



# Collegedunia Handwritten Notes

Quick-Revision Notes for Class 12 Business Studies

## Chapter 5: Organising

### 1. Organising – One-Line Definition

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#### Memorise This

**Organising** is the process of identifying and grouping activities, establishing authority relationships and assigning resources so that the plan can be executed.

### 2. Seven Points of Importance

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1. Benefits of **specialisation**.
2. Clarity in **working relationships**.
3. **Optimum** utilisation of resources.
4. **Adaptation** to change.
5. Effective **administration**.
6. **Development** of personnel via delegation.
7. **Expansion** and growth.

### 3. Four-Step Organising Process

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#### Mnemonic: I-D-A-R

1. **I**dentify and divide work → 2. **D**epartmentalise → 3. **A**ssign duties → 4. Establish authority and **R**eporting relationships. (NCERT lists 4 steps.)

## 4. Two Organisation Structures

### Functional vs Divisional

**Functional:** group by function (Production, Marketing, Finance, HR). **Divisional:** group by product / region / customer; each division runs end-to-end.

**Functional advantages:** specialisation, control, lower cost, easy training.

**Functional limitations:** ignores objectives, inflexibility, conflicts, fixing responsibility difficult.

**Divisional advantages:** product specialisation, decision speed, accountability, flexibility, expansion ease.

**Divisional limitations:** departmental conflict, duplication, higher cost, parochial interest.

## 5. Formal vs Informal Organisation

Basis	Formal	Informal
Origin	Designed by management	Emerges spontaneously
On chart?	Yes	No
Communication	Formal channels	Grapevine
Authority	Defined positions	Personal influence

**How informal supports formal:** faster communication, gap-filling, morale, feedback, teamwork.

## 6. Delegation – Three Elements (A-R-A)

1. **Authority.** Right to take decisions. Flows downward.
2. **Responsibility.** Obligation to perform. Flows upward.
3. **Accountability.** Answerability for outcome. *Cannot be delegated.*

**Importance of delegation:** effective management, employee development, motivation, growth, hierarchy formation, coordination.

## 7. Decentralisation

### Definition

**Decentralisation** is delegation systematically extended to the lowest possible level. It is a firm-wide policy choice.

**Importance:** talent development, decision speed, top-management relief, initiative, growth, better control.

**Delegation vs Decentralisation:** delegation is one-to-one and unavoidable; decentralisation is firm-wide and optional.

## 8. Quick Recap

### 8-Point Cheat Sheet

1. Organising = identify & divide, departmentalise, assign, authority & reporting.
2. Four-step process mnemonic (NCERT) = I-D-A-R.
3. Two structures: functional (by function) and divisional (by product/region/customer).
4. Functional suits single-product firms; divisional suits diversified ones.
5. Formal designed by management; informal emerges spontaneously.
6. Delegation has 3 elements: Authority (down), Responsibility (up), Accountability (non-delegable). A-R-A.
7. Parity of authority and responsibility - both must be equal.
8. Decentralisation = delegation extended to lowest level; it is a policy choice.

### CBSE Pop-Quiz Anchors

“Multiple product lines” ⇒ **divisional**. “Single product, multiple cities” ⇒ **functional**. “Responsibility without authority” ⇒ **parity violation**. “Spontaneous social network” ⇒ **informal organisation**.

### Related Collegedunia Resources

**Same chapter:** [NCERT Solutions](#) | [NCERT Notes](#) | [NCERT Book PDF](#)  
**Continue learning:** [Ch 4: Planning](#) | [Ch 6: Staffing](#) | [All Class 12 Business Studies](#)