

Q1. Explain advantages of delegation and decentralization for distributed organizational management.

Ans:-

Delegation of Authority:

Since authority is the crux in distribution of authority. It would be necessary to understand what the authority is. Authority is the right to do something. Authority is the power legitimised by organisation which empowers a manager to make decisions, to use organisational resources, and to monitor and regulate the behaviour of subordinates for the efficient performance of assigned work responsibilities. Authority (right do something) is different from power (ability to do something).

Advantages of Delegation:

1. Take Advantage of Specialized Skills

Many subordinates have specialized skills and relevant experience that align with the task. They may be eager to display their qualifications and to advance professionally by demonstrating their talent for the project. A subordinate can also offer fresh insight and a novel perspective, which increases creativity and innovation.

2. Improve Time Management

Delegation enables you to focus on more important tasks or tasks for which you are better suited. The increase in time reduces pressure and stress. This allows you to concentrate on your remaining tasks and allocate more time for other tasks. For example, delegating customer service tasks to a subordinate saves you the time that would be spent interacting with customers and handling issues. Consequently, you would have more time to design products and hire employees.

3. Build Trust Within the Organization

Delegation encourages you to learn how to trust your subordinates and to not always be in control. Once subordinates successfully complete a task, you will have more trust in the future in their capabilities. Having more knowledge about projects that need to be completed helps the subordinates trust their managers.

4. Possible Miscommunication Conflicts

If there is a miscommunication about the expectations for the task, conflict may arise between the subordinate and the supervisor. Subordinates may fear asking for clarification, while supervisors may underestimate the complexity of the project and fail to thoroughly explain the task. Without clear goals and objectives, the subordinate and supervisor can have contrasting ideas on how to successfully complete the task.

5. Effects of Lack of Commitment

Subordinates may not have enough vested interest or personal connection to the project to wholly understand the significance of the task. They may not have the same commitment level or passion as the originator of the task, as it was not their idea from the beginning. For example, if you put in substantial effort over several months of networking and gaining influential contacts, then you will value following up on them more than a person who did not make the connection or participate in the effort.

6. Risk of Inferior Results

If your subordinates are already swamped with their own duties, they may not have the time to fully focus and put in their best work for delegated tasks. Or, the delegated tasks might be above the subordinate's skill level or experience. The capacity to complete the task may also be limited by the lack of resources. Lastly, the subordinate may not enjoy the assignment or simply not care, which lowers performance.

Decentralisation

It can be viewed as an extension of delegation. When a part of the work is entrusted to others, it is known as delegation. Decentralisation extends to the lowest level of the organisation.

A few definitions are given below:

1. “Decentralisation refers to tire systematic effort to delegate to the lowest levels all authority except that which can only be exercised at central points.” —Louis A. Allen.
2. “Decentralisation means the division of a group of functions and activities into relatively autonomous units with overall authority and responsibility for their operation delegate to timd of cacti unit.’—Earl. P. Strong.
3. “Decentralisation is simply a matter of dividing up the managerial work and assigning specific duties to the various executive skills.”—Newman, summer and Wairen.

Thus, decentralisation is concerned with the decentralisation of decision-making authority to the lower levels in managerial hierarchy.

Advantages of Decentralisation:

1. Reduces the burden on top executives:

Decentralisation relieves the top executives of the burden of performing various functions. Centralisation of authority puts the whole responsibility on the shoulders of an executive and his immediate group. This reduces the time at the disposal of top executives who should concentrate on other important managerial functions. So, the only way to lessen their burden is to decentralise the decision-making power to the subordinates.

2. Facilitates diversification:

Under decentralization, the diversification of products, activities and markets etc., is facilitated. A centralised enterprise with the concentration of authority at the top will find it difficult and complex to diversify its activities and start the additional lines of manufacture or distribution.

3. To provide product and market emphasis:

A product loses its market when new products appear in the market on account of innovations or changes in the customers demand. In such cases authority is decentralised to the regional units to render instant service taking into account the price, quality, delivery, novelty, etc.

4. Executive Development:

When the authority is decentralised, executives in the organisation will get the opportunity to develop their talents by taking initiative which will also make them ready for managerial positions. The growth of the company greatly depends on the talented executives.

5. It promotes motivation:

To quote Louis A. Allen, "Decentralisation stimulates the formation of small cohesive groups. Since local managers are given a large degree of authority and local autonomy, they tend to weld their people into closely knit integrated groups." This improves the morale of employees as they get involved in decision-making process.

