MADE BY

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CBSE CLASS 12

BUSINESS STUDIES

PREMIUM NOTES

CHAPTER 5

Organising

NCERT BASED | EXAM FOCUSED | EASY LANGUAGE

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Chapter Snapshot

#	Question	Answer
1	What is this chapter about?	How an organisation arranges its people and work — dividing tasks, creating departments, building authority structures, and delegating power down the chain.
2	Why is it important?	Organising is the second major function of management. Without it, planning remains a wish list. Very high exam weightage across multiple sub-topics.
3	Real-life use	Every company you see — from a 5-person startup to TATA Group — has an organisation structure. Delegation and decentralisation happen every working day in every office.
4	Why do students struggle?	The Delegation vs Decentralisation difference confuses many. Students also mix up Formal vs Informal organisation. Functional vs Divisional structure differences need precise examples.
5	How to study it	Study in 3 blocks: (1) Meaning + Process + Importance. (2) Structures (Functional + Divisional) + Formal vs Informal. (3) Delegation (3 elements) + Decentralisation.
6	Exam weight	Very high — Delegation elements, Delegation vs Decentralisation, Functional vs Divisional structures appear almost every year.
7	Most important areas	4-step organising process, 7 importance, Functional vs Divisional structure, Formal vs Informal organisation, Delegation (Authority-Responsibility-Accountability), Delegation vs Decentralisation.
8	Difficulty level	Medium — good volume of content but most concepts are logical and relatable.
9	Revision time	First read — 2 hours. Second revision — 50 min. Final revision — 25 min.
10	One-line summary	Organising converts a plan into reality by arranging people and resources — through structures, delegation, and decentralisation — to work effectively toward organisational goals.

Section 1 Big Picture of the Chapter

Imagine you have just been appointed Director of a new school.

You have a plan: 1,200 students, 80 teachers, 30 non-teaching staff, 5 departments, 2 school buildings. Now you need to MAKE IT WORK.

What do you do **first?**

- **Divide the work:** Teachers teach. Accountants manage fees. Peons clean. Principal oversees. (Identification and division of work)
- **Group by department:** Science teachers → Science Dept. Arts teachers → Arts Dept. Sports staff → Sports Dept. (Departmentalisation)
- **Assign duties:** Chemistry teacher assigned Class 11 Chemistry. Not Science in general — specifically assigned. (Assignment of duties)
- **Set who reports to whom:** Every teacher reports to HOD. HOD reports to Vice-Principal. VP reports to Principal. (Establishing reporting relationships)

In 4 steps, you have **organised** your school. Same 4 steps apply to every company in the world, from a 5-person startup to a 5-lakh-employee corporation.

Organising = converting a plan into a clear structure of people, duties, and authority.

And the most powerful tool in organising? DELEGATION — giving authority to others so you can focus on bigger things. And DECENTRALISATION — spreading authority across the organisation so the whole system can move fast.

TEACHER TIP — SMIT SIR

Classroom hook: Ask students: 'If I made you the owner of a restaurant today with 20 staff — what is the first thing you would decide?' Their answers (who cooks, who serves, who manages billing, who is in charge) = the 4 steps of organising. Do this in 3 minutes and the chapter's structure makes instant sense.

Section 2 Learning Objectives

After studying this chapter, you will be able to:

1. Define organising in CBSE language.
2. Explain the 4-step process of organising with examples.
3. State and explain the 7 points of importance of organising.
4. Explain Functional Organisation Structure — meaning, merits, demerits.
5. Explain Divisional Organisation Structure — meaning, merits, demerits.
6. Compare Functional and Divisional structures.
7. Distinguish between Formal and Informal Organisation.
8. Define delegation and explain its three elements: Authority, Responsibility, Accountability.
9. Explain the importance of delegation to a manager.
10. Define decentralisation and explain its importance.
11. Distinguish between Delegation and Decentralisation.
12. Identify the relevant concept from any case-study question.

Section 3 Chapter Map

Topic No.	Topic Name	What You'll Learn
1	Meaning of Organising	Definition + key aspects
2	Process of Organising	4 sequential steps — Identification → Departmentalisation → Assignment → Reporting
3	Importance of Organising	7 reasons why organising is essential
4	Organisation Structure	Types: Functional Structure + Divisional Structure
5	Formal Organisation	Meaning, Features, Merits, Limitations
6	Informal Organisation	Meaning, Features, Merits, Limitations
7	Delegation	Meaning + 3 Elements (Authority, Responsibility, Accountability) + Importance
8	Decentralisation	Meaning + Importance + Difference from Delegation

MEMORY TRICK

Anchor flow: WHAT organising is → HOW to do it (4 steps) → WHY it matters (7 importance) → WHAT TYPES exist (structures + formal/informal) → HOW authority flows (delegation + decentralisation).

Key relationship: Planning decides WHAT to do. Organising decides HOW to arrange people and resources to DO it. Delegation decides WHO gets WHAT authority.

Section 4 Key Terms Before Starting

Term	Simple Meaning	One-line Example
Organising	Identifying work, dividing it, grouping by department, assigning to people, and establishing who reports to whom.	Creating departments, assigning teachers to subjects, and setting up the reporting hierarchy in a school.
Organisation Structure	The formal system showing how tasks are divided, grouped, and coordinated in an organisation.	An org chart showing that the Marketing Manager reports to the CEO.
Functional Structure	Organisation divided by FUNCTIONS — marketing, finance, production, HR.	HUL has separate departments for sales, marketing, manufacturing, supply chain.
Divisional Structure	Organisation divided by PRODUCTS or DIVISIONS — each with its own resources.	Samsung India has separate divisions for mobiles, TVs, appliances — each almost a company within a company.
Formal Organisation	A deliberately structured organisation with defined roles, authority, and communication channels.	The official hierarchy of a company as shown in its organisation chart.
Informal Organisation	The network of social relationships that emerge naturally among people at work.	Office friends who share lunch, text each other for advice, or help beyond official duties.
Delegation	Assigning work and the authority to do it — from a superior to a subordinate.	A CEO delegating the project budget approval authority to a Project Manager.
Authority	The right to give orders, make decisions, and command resources.	A Finance Manager has the authority to approve expenses up to ₹10 lakh.
Responsibility	The obligation to perform the assigned task.	Once a manager accepts a task, she is responsible for completing it.
Accountability	The obligation to explain the results of one's work to the superior.	After completing a project, the manager must report to the CEO on what was achieved.
Decentralisation	Systematic dispersal of authority throughout the organisation — at all levels.	McDonald's India gives each franchise owner authority to make local menu and staffing decisions.
Span of management / control	The number of employees directly supervised by one manager.	A supervisor managing 8 workers = span of 8.

Section 5 Detailed Topic-wise Notes

Topic 1 Meaning of Organising

A. Simple Meaning

Organising means identifying what work needs to be done, dividing it among people, giving them the authority and responsibility to do it, and setting up who reports to whom — so that everyone works together efficiently toward the organisation's goals.

B. CBSE / NCERT Definition

DEFINITION

Organising is the process of identifying and grouping the work to be done, defining and delegating responsibility and authority, and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives.

Three key aspects:

(1) **Identification and grouping of work** — divide the total work into manageable tasks and group them logically.

(2) **Defining authority and responsibility** — who has the right to decide (authority) and who is obligated to act (responsibility).

