

RIZVI COLLEGE OF ARTS, SCIENCE AND COMMERCE

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ORGANISING

Chapter 03

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DEFINITIONS OF ORGANIZING:

The term 'organization' can be interpreted in two ways:

- Organisation as a Structure
- Organisation as a Process

F. Kast and S. Rosenzweig define organization as a structure

“Organisation structure is the established pattern of relationship among the components or part of an organization.”

Louis Allen defines organization as a process **“The process of identifying and grouping of the work to be performed, defining and delegation authority and responsibility, and establishing a pattern of relationships for the purpose of enabling people to work most effectively together in accomplishing objectives.”**

NATURE OF ORGANIZING:

The nature and characteristics of organizing are as follows:

**Systematic
Process**

**Group of
Individual**

**Organisational
goals**

**Division of
work**

Coordination

**Superior-
Subordinate
relationship**

**Arrangement
of resources**

**Rules and
Regulations**

**Delegation of
Authority**

**Organisational
Culture**

**Organisational
Structure**

SIGNIFICANCE OF ORGANIZING:

Ensures co-ordination

Optimum utilization of resources

Facilitates effective management

Motivates personnel

Facilitates delegation of authority

Encourages initiative and innovation

Technological improvement

Facilitates growth

Goodwill

Reduces absenteeism

Reduces labour turnover

Better relations team work

Generates discipline

PROCESS OF ORGANIZING:

Defining Organisational Goals



Identifying Activities



Grouping of Activities



Defining Authority



Delegating Authority



Establishing Relationships

PRINCIPLES OF ORGANIZING:

Basis principles of organizing

- Objectives
- Specialization
- Co-ordination
- Authority
- Responsibility

Secondary principles of organizing

- A short chain of command
- Balance
- Continuity
- Delegation
- Span of control

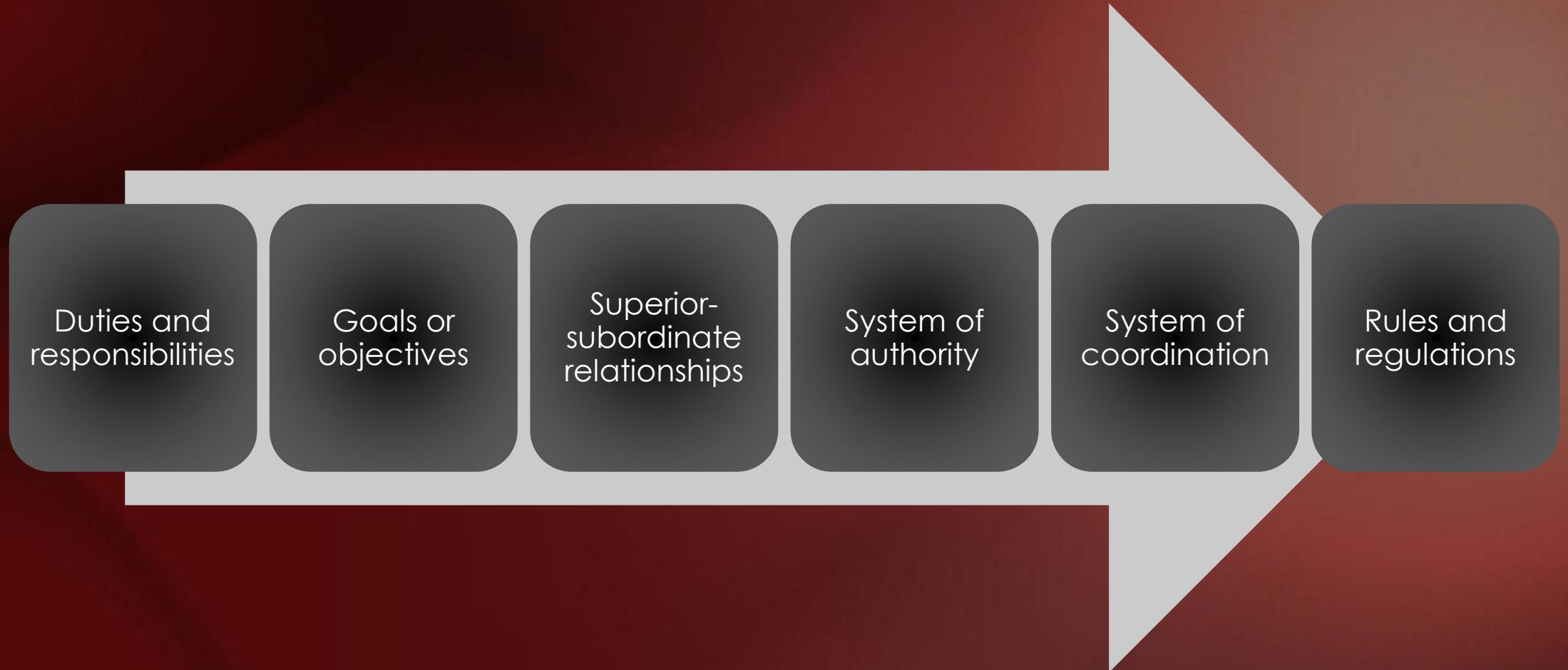
FORMAL ORGANIZATION:



According to Chaster Barnard, “**an organization is ‘formal’ when two or more persons are consciously coordinated towards a common objectives.**” A formal organization comes into existence when:

- (a) Two or more persons come together;
- (b) They share a common purpose;
- (c) They are willing to act to achieve common goals.

FEATURES OF FORMAL ORGANIZATION:



ADVANTAGES OF FORMAL ORGANIZATION:

1. • Optimum utilization of resources
2. • Ensures co-ordination
3. • Facilitates effective management
4. • Motivates personnel
5. • Facilitates delegation of authority
6. • Encourages initiative of authority
7. • Technological improvements
8. • Facilitates growth

DISADVANTAGES OF FORMAL ORGANIZATION:

Problem in
setting
objectives

Organisational
conflict

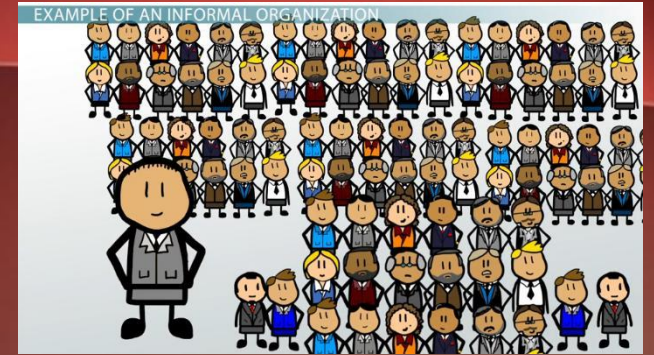
Distorted
communication

Barriers in
delegation

Problem of
authority and
responsibility

Problem of
co-ordination

INFORMAL ORGANISATION:



In the word of Keith Davis, ***“Informal organization is a network of personal, and social relations not established or required by the formal organization but arising spontaneously as people associated with one another.”***

The informal organization exists within the formal organization. It consists of a group of people who associate themselves spontaneously for mutual benefits. It provides members with useful information and knowledge (through the grapevine).

FEATURES OF INFORMAL ORGANIZATION:



ADVANTAGES OF INFORMAL ORGANIZATION:

**Social
satisfaction**

**Job
satisfaction**

**Source of
inspiration**

**Sense of
security**

**Support in
work matters**

**Facilitates
cooperation**

**Benefits of
grapevine**

Team work

DISADVANTAGES OF INFORMAL ORGANIZATION:

**Problem of
grapevine**

**Dictate terms
to
management**

**Conflict of
goals**

Power politics

**Affects
discipline**

**Resistance to
change**

FORMAL V/S INFORMAL ORGANIZATION:

Formal organization	Informal organization
1. Meaning: It refers to a structure of well defined authority and responsibility.	It is a network of personal, and social relations existing in a formal organization.
2. Purpose/Objective: It exists to achieve well defined and specific goals.	The main purpose is to develop personal and social relations.
3. Authority: Managers are given adequate authority to undertake activities.	There is no question of granting of authority.
4. Responsibility: Those who are given authority are held responsible.	There is no responsibility in informal organization.
5. Coordination: Coordination is a must to interlink the activities of the organization.	There is no need for coordination.

Formal organisation	Informal organization
<p>6. Relationship:</p> <p>There is no superior-subordinate relationships throughout the organization.</p>	<p>The relations are informal. There are no superior-subordinate relations.</p>
<p>7. Rules and regulations:</p> <p>There are rules and regulations to be followed by members of the formal organization.</p>	<p>There are no rules and regulations for the members of informal organization.</p>
<p>8. Stability:</p> <p>A formal organization is stable.</p>	<p>It lacks stability.</p>
<p>9. Benefits:</p> <p>The members of the organization get monetary and non-monetary benefits.</p>	<p>It is useful to serve person and social ties.</p>
<p>10. Communication:</p> <p>There is formal communication – upwards, downwards and sideways.</p>	<p>There is informal communication – through the grapevine.</p>

DECENTRALISATION OF AUTHORITY

Decentralisation is the tendency to disperse decision-making authority in an organization structure.

