual to make decisions and provide direction for the company.
- ❖ In a centralized organization, the decision-making powers are retained in the head office, and all other offices receive commands from the main office. The executives and specialists who make critical decisions are based in the head office.
- **Small** businesses often use this structure since the owner is responsible for the company's business operations.

# Advantages

- **❖** A clear chain of command
- **\*** Reduced costs
- **❖** Improved quality of work
- **❖** Focused vision
- **\*** Quick implementation of decisions

Disadvantages

- **\*** Bureaucratic leadership
- **\Delta** Lack of employee loyalty
- **\*** Remote control
- **❖** Delays in work

## 2. Decentralized Organizational Structure

- ❖ Decentralized organizations rely on a team environment at different levels in the business. Individuals at each level in the business may have some autonomy to make business decisions.
- **\*** The assignment of authorities and responsibilities by the top level management to the middle or low-level management is known as Decentralization.
- **❖** The decision-making powers are delegated to the departmental, divisional, unit or center level managers, organization-wide, so it is also be said as an addition to Delegation of authority.
- **Share the responsibility of the high-level managers which results in quick decision making and saving of time.**



- **Coordination of work and all activities on track.**
- **The best solution to handle emergency situations.**
- **Reduces the burden on top executives**
- **\*** Facilitates diversification
- **\*** To provide product and market emphasis
- **!** It promotes motivation
- **\*** Better control and supervision
- **❖** Quick Decision-Making



- **Problems of coordination among the various units.**
- **External factors make situation difficult, such as company wide strikes.**
- **\Delta** High Cost of Operation
- **❖** Lack of Uniformity
- **Unsuitable for Small Firms**
- **Department** will tend to be self centered

## b) Difference between Centralized & Decentralized



- **Centralization** in an organization involves planning and decision-making power is given completely in the hands of senior management. It implies that all power and authority is concentrated at the highest level.
- **Decentralization** in an organization involves the delegation of power by middle management or lower management.
- **Centralization** in an organisation is vertically aligned.
- **Decentralization** has no alignment, it is free and more open.
- **❖** In centralized organization decision making process is slower.
- **Decentralized organisation is comparatively faster.**
- **Centralized** organisation has no proper control over organization.
- **Decentralized** organisation has proper control over organization.
- **!** It is implemented in small sized firms.
- **❖** It is implemented in large sized firms.

## viii) Delegation

#### a) Introduction

Delegation is the downward transfer of authority from a superior to a subordinate. This is important because the superior cannot look after all the processes.

In simple words delegation is when a manager or team leader gives another member of staff the responsibility and authority to complete an assigned task.

According to O.S. Hiner "Delegation takes place when one person gives another the right to perform work on his behalf and in his name, and the second person accepts a corresponding duty or obligation to do what is required of him."

#### b) Characteristics

- **Delegation** takes place when a manager grants some of his powers to subordinates.
- ❖ Delegation occurs only when the person delegating the authority himself has that authority i.e. a manager must possess what he wants to delegate.
- Only a part of authority is delegated to subordinates.
- ❖ A manager delegating authority can reduce, enhance or take it back.
- **He exercises full control over the activities of the subordinates even after delegation.**

#### C - Elements

Assignment of ResponsibilityThe superior asks his subordinate to perform a particular task in a given period of time. It is the description of the role assigned to the subordinate. Duties in terms of functions or tasks to be performed constitute the basis of delegation process.

- ❖ Grant of Authority- The delegator grants authority to the subordinates so that the assigned task is accomplished. The delegation of responsibility with authority is meaningless. The subordinate can only accomplish the work when he has the authority required for completing that task. It is the power, to order or command, delegated from superior, to enable the subordinate to discharge his responsibility.
- ❖ Creation of Accountability- Accountability is the obligation of a subordinate to perform the duties assigned to him. The delegation creates an obligation on the subordinate to accomplish the task assigned to him by the superior. When a work is assigned and authority is delegated then the accountability is the by-product of this process.

## c) Types

## Formal or Informal Delegation

- Formal delegation of authority is the part of organizational structure. Whenever a task is assigned to a person then the required authority is also given to him. This type of delegation is part of the normal functioning of the organization. Every person is automatically given authority as per his duties. When production manager gets powers to increase production then it is a formal delegation of authority.
- **❖** Informal delegation does not arise due to position but according to circumstances. A person may undertake a particular task not because he has been assigned it but it is necessary to do his normal work.

## **General or Specific Delegation**

- ❖ In General Delegation authority is given to perform general managerial functions like planning, organizing, directing etc., the subordinate managers perform these functions and enjoy the authority required to carry out these responsibilities. The chief executive exercises overall control and guides the subordinates from time to time.
- **❖** The Specific Delegation may relate to a particular function or an assigned task. The authority delegated to the production manager for carrying out this function will be a specific delegation. Various departmental managers get specific authority to undertake their departmental duties.

## **Lateral Delegation**

❖ When a person is delegated an authority to accomplish a task, he may need the assistance of a number of persons. It may take time to formally get assistance from these persons. He may indirectly contact the persons to get their help for taking up the work by cutting short time of formal delegation. When the authority is delegated informally it is called lateral delegation.

# **Reserved Authority and Delegated Authority**

- ❖ A delegator may not like to delegate every authority to the subordinates. The authority which he keeps with him is called Reserved Authority.
- **The authority which is assigned to the subordinates is Delegated Authority.**

## d) Benefits of Delegation to the Manager

## **Free up time whilst achieving more**

By delegating effectively in the workplace, as a manager one is free up to focus on more important projects and strategic tasks, you will also help grow and develop other people in your team.

## **Establish a thriving culture of trust**

One should avoid saying "I'll just do it myself". Work will begin to pile up and make less efficient. Successful managers know when to delegate and increase productivity. If the assignment is delegate correctly, it motivate others and feel involved, contribute to their professional development, and utilizes team's skills.

## **❖** Build trust and increase flexibility of team

When employees at work receive the chance to challenge their skills, their loyalty and productivity will likely improve, or at the least, not decrease. When a business or manager uses delegation to develop their workforce they are better placed to know who has the practical competencies in place to take on for the most important duties.