(3) **Establishing relationships** — who reports to whom; how coordination happens.

C. Why Organising Follows Planning

Planning = WHAT to achieve. Organising = HOW to arrange people and resources to ACHIEVE IT. Planning is useless without organising. A company that plans to double sales but has no sales team structure, no territory allocation, and no reporting system will fail to execute the plan.

KEYWORDS FOR EXAM

Must-use: identifying and grouping work, defining authority, responsibility, establishing relationships, enabling people, accomplishing objectives.

Topic 2 Process of Organising — 4 Steps

These **4 sequential steps** are a **common 4-mark question** in CBSE boards. Write them in order with explanation and example.

1 **Identification and Division of Work**
The total work is identified and divided into specific, manageable tasks — based on the plan.

▼

2 **Departmentalisation**
Similar or related tasks are grouped together to form departments.

▼

3 **Assignment of Duties**
Each specific job/task is assigned to individual employees based on their skills.

▼

4 **Establishing Reporting Relationships**
Clear lines of authority are established — who reports to whom; creating the hierarchy.

Step 1: Identification and Division of Work

Explanation: The entire work to be done for the organisation's goals is first identified and then broken into smaller, specific tasks. This avoids duplication and ensures nothing is missed. Work is divided so that each task is manageable by one person or team.

> **EXAMPLE**
>
> A mobile phone company plans to launch a new phone. Work is identified: design, engineering, supply chain, manufacturing, quality testing, marketing, sales, customer service. Each becomes a separate task unit.

Keywords: identify total work, divide into tasks, avoid duplication, specific manageable units

Step 2: Departmentalisation

Explanation: Similar and related tasks are grouped together to form a department. This creates specialisation. Departments can be created based on function (marketing, finance, production), product, geography, or customer type.

> **EXAMPLE**
>
> In the same phone company: Engineering + Design = R&D Department. Marketing + Sales + Customer Service = Commercial Department. Manufacturing + Quality = Operations Department.

Keywords: grouping similar work, departments, basis of grouping, functional, product, geography

Step 3: Assignment of Duties

Explanation: After departments are formed, specific jobs and tasks are assigned to individual employees based on their qualifications, skills, and experience. The person best suited for each job gets it — 'right person for the right job'.

EXAMPLE

In the R&D Department: Hardware engineers design the chipset. Software engineers code the OS. Product designers create the form factor. Each person has a specific, clear job assignment.

Keywords: job assignment, right person right job, skills, individual, matching

Step 4: Establishing Reporting Relationships

Explanation: Once duties are assigned, it is essential to clarify who reports to whom. This creates a clear chain of command — a hierarchy — so that coordination, communication, and authority flow properly through the organisation.

EXAMPLE

In the phone company: Software engineers report to Software Lead. Software Lead reports to CTO. CTO reports to CEO. This clear chain means everyone knows their boss and their team — no confusion about authority.

Keywords: hierarchy, chain of command, who reports to whom, authority, span of control, chain

MEMORY TRICK

Memory trick — 4 steps — "I-D-A-E":

I — Identification and division of work

D — Departmentalisation

A — Assignment of duties

E — Establishing reporting relationships

Recall: "I Did A Excellent job of organising." (I-D-A-E)

Topic 3 Importance of Organising

Seven reasons why organising is essential. Common **5-mark or 6-mark question**: 'Explain any five/six points of importance of organising.'

1. Benefits of Specialisation

Explanation: By dividing work and grouping similar tasks into departments, organising enables specialisation. Each person focuses on one task repeatedly → becomes expert → speed and accuracy increase. Same effort produces more and better output.

> **EXAMPLE**
>
> A doctor specialising only in cardiology becomes far more skilled than a general practitioner. The hospital that organises itself into specialist departments delivers better medical care.

Keywords: specialisation, expertise, efficiency, focus, division of labour

2. Clarity in Working Relationships

Explanation: By establishing who reports to whom, organising creates a clear hierarchy. Every employee knows their superior, their subordinates, their duties, and their authority. This eliminates confusion, duplication, and conflicts.

> **EXAMPLE**
>
> If a software engineer in a company doesn't know whether to approach the Project Manager or the CTO when they have a problem — that is poor organising. A clear reporting structure solves this instantly.

Keywords: clarity, hierarchy, reporting relationships, who is boss, no confusion

3. Optimum Utilisation of Resources

Explanation: Organising ensures that each resource — human, material, financial — is assigned where it is most needed, without duplication or wastage. Right person for the right job, right tool for the right task.

> **EXAMPLE**
>
> A company that organises its sales force by territory avoids having 3 salespeople visiting the same customer. Organised territory allocation = less cost, more customers covered.

Keywords: optimum, no waste, no duplication, resource allocation, utilisation

4. Adaptation to Change

Explanation: A well-organised company can adapt to changes in the business environment more smoothly. When strategy changes, organising allows restructuring — new departments, new reporting lines, new responsibilities.

> **EXAMPLE**
>
> When Jio shifted strategy from voice calls to data services, it reorganised its engineering teams from telecom hardware to software and app development. Only a well-organised company can execute such structural shifts.

Keywords: adapt, change, flexible structure, reorganise, environmental change

5. Effective Administration

Explanation: Organising allows top management to focus on strategic decisions by delegating operational work to subordinates. This creates clear accountability at each level — so administration becomes efficient.

> **EXAMPLE**
>
> If the CEO of TATA Motors had to approve every spare part purchase, he would have no time for strategy. A well-organised delegation structure allows parts purchases to be approved by plant managers — the CEO focuses on building new products.

Keywords: administration, delegation, accountability, top management, focus on strategy

6. Development of Personnel

Explanation: Organising through delegation gives subordinates the opportunity to handle new responsibilities, take decisions, and develop their skills. This develops future managers from within the organisation.

> **EXAMPLE**
>
> When Smit Sir delegates batch management to a senior student-teacher, that person develops organisational, communication, and problem-solving skills — becoming ready for a managerial role.

Keywords: personnel development, delegation, skill building, future managers, growth

7. Expansion and Growth

Explanation: A well-organised company can add new products, new markets, or new business units without chaos. The existing structure provides a template — new divisions, departments, and teams can be added systematically.

> **EXAMPLE**

Amazon expanded from books → electronics → cloud (AWS) → streaming (Prime Video) → groceries (Whole Foods) — each as a separate organised division. Without this organisational ability, such diverse growth would be impossible.

Keywords: expansion, growth, scalable, new markets, new products, new business

MEMORY TRICK

Memory trick — "S-C-O-A-E-D-E":

S — Specialisation

C — Clarity in working relationships

O — Optimum utilisation of resources

A — Adaptation to change

E — Effective administration

D — Development of personnel

E — Expansion and growth

Recall: "Smit's Coaching Offers Ambitious Educators Daily Excellence."

Topic 4 Organisation Structure

DEFINITION

Organisation Structure is the formal system of task and authority relationships that control how people within the organisation coordinate their activities to achieve organisational goals.

Simple: The organisation chart — who does what, who reports to whom, and how work is divided across the company.

Two main types studied in CBSE: **1. Functional Structure** and **2. Divisional Structure.**

4.1 Functional Organisation Structure

DEFINITION

Functional structure is a type of organisation structure in which the work is divided and grouped on the basis of FUNCTIONS performed in the organisation — such as production, marketing, finance, and HR.