Factors Affecting Decentralisation

- Costliness of decision
- Desire for uniformity
- Size of the organization
- History of enterprise
- Management philosophy
- Availability of managers
- Control techniques
- Decentralised performance
- Business dynamics
- External factors

Need for Decentralisation

- Effective supervision and control
- Empowerment
- Growth and expansion
- Large size organization
- Evaluation of performance
- Managerial development
- Decentralisation performance
- Reducing burden on top executives
- Quick decisions at lower levels
- Team work and good relations

Advantages of Decentralisation

- Less burden on top management
- Motivates managers
- Encourages creativity
- Training and development
- Facilitates expansion
- Higher efficiency
- Specialization
- Optimum use of resources
- Better relations
- Team work

Disadvantages of Decentralisation

- Higher operation costs
- Problem in coordination
- Delay in decision making
- Requires trained managers
- More paper work
- Lack of uniformity

CENTRALISATION OF AUTHORITY

Advantages of Centralisation

- Economical
- Less paper work
- Quick decision making
- Facilitates coordination
- Facilitates uniformity
- Suitable for small organization

Disadvantages of Centralisation

- More burden on top executives
- Poor decision making
- Lack of dedication from lower levels
- Lack of motivation
- Lower efficiency
- Affects expansion

CENTRALISATION VS. DECENTRALIZATION

Points	Centralisation of authority	Decentralisation of authority
1. Meaning	Centralisation refers to concentration of authority in the hands of top management.	Decentralisation refers to the dispersal of authority throughout the organization.
2. Nature of decision	Important and costly decisions such as purchase of fixed assets are normally centralized.	Routine and not so expensive decisions are decentralised at lower level.
3. Desire of uniformity	More the desire to obtain uniformity, the more will be the centralization.	Less the desire for uniformity, greater will be the need for decentralization.

4. History of enterprise	Those organisation which expand from within show a market tendency to keep authority centralised.	It the organisation grow due to mergers than there is tendency for decentralisation.
5. Availability	If managers availability is short than there has to be centralisation.	If lot of managers are available than decentralisation is possible.
6. Management philosophy	Traditional managers go for centralisation.	Professional managers go for decentralisation.
7. Size of organisation	Small organisation go for centralisation.	Large organisations go for decentralisation.
8. Operating expenses	Operating expenses are less when there is centralisation.	Operating expenses are more when there is decentralisation.