6. Better control and supervision:

Decentralisation ensures better control and supervision as the subordinates at the lowest levels will have the authority to make independent decisions. As a result they have thorough knowledge of every assignment under their control and are in a position to make amendments and take corrective action.

7. Quick Decision-Making:

Decentralisation brings decision making process closer to the scene of action. This leads to quicker decision-making of lower level since decisions do not have to be referred up through the hierarchy.

Q1. What is organization? Explain the types of organizational structures.

Ans:-

An organization is a group of people who work together, like a neighbourhood association, a charity, a union, or a corporation. Organization is also the act of forming or establishing something (like an organization). It can also refer to a system of arrangement or order, or a structure for classifying things.

Types of Organizational Structures

Functional

If you've had a job, you likely worked in a functional organizational structure.

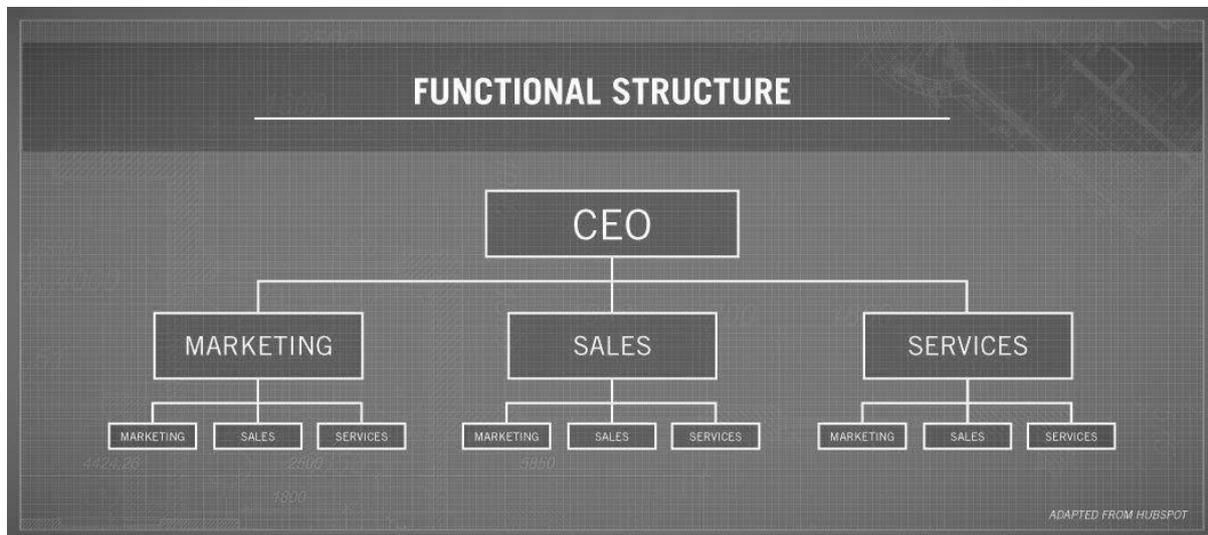
The functional structure is based on an organization being divided up into smaller groups with specific tasks or roles. For example, a company could have a group working in information technology, another in marketing and another in finance.

Each department has a manager or director who answers to an executive a level up in the hierarchy who may oversee multiple departments. One such example is a director of marketing who supervises the marketing department and answers to a vice president who is in charge of the marketing, finance and IT divisions.

An advantage of this structure is employees are grouped by skill set and function, allowing them to focus their collective energies on executing their roles as a department.

One of the challenges this structure presents is a lack of inter-departmental communication, with most issues and discussions

taking place at the managerial level among individual departments. For example, one department working with another on a project may have different expectations or details for its specific job, which could lead to issues down the road.