Simple: Every person in Marketing is in the Marketing Department. Every person in Finance is in the Finance Department. Everyone with the same function is grouped together.

Org chart (functional structure):

	CEO	
Production Manager	Marketing Manager	Finance Manager
Production staff	Marketing staff	Finance staff

Merits of Functional Structure:

Merit	Explanation	Example
1. Specialisation	Each department focuses on one function → employees become specialists.	Marketing people become world-class marketers; finance team becomes expert in accounts.
2. Easy supervision	Supervisor manages people doing the same type of work — understands their work well.	A Finance Manager supervising only finance staff — not juggling

Merit	Explanation	Example
		manufacturing and HR.
3. Managerial efficiency	Managers don't need to know all functions — only their own. Makes their job focused.	HR Manager focused 100% on people management — not worried about production targets.
4. Minimum duplication	Common resources (finance, HR) serve the whole organisation — no duplicate departments.	One HR department serves all 10 divisions — no need for 10 separate HR teams.
5. Better coordination	Within each department, coordination is easy — everyone does similar work.	The marketing team coordinates their campaigns easily — all speaking the same language.
6. Economical	Combining similar work into one department saves cost.	One accounting team for the whole company vs separate accounting per product.

Demerits of Functional Structure:

Demerit	Explanation	Example
1. Conflicts between departments	Different departments may have conflicting priorities.	Marketing wants to launch quickly. Production wants more time for quality. Finance wants minimum cost. All fight.
2. Difficult to fix responsibility	When performance of a product suffers, it's hard to know which department is responsible.	If a product fails — was it Marketing's fault (bad promotion) or Production's (poor quality)?
3. Managers get narrow exposure	A finance manager only learns finance — limited overall business perspective.	A functional manager rarely gets experience in other areas — limiting their growth as a future CEO.
4. Unsuitable for large organisations	As organisations grow large and diversified, functional structure becomes unwieldy.	A company making 50 different products — one marketing team for all 50 is chaotic.
5. Excessive specialisation	Too much specialisation can make it difficult to see the 'big picture'.	A design team so specialised it can't communicate with the production team — silo mentality.

EXAM TIP

When is Functional Structure suitable?

- Small to medium-sized organisations.
- Organisations with a limited number of products.
- When deep specialisation is the competitive advantage.
- Stable environments where rapid change is not expected.

4.2 Divisional Organisation Structure

DEFINITION

Divisional structure is a type of organisation structure in which the work is grouped by PRODUCT or DIVISION — each division has its own set of functional departments.

Simple: Instead of one big Marketing Department for everything, each product/division has its OWN marketing team, its OWN finance team, its OWN production team. Each division operates almost like a mini-company.

Org chart (divisional structure):

		CEO		
	Washing Machine Division		TV Division	
Production	Marketing	Production	Marketing	Finance

Merits of Divisional Structure:

Merit	Explanation	Example
1. Product focus	Each division concentrates on its own product — better quality, faster innovation.	Samsung's mobile division focuses 100% on smartphones — not distracted by TVs or fridges.
2. Accountability is clear	Each division head is responsible for the profit/loss of their division.	If Washing Machine Division loses money — the Division Head is clearly accountable.
3. Quick decision making	Since each division has all functions, decisions don't need cross-functional approval.	A divisional manager can make production AND marketing decisions without waiting for separate departmental approval.
4. Managerial development	Division managers get experience in ALL functions — becoming well-rounded future CEOs.	A Division Head manages production, marketing, HR, and finance of their division — invaluable all-round experience.
5. Facilitates growth	New products can be added as new divisions without disrupting existing structure.	Reliance added JioMart (retail division) without disrupting Jio (telecom division) or Reliance Retail.
6. Better response	Each division can adapt to its product's	The EV car division of Maruti

Merit	Explanation	Example
to environment	specific market conditions.	adapts to the EV market; the petrol car division adapts to traditional market. Different strategies.

Demerits of Divisional Structure:

Demerit	Explanation	Example
1. Expensive	Each division has its own support functions — duplication of facilities raises costs.	Every division has its own HR, Finance, IT team — massive cost vs one shared function.
2. Duplication of efforts	Same activities (R&D, marketing research) are duplicated across divisions.	Washing Machine Division and TV Division both run separate consumer research — duplicating the same type of work.
3. Unhealthy rivalry	Divisions may compete against each other for company resources (budget, talent).	Mobile division and TV division fighting for the best engineers from the same company talent pool.
4. Narrow perspective of divisional staff	People within a division may only think about their product — losing the big company picture.	Marketing team of the washing machine division may not cooperate with TV division for a joint campaign — protecting their own turf.

EXAM TIP

When is Divisional Structure suitable?

- Large organisations with multiple different products/services.
- Companies operating in multiple geographic regions.
- When product diversity is high and each product needs different strategies.
- Companies in rapidly changing markets needing quick divisional decisions.

4.3 Functional vs Divisional Structure — Comparison Table

This **comparison is a common 4-5 mark question** in CBSE boards.

Basis	Functional Structure	Divisional Structure
Basis of division	By FUNCTIONS (marketing, finance, HR, production)	By PRODUCTS / DIVISIONS (washing machines, TVs, cars)
Specialisation	Functional specialisation — deep expertise in one function	Product specialisation — all-round management within a division
Accountability	Difficult — shared across departments	Clear — each division head accountable for division's results
Decision making	Slower — requires cross-functional coordination	Faster — divisional manager has all functions under them
Cost	More economical — shared resources	More expensive — each division has its own resources
Manager development	Limited — managers learn only one function	Better — managers learn all functions
Suitability	Small/medium firms, single product	Large firms, multiple products, diverse markets
Example	HUL's single-product early days	Samsung India — mobiles, TVs, appliances in separate divisions
Duplication	Minimum — one dept for each function	High — each division has its own functional departments

Topic 5 Formal and Informal Organisation

5.1 Formal Organisation

DEFINITION

Formal organisation is the officially designated structure of roles, relationships, and authority — deliberately created by management — within which people are expected to work to achieve organisational goals.

Simple: What is written in the company rulebook, shown on the org chart, and described in the job description. Official. Deliberate. Documented.

Features of Formal Organisation:

- **Deliberately created** by management — planned, not spontaneous.
- **Authority and responsibility** are clearly defined for each position.
- **Communication** follows official channels and hierarchy.
- **Emphasises work** — positions and tasks are the focus, not people.
- **Rules and procedures** are written and must be followed.
- **Impersonal relationships** — what matters is the role, not the individual holding it.

Merits of Formal Organisation	Demerits of Formal Organisation
Unity of command — one boss, clear orders.	Rigid — may stifle creativity and initiative.
Systematic and predictable — rules ensure consistent behaviour.	Slow communication — information must travel through official channels.
Easy to fix responsibility — each person's role is defined.	May lead to bureaucracy — too much rule-following, too little flexibility.
Facilitates achievement of goals — everyone knows their role.	Does not account for informal human relationships.
Promotes specialisation — clear division of work.	May cause low employee morale if too rigid and impersonal.

5.2 Informal Organisation

DEFINITION

Informal organisation is the network of social relationships, personal interactions, and communication channels that emerge naturally among members of an organisation — outside the official structure.

Simple: The unofficial network of friendships, alliances, and communications that happens when people work together. Not on any org chart. Not in any rulebook.