BASES OF DEPARTMENTATION



SIGNIFICANCE OF DEPARTMENTATION

Specialisation

Expansion

Fixation of responsibility

Providing better customer service

Performance appraisal

Management development

Optimum utilisation of resources

Facilitates control

DELEGATION

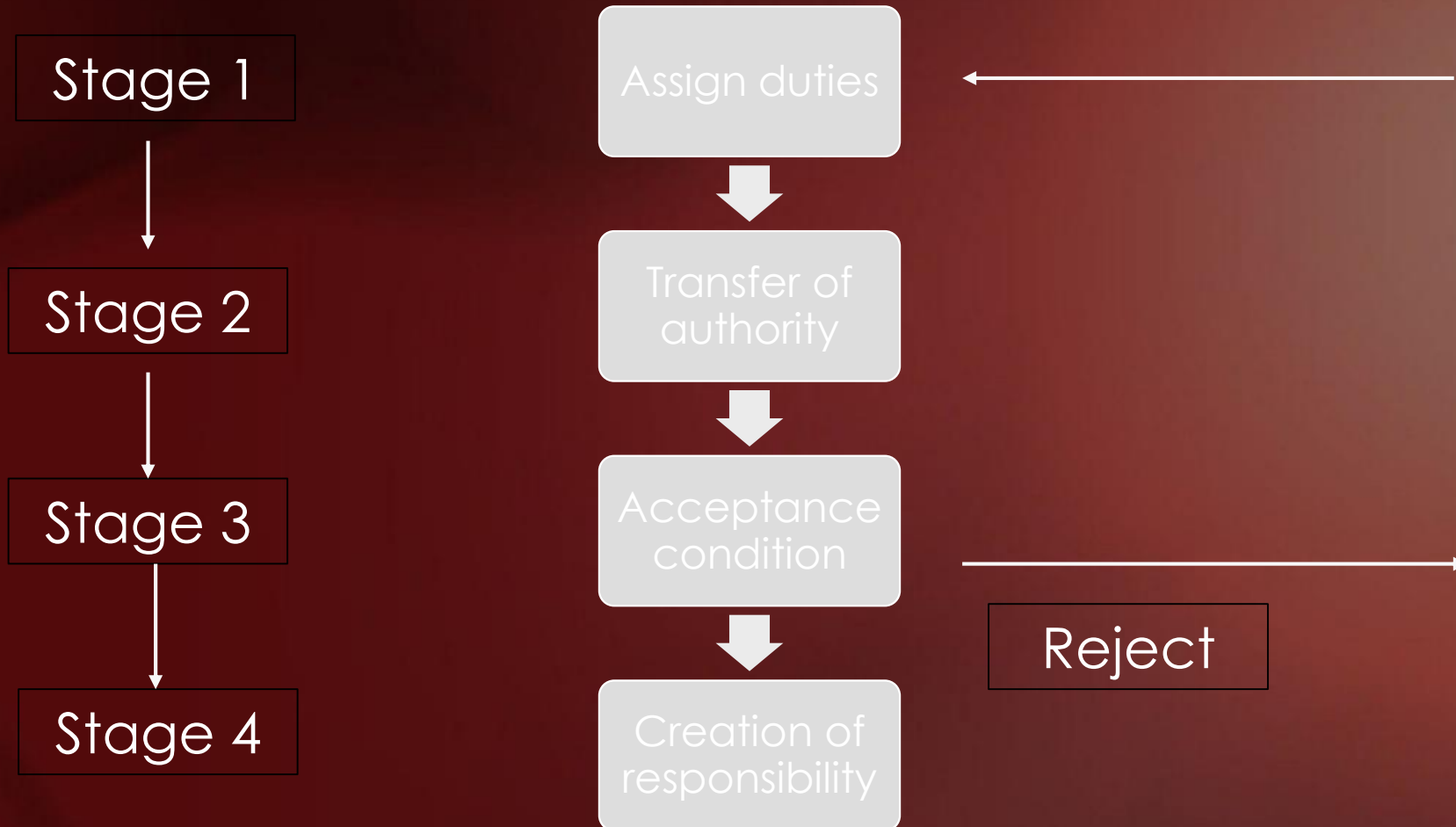
Delegation of authority



John Pearce and Richard Robinson define delegation of authority as “**a process by which a manager assigns tasks and authority to subordinates who accept responsibility for those jobs.**”

Delegation is a process by which a superior transfers formal authority to his subordinate.

PROCESS OF DELEGATION



IMPORTANCE OF DELEGATION

1. enables superiors to perform more challenges jobs
2. Allows quick action
3. Facilitates training and development
4. Leads to motivation
5. Better results
6. Improves superior-subordinate relationships
7. Enhances team spirit
8. Reduces absenteeism
9. Reduces wastages

BARRIERS TO EFFECTIVE DELEGATION

Difficulties on the part of the superior:

1. Fear of being exposed
2. Fear of losing control
3. Fear of subordinates' excellence
4. Lack of ability to direct
5. Lack of assuming managerial role, when promoted
6. Desire to dominate
7. Other barriers

Difficulties on the part of the subordinate:

1. Fear of criticism
2. Fear of being exposed
3. Fear of losing job
4. Lack of information and resources
5. Lack of self-confidence
6. Lack of incentives
7. Undue interference by superiors
8. Over dependent on superior
9. Poor superior – subordinate relations

PRINCIPLES OF EFFECTIVE DELEGATION

1. Principle of functional clarity
2. Principle of authority and responsibility
3. Principle of exception
4. Principle of unity of command
5. Principle of scalar chain
6. Principle of absoluteness of responsibility
7. Selection of right subordinates
8. Provision of incentives
9. Provision of training
10. Establishment of necessary controls

DELEGATION VS. DECENTRALISATION

Points	Delegation of authority	Decentralisation of authority
1. Meaning	It means transfer of decision making powers by the superior to his subordinate.	Decentralisation refers to the dispersal of authority throughout the organisation.
2. Nature	Delegation of authority is a technique of getting the work done from the subordinates.	It is a management philosophy to decentralise authority throughout the organisation.
3. Control	The ultimate control over the activities remains with the superior who delegates authority.	The control over the activities is in the hands of the manager who is given the authority.

4. Stability	Delegated authority can be withdrawn by the superior.	Decentralisation is more stable is nature.
5. Dependence	Delegation can take place without decentralisation.	There cannot be decentralisation without delegation at lower levels.
6. Necessity	Delegation of authority is a must to get the things done.	It may not be required especially in small organisation.
7. Involvement	Delegation takes place between superior and the subordinate.	Decentralisation takes place between the levels.
8. Acceptance	Delegation of authority requires acceptance by the subordinate.	If matters are decentralised, the lower level managers have to deal with them.

THANK YOU...!