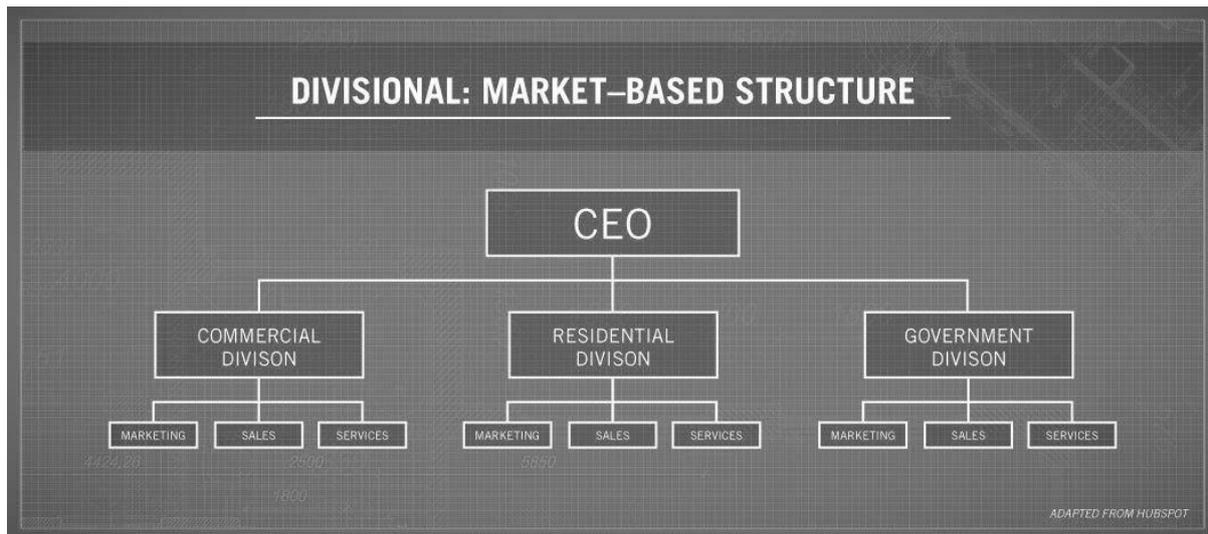


Divisional

Larger companies that operate across several horizontal objectives sometimes use a divisional organizational structure.

This structure allows for much more autonomy among groups within the organization. One example of this is a company like General Electric. GE has many different divisions including aviation, transportation, currents, digital and renewable energy, among others.

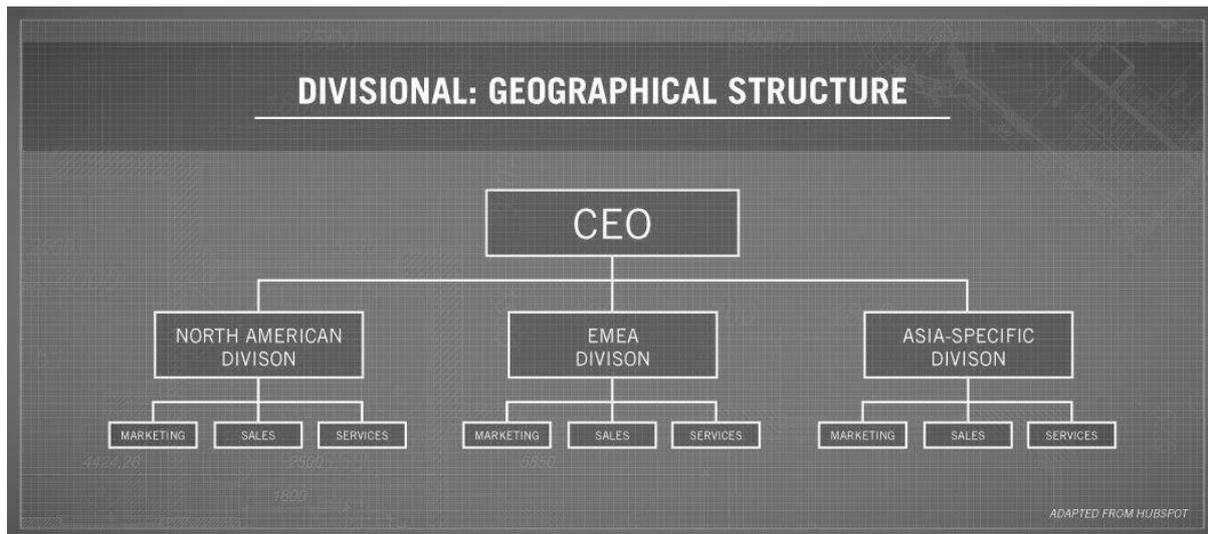
Under this structure, each division essentially operates as its own company, controlling its own resources and how much money it spends on certain projects or aspects of the division.



Additionally, within this structure, divisions could also be created geographically, with a company having divisions in North America, Europe, East Asia, etc.

This type of structure offers greater flexibility to a large company with many divisions, allowing each one to operate as its own company with one or two people reporting to the parent company's chief executive officer or upper management staff. Instead of having all programs approved at the very top levels, those questions can be answered at the divisional level.

A downside to this type of organizational structure is that by focusing 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.