Features of Informal Organisation:

- **Emerges naturally** — not created by management.
- **Based on social relationships** — friendships, common interests, shared experiences.
- **No fixed rules** — completely flexible and fluid.
- **Communication through grapevine** — rumours, informal conversations, unofficial channels.
- **Person-focused** — based on who you are, not what position you hold.
- **Can exist across departments** — cutting across the formal structure's boundaries.

Merits of Informal Organisation	Demerits of Informal Organisation
Fills gaps in formal communication — faster spread of information.	Spread of rumours — unofficial channels can distort information.
Provides emotional support — colleagues help each other beyond official duty.	May create resistance to change if informal leaders oppose management.
Gives a sense of belonging and acceptance.	Unofficial groups may pursue interests against the organisation's goals.
Reveals real problems — informal conversations reveal what's actually bothering people.	May cause division — some employees excluded from informal groups.
Speeds up decision making through informal consultation.	Difficult to control — management cannot regulate informal relationships.

Basis	Formal Organisation	Informal Organisation
Origin	Deliberately created by management.	Emerges spontaneously from personal relationships.
Rules	Has written rules, policies, and procedures.	No written rules — flexible and unstructured.
Authority	Flows from top through hierarchy.	Based on personal influence and relationships.
Communication	Through official channels (memos, emails, meetings).	Through grapevine (informal talks, rumours).
Focus	Task and position oriented.	Person oriented.
Stability	Stable — exists as long as organisation exists.	Unstable — changes as relationships change.
Example	Your reporting structure in the company.	Your lunch group that discusses company issues informally.

Topic 6 Delegation

DEFINITION

Delegation is the process by which a manager assigns part of his/her work and the corresponding authority to a subordinate — while retaining the overall responsibility and accountability for results.

Simple: A manager cannot do everything alone. Delegation = 'Here is a task. Here is the authority you need to do it. I still answer for the final result — but you are responsible for executing it.'

Delegation is the **KEY TOOL** of organising. Without delegation:

- Top managers are overloaded — bottleneck at every decision.
- Subordinates have no authority → cannot execute anything effectively.
- Organisation cannot grow — CEO cannot personally run a 50,000-person company.

A. Three Elements of Delegation

These **3 elements — Authority, Responsibility, Accountability** — are **the most tested topic in this chapter**. CBSE asks direct questions AND case-study questions on all three.

A Authority

DEFINITION

Authority is the right of a manager to command, direct, and control the actions of subordinates — and to use organisational resources.

Features:

- Authority flows **DOWNWARD** — from superior to subordinate.
- Authority is related to **position** — it comes with the job, not the person.
- Authority can be **DELEGATED** — a superior can give authority to a subordinate.
- Authority without matching responsibility = **abuse of power**.

EXAMPLE

Example: Smit Sir gives a senior teacher-assistant the authority to approve leave applications for junior teachers. The authority is formally transferred — the assistant now has the right to make this decision.

Exam line: *Authority is the right to give orders, take decisions, and command resources — it flows downward from superior to subordinate.*

R Responsibility

DEFINITION

Responsibility is the obligation of a subordinate to perform the assigned task to the best of their ability.

Features:

• Responsibility flows **UPWARD** — flows from subordinate to superior.

• Responsibility **CANNOT be delegated** — a superior can delegate authority but **remains responsible** for the results.

• Responsibility is a **duty** — once you accept a task, you are obligated to complete it.

• It arises from the **superior-subordinate relationship**.

EXAMPLE

Example: Smit Sir delegates marketing responsibility to an assistant. The assistant is responsible for executing the marketing plan. BUT Smit Sir (as the boss) is STILL responsible to the school management for the overall marketing results — he cannot escape this by saying 'I delegated it'.

Exam line: *Responsibility cannot be fully delegated — a superior who delegates authority still remains responsible for the overall results.*

A Accountability

DEFINITION

Accountability is the obligation of a subordinate to report back to the superior about the results of the delegated task — to justify performance and explain outcomes.

Features:

• Accountability flows **UPWARD** — subordinate must answer to the superior.

- Accountability **CANNOT be delegated** — you cannot escape the obligation to justify your actions.
- Accountability is **absolute** — there are no excuses.
- It ensures that **authority is used properly** and the delegated task is completed well.

EXAMPLE

Example: After the marketing campaign, the assistant must present results to Smit Sir: 'We ran ads on 3 platforms, got 50 new enquiries, and 30 converted. Here is why the other 20 didn't.' That report = accountability.

Exam line: *Accountability is the obligation to answer for the results of delegated work — it flows upward and cannot be delegated.*

Three Elements — Quick Comparison

Element	Meaning	Direction of Flow	Can be Delegated?	Nature
Authority	RIGHT to give orders and take decisions.	Flows DOWNWARD	YES — can be delegated	Linked to position
Responsibility	OBLIGATION to perform the assigned task.	Flows UPWARD	CANNOT be fully delegated	Personal obligation
Accountability	OBLIGATION to justify results to superior.	Flows UPWARD	CANNOT be delegated	Absolute, no escape

MEMORY TRICK

Memory trick — "A-R-A":

A — Authority: RIGHT, flows DOWN, CAN delegate

R — Responsibility: DUTY, flows UP, CANNOT fully delegate

A — Accountability: JUSTIFY results, flows UP, CANNOT delegate

Story trick: "A boss Gives Authority (Down). The subordinate takes Responsibility (Up). Then Reports Accountability (Up). A-R-A like a circle."

B. Importance of Delegation

1. Effective management

Explanation: A manager cannot do everything alone. Delegation allows the manager to focus on important, strategic tasks while subordinates handle the routine.

EXAMPLE

A CEO delegates HR decisions to the HR Director, financial decisions to the CFO — freeing herself to focus on strategy and investor relations.

2. Employee development

Explanation: Delegation gives subordinates challenging tasks and authority — helping them develop their skills, confidence, and decision-making ability.

EXAMPLE

Smit Sir delegates batch planning to a senior teacher → that teacher develops organisational skills → ready to become a manager.

3. Motivation of employees

Explanation: When employees are given authority and trusted with responsibilities, they feel valued and important → higher job satisfaction and motivation.

EXAMPLE

A software engineer given the authority to design a module independently is far more motivated than one who only takes instructions.

4. Facilitates growth

Explanation: Without delegation, the organisation's growth is limited by the capacity of the top manager alone. Delegation multiplies effective management capacity.

EXAMPLE

Domino's could not have 1,500 outlets in India with one person running them all. Each franchise owner (delegation of authority) enables growth.

5. Basis of management hierarchy

Explanation: Delegation creates the hierarchy itself — superior delegates to middle managers, who delegate to supervisors, who delegate to workers. Without delegation, hierarchy cannot exist.

EXAMPLE

Without delegation, all decisions would have to go to the top — organisation would be paralysed. Delegation creates the management pyramid.

Topic 7 Decentralisation

DEFINITION

Decentralisation refers to the systematic dispersal of authority for decision-making to lower levels of management throughout the organisation — not just to one subordinate, but across all levels.

Simple: Delegation = giving authority to ONE person. Decentralisation = giving authority to MANY people at MANY levels across the WHOLE organisation. Decentralisation is the result of consistent delegation throughout the organisational hierarchy.

Key distinction: Delegation is a **process** (action taken). Decentralisation is a **philosophy** and the **end result** of consistently applying delegation throughout the organisation.

EXAMPLE

Example: McDonald's India grants each franchise owner the authority to: hire local staff, set local working schedules, adapt to local tastes (aloo tikki burger), manage local marketing, and handle local complaints. This dispersal of authority to thousands of franchise owners across India = Decentralisation. Not just one person gets authority — the whole organisation is structured so decision-making happens at the right level.

A. Importance of Decentralisation

1. Develops initiative among subordinates

Explanation: When people at lower levels have authority to make decisions, they develop initiative and entrepreneurial thinking — they feel ownership.

EXAMPLE

A store manager at Big Bazaar who can make buying decisions for his store → develops initiative and business thinking.

2. Develops managerial talent for the future

Explanation: Decentralisation gives managers at all levels practice in decision-making — the organisation continuously builds its own future leadership.

EXAMPLE

General Electric (GE) used decentralisation to develop managers across its many divisions — creating some of the best-trained executives in corporate history.

3. Quick decision making

Explanation: Decisions are made closer to where the action is — local managers don't need to wait for central approval. Faster response to customers and market changes.

EXAMPLE

During COVID, Zomato's city-level managers made rapid delivery and hygiene protocol decisions for their city without waiting for a central decision — speed saved the business.

4. Relief to top management

Explanation: Decentralisation frees top management from operational details → they focus on long-term strategy, major investments, and organisation-wide decisions.

EXAMPLE

Ratan Tata built a world-class management team in Tata companies — each division head ran their business. Ratan Tata focused on building new ventures and acquisitions.

5. Facilitates growth

Explanation: An organisation can expand geographically and functionally only if it decentralises — one headquarters cannot manage a global operation.

EXAMPLE

HDFC Bank expanded from Mumbai to 8,000+ branches across India and internationally only by decentralising operations to regional offices and branch managers.

6. Better control

Explanation: Decentralisation creates accountability at every level — performance is measured at each unit, and managers are rewarded or penalised based on results.

EXAMPLE

Each Reliance Retail store head is accountable for their store's profitability — this decentralised accountability drives better performance than central monitoring of all stores.

MEMORY TRICK

Memory trick for 6 Importance of Decentralisation — "I-T-Q-R-F-B":

I — Develops Initiative

T — Develops managerial Talent

Q — Quick decision making

R — Relief to top management

F — Facilitates growth

B — Better control

Recall: "I Think Quickly. Really Fast. Brilliantly."

Section 7 Critical Difference Tables

7.1 Delegation vs Decentralisation — Most Important Table in This Chapter

This **difference appears almost every year in CBSE boards** as a 4-5 mark question.

Basis	Delegation	Decentralisation
Meaning	Assignment of work and authority from one superior to one subordinate.	Systematic dispersal of authority across ALL levels of the organisation.
Nature	Process / technique of management.	Philosophy / policy of management — the end result.
Scope	Narrow — happens between one superior and one subordinate.	Wide — spans the entire organisation at all levels.
Purpose	Enable a superior to get work done through one subordinate.	Enable the entire organisation to function without centralised decision-making.
Initiative	Subordinate takes limited initiative.	Managers at all levels develop initiative and entrepreneurial thinking.
Authority retained	Superior retains overall authority — just shares some.	Authority is genuinely dispersed — lower levels make real, significant decisions.
Freedom to subordinate	Limited — subordinate works within superior's guidelines.	Greater — lower-level managers have substantial decision-making freedom.
Example	CEO delegates marketing plan approval to Marketing Director.	McDonald's franchise owners independently managing their restaurants.

7.2 Formal vs Informal Organisation — Quick Reference

Basis	Formal Organisation	Informal Organisation
Origin	Deliberately created.	Emerges naturally.
Rules	Written, defined rules.	No written rules.
Communication	Official channels.	Grapevine.
Authority	Based on position.	Based on personal relationships.
Focus	Task/position oriented.	Person oriented.

Basis	Formal Organisation	Informal Organisation
Stability	Stable.	Unstable/fluid.

Section 9 All Memory Tricks at One Place

Topic	Trick	Expansion
4 Steps of Organising	I-D-A-E	Identification of work, Departmentalisation, Assignment of duties, Establishing reporting
7 Importance of Organising	S-C-O-A-E-D-E	Specialisation, Clarity, Optimum use, Adaptation, Effective admin, Development, Expansion
3 Elements of Delegation	A-R-A	Authority (down, can delegate), Responsibility (up, cannot delegate), Accountability (up, cannot delegate)
6 Importance of Decentralisation	I-T-Q-R-F-B	Initiative, Talent, Quick decisions, Relief to top, Facilitates growth, Better control
Authority flow	DOWNWARD	Superior → Subordinate
Responsibility flow	UPWARD	Subordinate → Superior
Accountability flow	UPWARD	Subordinate must justify to Superior

Section 10 Case Study Practice

Case Study 1 — Easy (Identify the Concept)

CASE STUDY

Case: Identify the concept in each situation below:

(a) A General Manager of a manufacturing firm divides work among his team — assigns production to the Production Manager, sales to the Sales Manager, and accounts to the Finance Manager. Each manager has the right to make decisions in their area.

(b) Two employees from different departments — one from marketing and one from HR — have lunch together every day and discuss workplace issues. They share information that doesn't travel through official channels.

(c) The CEO of a company transfers the authority to approve purchase orders up to ₹5 lakh to the Purchase Manager, while retaining his responsibility to the Board for all purchases.

(d) A fast food chain allows each regional manager to decide menu additions, staffing levels, and local marketing — without requiring central headquarters approval.

Answers:

(a) **Delegation** — the GM is delegating authority to subordinates (Production Manager, Sales Manager, Finance Manager) for specific functions.

(b) **Informal Organisation** — employees forming a social network across departments, communicating outside official channels.

(c) **Delegation** — specifically, the element of Authority being delegated downward while responsibility is retained by the CEO.

(d) **Decentralisation** — authority dispersed to ALL regional managers across the WHOLE organisation — a systematic policy, not just one delegated task.

Keywords: delegation, informal organisation, authority, decentralisation.

Case Study 2 — Moderate (Delegation Elements)

CASE STUDY

Case: Mr. Arjun is the Marketing Head of TechBuild Ltd. He is extremely busy and decides to delegate the planning of the company's annual tech fair to his junior manager, Priya. He tells Priya: 'You have full authority to select the venue, hire event staff, design the booth, and approve the event budget up to ₹10 lakh. You are responsible for making this event successful. After the event, you must present a full report to me on what we achieved and what we spent.'

Q1: Identify the three elements of delegation in the above case.

Q2: Even though Priya manages the event, Mr. Arjun cannot completely escape accountability. Explain why.

Answer Q1 — Three elements:

(i) **Authority** — Mr. Arjun grants Priya authority to select venue, hire staff, design booth, and approve budget up to ₹10 lakh. This is the RIGHT to make decisions.

(ii) **Responsibility** — Priya is made responsible for the successful execution of the event. She has the OBLIGATION to complete the task.

(iii) **Accountability** — Priya must present a full post-event report to Mr. Arjun. She must JUSTIFY her actions and outcomes.