Matrix

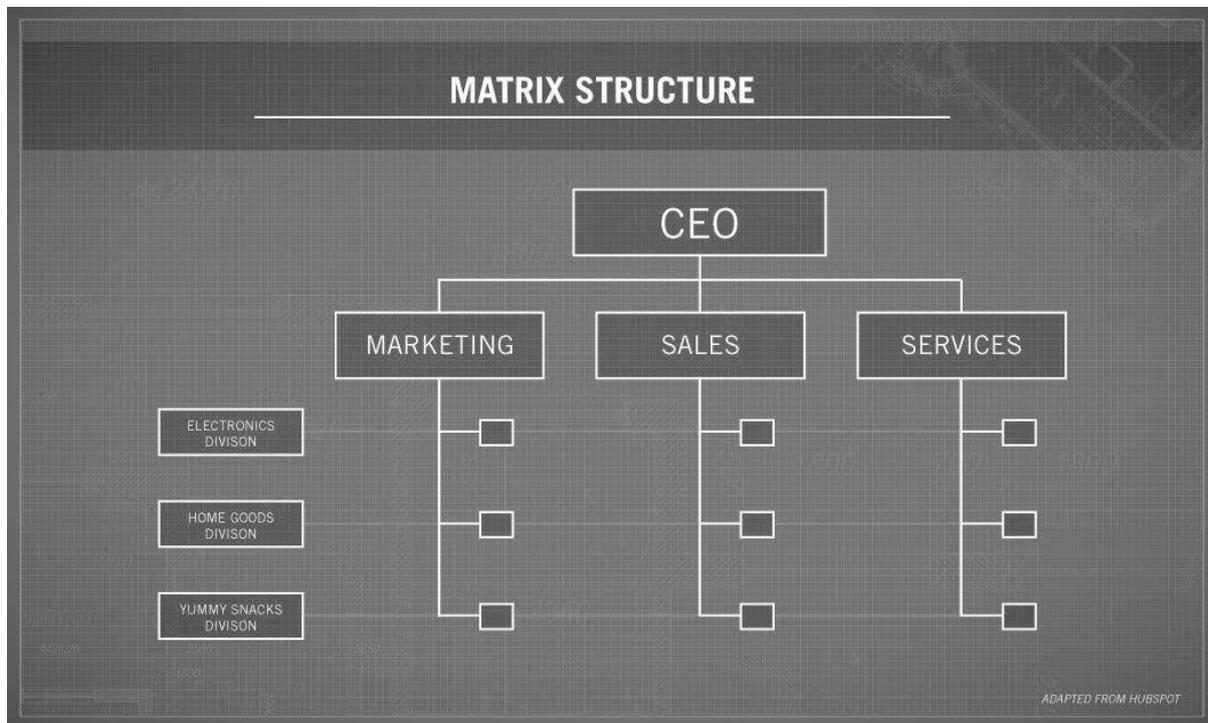
A hybrid organizational structure, the matrix structure is a blend of the functional organizational structure and the projectized organizational structure.

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.

The matrix structure is challenging because it can be tough reporting to multiple bosses and knowing what to communicate to them. That's why it's very important for the employees to know their roles, responsibilities and work priorities.

Advantages of this structure is that employees can share their knowledge across the different functional divisions, allowing for better communication and understanding of each function's role. And by working across functions, employees can broaden their skills and knowledge, leading to professional growth within the company.

On the other hand, reporting to multiple managers may add confusion and conflict between managers over what should be reported. And if priorities are not clearly defined, employees, too, may get confused about their roles.



Flatarchy

While the previous three types of organizational structures may work for some organizations, another hybrid organizational structure may be better for startups or small companies.

Blending a functional structure and a flat structure results in a flatarchy organizational structure, which allows for more decision making among the levels of an organization and, overall, flattens out the vertical appearance of a hierarchy.

The best example of this structure within a company is if the organization has an internal incubator or innovation program. Within this system, the company can operate in an existing structure, but employees at any level are encouraged to suggest ideas and run with them, potentially creating new flat teams. Lockheed Martin, according

to Forbes, was famous for its skunkworks project, which helped develop the design of a spy plane.

Google, Adobe, LinkedIn and many other companies have internal incubators where employees are encouraged to be creative and innovative in order to promote the company's overall growth.

A benefit of this system is it allows for more innovation company-wide, as well as eliminating red tape that could stall innovation in a functional structure. As for the negatives, the structure could be confusing and inconvenient if everyone involved doesn't agree on how the structure should be organized.