Answer Q2: Mr. Arjun REMAINS accountable to the company's leadership (CEO/Board) for the overall marketing function — including the tech fair. Responsibility CANNOT be fully delegated. Even though Priya runs the event, Mr. Arjun will answer to the Board if the event fails, overspends, or damages the company's image. He can delegate Authority and assign Responsibility — but his own Accountability cannot be passed on.

Keywords: authority, responsibility, accountability, delegation, cannot be delegated, obligation, justify.

Case Study 3 — Difficult / HOTS (Organisation Structure)

CASE STUDY

Case: 'BrightApply Ltd.' is a mid-sized company producing three very different products: (A) medical devices, (B) consumer electronics, and (C) industrial machinery. The CEO finds that: Marketing Director gets complaints from all 3 product teams. The Finance Director cannot understand the very different cost structures of medical vs industrial products. When a medical device needs FDA approval, the company loses time going through the general legal team that handles all three products. The CEO is considering changing from a functional structure to a divisional structure.

Q1: State two problems with the current functional structure in this case.

Q2: Explain how a divisional structure would solve these problems.

Q3: State one advantage and one disadvantage of the proposed divisional structure.

Answer Q1 — Problems with functional structure:

(i) **Lack of product focus**: The Marketing Director handles 3 completely different product types simultaneously — leading to generic strategies that don't serve any product well.

(ii) **Accountability difficulty**: When medical device performance suffers, it is hard to identify whether marketing, finance, or operations is responsible — because they all serve all 3 products.

Answer Q2 — How divisional structure solves these:

By creating 3 separate divisions (Medical Devices Division, Consumer Electronics Division, Industrial Machinery Division), each with its OWN marketing, finance, legal, and operations team:

• The Medical Devices Division has a dedicated legal team familiar with FDA — faster approvals.

• Each division's Marketing Manager focuses 100% on their product.

• Divisional heads are clearly accountable for their division's results.

Answer Q3:

Advantage: **Quick decision making** — divisional managers have all functions under them → no cross-departmental waiting.

Disadvantage: **Expensive** — each of the 3 divisions will have its own marketing, finance, and legal teams → massive duplication of resources and high cost.

Keywords: functional structure, divisional structure, product focus, accountability, duplication, cost, quick decisions.

Section 11 Exam-Oriented Questions & Answers

A. One-mark Questions

Q1. Define organising.

Ans. Organising is the process of identifying and grouping work, defining authority and responsibility, and establishing relationships to enable people to work together effectively.

Q2. What is 'delegation'?

Ans. Delegation is the process of assigning work and the corresponding authority from a superior to a subordinate.

Q3. Name the three elements of delegation.

Ans. Authority, Responsibility, and Accountability.

Q4. What is 'accountability'?

Ans. Accountability is the obligation of a subordinate to justify the results of the delegated work to the superior.

Q5. Can responsibility be delegated?

Ans. No — responsibility cannot be fully delegated. A superior who delegates authority remains responsible for the results.

Q6. In which direction does authority flow?

Ans. Authority flows DOWNWARD — from superior to subordinate.

Q7. What is 'decentralisation'?

Ans. Decentralisation is the systematic dispersal of authority for decision-making to lower levels throughout the organisation.

Q8. Name two types of organisation structures studied in Class 12.

Ans. Functional Organisation Structure and Divisional Organisation Structure.

B. Three-mark Questions

Q1. Explain the three elements of delegation.

Ans. (i) Authority: The right of a superior to give orders, make decisions, and direct subordinates. Authority flows DOWNWARD — from superior to subordinate. It can be delegated.

Ans. (ii) Responsibility: The obligation of a subordinate to perform the assigned task. Responsibility flows UPWARD. It CANNOT be fully delegated — the superior remains responsible.

Ans. (iii) Accountability: The obligation to explain results to the superior. Flows UPWARD. Cannot be delegated — an employee cannot escape the obligation to justify their actions.

Q2. Distinguish between Delegation and Decentralisation on any three bases.

Ans. (i) Scope: Delegation = narrow (one superior to one subordinate). Decentralisation = wide (all levels across the whole organisation).

Ans. (ii) Nature: Delegation is a PROCESS. Decentralisation is a PHILOSOPHY/POLICY.

Ans. (iii) Freedom: In delegation, the subordinate has limited freedom within the superior's guidelines. In decentralisation, lower-level managers have substantial freedom to make real decisions independently.

Q3. Explain any three points of importance of organising.

Ans. (i) Benefits of specialisation: Organising divides work and groups similar tasks → people specialise → become expert → productivity rises.

Ans. (ii) Clarity in working relationships: Organising establishes who reports to whom → every employee knows their superior, duties, and authority → no confusion.

Ans. (iii) Optimum utilisation of resources: Organised assignment ensures the right person gets the right job → minimum waste, maximum output.

C. Five & Six-mark Questions

Q1. Explain the merits and demerits of Functional Organisation Structure.

Ans. Functional organisation structure groups work by functions — marketing, finance, HR, production.

Merits:

• **Specialisation:** employees develop deep expertise in their function.

• **Easy supervision:** managers oversee similar work — understand it well.

• **Economical:** common resources serve the whole organisation.

• **Minimum duplication:** one department for each function, no duplication.

Demerits:

• **Interdepartmental conflicts:** different functions have different priorities — marketing vs production.

• **Accountability difficulty:** hard to fix blame for a product's failure across multiple departments.

• **Limited managerial development:** managers only learn one function — not rounded.

Suitability: Best for small/medium organisations with limited product range.

Q2. 'Decentralisation is considered as an extension of delegation.' Explain the importance of decentralisation.

Ans. Delegation = assigning authority from one superior to one subordinate. When delegation is practised consistently at ALL levels across the organisation, it results in decentralisation. Importance of decentralisation:

• **Develops initiative:** lower-level managers develop entrepreneurial thinking with real authority.

• **Develops managerial talent:** all-level practice in decision-making creates future leaders.

• **Quick decision making:** decisions are made where action is — no waiting for central approval.

• **Relief to top management:** top management freed for strategy; operations handled by local managers.

• **Facilitates growth:** organisation can expand geographically/functionally with decentralised authority.

• **Better control:** each unit is accountable for results — decentralised accountability drives performance.

Conclusion: Decentralisation makes organisations more agile, inclusive, and capable of sustained growth.

D. MCQs

Q1. Which of the following CANNOT be delegated?

(a) Authority

(b) Work

(c) Responsibility

(d) Decision-making right

Ans. (c) Responsibility — a superior can delegate authority but responsibility cannot be fully delegated.

Q2. Decentralisation is an extension of —

(a) Coordination

(b) Delegation

(c) Departmentalisation

(d) Staffing

Ans. (b) Delegation — decentralisation is systematic delegation across all levels.

Q3. Grapevine is associated with which type of organisation?

(a) Formal

(b) Divisional

(c) Informal

(d) Functional

Ans. (c) Informal organisation — grapevine is the informal communication channel.

Q4. In a Divisional Structure, each division has —

(a) Only one function

(b) Its own set of functional departments

(c) No authority

(d) A shared marketing team

Ans. (b) Its own set of functional departments — making it a mini-company.

Q5. The process of identifying work, grouping, and establishing reporting relationships is called —

(a) Planning

(b) Staffing

(c) Controlling

(d) Organising

Ans. (d) Organising — all these steps are part of the organising process.

E. Assertion-Reason

Q. Assertion (A): A manager can delegate authority but cannot delegate responsibility.

Reason (R): Responsibility is the personal obligation to perform the task — it stays with the person who originally accepted it.

Options: (a) Both A and R true, R correctly explains A. (b) Both true, R does NOT explain. (c) A true, R false. (d) A false, R true.

Ans. (a) — Both correct. R correctly explains why A is true. Responsibility is a personal obligation that cannot be transferred — the original responsible person remains answerable to the organisation.

Section 12 Board Exam Answer Writing Guide

Case-study trigger table — Identify concept quickly

If case says...	Concept
Dividing work, creating departments, assigning duties, setting hierarchy	Organising / Process of Organising
Grouping by functions — marketing dept, finance dept, production dept	Functional Organisation Structure
Grouping by products — each product has its own sub-units	Divisional Organisation Structure
Official rules, written hierarchy, formal reporting	Formal Organisation
Informal conversations, friendships at work, grapevine, rumours	Informal Organisation
Superior assigning task + authority to ONE subordinate	Delegation
Right to give orders, make decisions (flows DOWN)	Authority (element of Delegation)
Obligation to complete the assigned task	Responsibility (element of Delegation)
Subordinate reports results back to superior, must justify	Accountability (element of Delegation)
Authority dispersed to ALL levels across whole organisation	Decentralisation
One structure for all products vs separate structure per product	Functional vs Divisional structure question

EXAM TIP

Authority vs Accountability quick test: Authority = 'power to act' → flows DOWN. Accountability = 'must explain results' → flows UP. Responsibility = 'duty to do the task' → flows UP. Never confuse the directions.

Delegation vs Decentralisation: Delegation = ONE boss to ONE subordinate (narrow). Decentralisation = MANY levels, WHOLE organisation (wide). Delegation is the tool; Decentralisation is the result of using the tool consistently.

Section 13 Common Doubts Students Ask

Doubt 1: Sir, how is organising different from planning?

Smit Sir's answer: Planning = WHAT to achieve (setting goals and deciding strategy). Organising = HOW to arrange people and resources to achieve what was planned. You plan first, then organise to execute the plan. Planning without organising = wishful thinking. Organising without planning = purposeless activity.

Doubt 2: Sir, what is the difference between responsibility and accountability?

Smit Sir's answer: Responsibility = the OBLIGATION to DO the task (before the work). Accountability = the OBLIGATION to EXPLAIN THE RESULTS (after the work). Responsibility is for doing. Accountability is for reporting. Both flow upward, neither can be delegated.

Doubt 3: Sir, if responsibility cannot be delegated, why do we delegate at all?

Smit Sir's answer: When you delegate, you transfer AUTHORITY (right to act) and assign RESPONSIBILITY (duty to perform) — but you retain OVERALL ACCOUNTABILITY. The subordinate becomes responsible for execution. You remain accountable for the outcome to YOUR boss. It's like a contractor — you are still answerable to the client.

Doubt 4: Sir, is grapevine always bad?

Smit Sir's answer: No. Grapevine (informal communication) has real benefits: it fills gaps in formal communication, spreads information fast, provides emotional support, and reveals real employee concerns that formal channels miss. The problem is when grapevine spreads rumours or wrong information. Smart managers monitor grapevine to understand the real pulse of their organisation.

Doubt 5: Sir, why would a company prefer functional structure over divisional?

Smit Sir's answer: Functional structure is more economical (shared resources) and better for specialisation. It works well when: (a) the company has a limited number of products, (b) the products are similar, (c) deep functional expertise is the competitive advantage. Functional = good for focus and efficiency. Divisional = good for diversity and speed.

Doubt 6: Sir, can a company use BOTH functional and divisional structures?

Smit Sir's answer: Yes — this is called a 'Matrix Structure' and some large companies use it. Each person reports to both a functional head AND a divisional head. It combines specialisation (functional) with product focus (divisional) but is very complex to manage. CBSE only covers functional and divisional — don't write matrix in exam unless specifically asked.

Doubt 7: Sir, what exactly is 'span of management'?

Smit Sir's answer: Span of management = the number of subordinates a manager directly supervises. Wide span = many subordinates per manager (flat organisation). Narrow span = few subordinates per manager (tall organisation). Smaller companies typically have wider spans; large bureaucratic organisations have narrower spans.

Doubt 8: Sir, is decentralisation always good?

Smit Sir's answer: No. Decentralisation works well in large, diversified, geographically spread organisations. But in small companies, crises, or when uniformity is needed — centralisation is better. A startup of 5 people doesn't need decentralisation. A hospital in a life-threatening emergency needs central command. Context determines whether centralisation or decentralisation is better.

Doubt 9: Sir, how do I know if a case study is testing 'delegation' or 'decentralisation'?

Smit Sir's answer: Delegation = focus is on ONE specific task being assigned to ONE person (narrow). Decentralisation = authority is spread THROUGHOUT the organisation — many managers, many levels, a POLICY or SYSTEM. If the case talks about one boss giving one task to one person → Delegation. If it talks about many branch managers independently running their branches → Decentralisation.

Doubt 10: Sir, why does informal organisation exist if formal organisation is already there?

Smit Sir's answer: Because humans are social beings — they form friendships, share common interests, and create trust-based networks regardless of formal structures. Formal organisation meets professional needs. Informal organisation meets social/emotional needs. Both coexist in every real organisation.

Section 14 Common Mistakes to Avoid

Mistake 1: Saying 'responsibility can be delegated'

What students do wrong: 'When a manager delegates, he passes responsibility to the subordinate and has nothing left.'

Why it is wrong: WRONG. The manager retains overall accountability to their own superior. Responsibility partially rests with the subordinate (for execution) but the manager's accountability to the board remains.

Correct way: Say: 'Authority can be delegated. Responsibility for execution rests with the subordinate, but the superior's accountability to higher management remains.'

Mistake 2: Confusing Authority flow with Accountability flow

What students do wrong: Writing 'Accountability flows downward from superior to subordinate.'

Why it is wrong: WRONG. Accountability flows UPWARD — subordinate must justify results TO the superior, not the other way.

Correct way: Authority DOWN. Responsibility and Accountability BOTH UP.

Mistake 3: Mixing up Functional and Divisional structure

What students do wrong: Describing functional structure with product-based examples.

Why it is wrong: Functional = grouped by FUNCTION (marketing, finance). Divisional = grouped by PRODUCT/DIVISION.

Correct way: Trigger: 'Department based on function' = Functional. 'Division based on product' = Divisional.

Mistake 4: Calling Delegation and Decentralisation the same thing

What students do wrong: 'Delegation and decentralisation are both about giving authority.'

Why it is wrong: Delegation = one boss, one subordinate, specific task. Decentralisation = system-wide, all levels, policy/philosophy.

Correct way: Use the table in Section 7.1 to clearly differentiate.

Mistake 5: Writing grapevine as a feature of formal organisation

What students do wrong: 'Formal organisation uses the grapevine to communicate.'

Why it is wrong: Grapevine = INFORMAL communication. Formal organisation uses official channels (memos, meetings, email).

Correct way: Formal = official channels. Informal = grapevine.

Mistake 6: Not writing all 4 steps in sequence for organising process

What students do wrong: Writing steps out of order or skipping 'Establishing reporting relationships'.

Why it is wrong: The 4 steps are sequential — each follows logically from the previous. Order matters. CBSE awards marks for correct sequence.

Correct way: Memorise I-D-A-E and always write in this order. 'Establishing reporting relationships' is the LAST and most important step — never skip it.

Section 15 Keywords Bank

Topic	Must-use Keywords
Organising — definition	identifying and grouping work, defining authority and responsibility, establishing relationships, enabling people, accomplishing objectives
4-step process	identification of work, departmentalisation, assignment of duties, establishing reporting relationships, hierarchy
7 Importance	specialisation, clarity, optimum utilisation, adaptation, effective administration, development, expansion
Functional Structure	function-based, specialisation, economical, minimum duplication, interdepartmental conflict, narrow expertise
Divisional Structure	product-based, accountability clear, quick decisions, managerial development, expensive, duplication
Formal Organisation	deliberately created, official, written rules, hierarchy, impersonal
Informal Organisation	grapevine, social relationships, spontaneous, no written rules, person-oriented
Authority	right to command, flows downward, can be delegated, position-based
Responsibility	obligation to perform, flows upward, cannot be fully delegated, duty
Accountability	justify results, flows upward, cannot be delegated, absolute
Decentralisation	systematic dispersal, all levels, philosophy, initiative, quick decisions, autonomy

Section 16 Quick Revision Notes

QUICK REVISION

Organising: Identifying and grouping work, defining authority and responsibility, establishing relationships.

4 Steps (I-D-A-E): Identification of work → Departmentalisation → Assignment of duties → Establishing reporting relationships.

7 Importance (S-C-O-A-E-D-E): Specialisation, Clarity, Optimum use, Adaptation, Effective admin, Development, Expansion.

Functional Structure: Grouped by FUNCTION. Economical, Specialisation. But: conflicts, narrow scope, not for large diversified firms.

Divisional Structure: Grouped by PRODUCT. Accountability clear, Quick decisions. But: expensive, duplication.

Formal: Deliberate, official, written rules, hierarchy, authority by position, grapevine = NO.

Informal: Spontaneous, social, no rules, grapevine = YES, person-based.

Delegation elements (A-R-A):

Authority — right to command → flows DOWN → CAN delegate.

Responsibility — duty to perform → flows UP → CANNOT fully delegate.

Accountability — justify results → flows UP → CANNOT delegate.

Importance of Delegation: Effective management, Employee development, Motivation, Growth, Basis of hierarchy.

Decentralisation: Systematic dispersal of authority at ALL levels. 6 importance (I-T-Q-R-F-B).

Delegation vs Decentralisation: Delegation = narrow (one superior, one subordinate). Decentralisation = wide (all levels, philosophy).

Section 17 One-Page Last-Minute Revision Sheet

Read this on exam day. Nothing else.

Chapter in one paragraph

Organising is the process of identifying work, departmentalising it, assigning duties, and establishing hierarchy (**I-D-A-E**). It provides **7 benefits (S-C-O-A-E-D-E)**. Organisation structures: **Functional** (by function — economical, specialist, but conflicts) and **Divisional** (by product — accountable, fast, but expensive). Organisation can be **Formal** (official, hierarchy, written rules) or **Informal** (social, grapevine). **Delegation** has 3 elements — **Authority** (down, can delegate) + **Responsibility** (up, cannot fully delegate) + **Accountability** (up, cannot delegate). **Decentralisation** is systematic delegation to all levels — 6 importance (I-T-Q-R-F-B).

5 must-remember lines

13. 4 steps: I-D-A-E (Identification, Departmentalisation, Assignment, Establishing reporting).
14. Authority = RIGHT → flows DOWN. Responsibility/Accountability = OBLIGATION → flow UP.
15. Responsibility CANNOT be delegated. Authority CAN be delegated.
16. Delegation = one superior to one subordinate (narrow). Decentralisation = whole organisation (wide philosophy).
17. Grapevine = Informal Organisation. Official channels = Formal Organisation.

Case-study quick trigger table

If case says...	Concept
Dividing work, creating depts, assigning duties, who reports to whom	Organising — 4-step process
All marketing people in one dept, all finance in one dept	Functional Structure
Each product line has its own marketing, finance, production	Divisional Structure
Official hierarchy, written rules, formal reporting	Formal Organisation
Lunch group sharing info, grapevine, informal chats	Informal Organisation
Boss gives task + authority to ONE subordinate	Delegation
Right to give orders (flows DOWN)	Authority
Duty to complete the task (flows UP)	Responsibility

If case says...	Concept
Justify results to superior (flows UP)	Accountability
Authority spread to ALL levels, each branch manager decides independently	Decentralisation

Section 18 How Smit Sir Can Teach This Chapter

1. Opening hook — 'Run a Restaurant'

Say to students: 'I'm giving you a restaurant with 15 staff — a chef, sous chef, 5 waiters, 2 bartenders, 3 kitchen helpers, a cashier, a cleaner, and a manager. You have 5 minutes to organise them. Go.' They will instinctively divide work, create roles, assign duties, set reporting — then you show how they just did all 4 steps of organising.

2. Best Indian examples by topic

Topic	Best Indian Example
4-step organising process	ISRO organising the Chandrayaan-3 mission — thousands of engineers, specific roles, departments (propulsion, software, navigation), clear reporting to mission director.
Functional structure	Indian Army in peacetime — Infantry regiment, Artillery regiment, Engineering corps — each a functional specialisation.
Divisional structure	Tata Group — Tata Steel, Tata Motors, TCS, Tata Power as separate divisions — each with full functional setup.
Informal organisation	Any government office — where 'who you know' matters as much as official hierarchy. The tea break group that decides which files get processed today.
Delegation	Virat Kohli delegating field placement decisions to vice-captain in Tests — he retains accountability for team performance but delegates tactical authority.
Decentralisation	Indian Railways decentralising food stall operations to IRCTC franchisees at each station.

3. Teaching Delegation — 'A-R-A Triangle'

Draw a triangle on the board: Authority at top (pointing DOWN). Responsibility and Accountability at the base corners (pointing UP). Explain: the boss passes authority down (from top). The subordinate sends responsibility and accountability up (from base). The triangle shows the asymmetry — authority flows opposite to responsibility/accountability.

4. Teaching Delegation vs Decentralisation — 'Water Drop vs Flood'

Delegation = One water drop from a tap. One superior, one subordinate, one task. Controlled, targeted.

Decentralisation = A flood across the whole field. Authority flows to EVERY level, EVERY manager, EVERY corner of the organisation. Systematic, wide, a way of life.

5. Board exam focus areas

- 3 elements of delegation — 4/5-mark question (appears very frequently)
- Delegation vs Decentralisation — 5-mark difference table (appears regularly)

- Functional vs Divisional structure — 5-mark merits/demerits (common)
- 4 steps of organising — 4-mark question
- Importance of organising — 5/6-mark question
- Formal vs Informal organisation — 4/5-mark difference question

6. How to end the chapter powerfully

"Every organisation you will ever work in was organised by someone before you arrived. The CEO's office, the company's org chart, your job description, your team structure — all products of organising. And if you ever start your own business, the first thing you will do is what we studied today: divide the work, create departments, assign duties, and decide who reports to whom. You now know the science behind what every successful entrepreneur does by instinct."

End of Chapter 5

"Good organisation is a key to converting vision into achievement."

Structure enables strategy. Delegation enables scale.

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