

management to transmit information, which is not possible through formal channels. It also provides employee's feedback about their work experiences, which helps in improving organisational performance. Therefore, it is in the best interest of the organisation to recognise the existence of such groups and harmonise it with formal organisation.

Q16. What is meant by delegation of authority?

Ans. Delegation of authority refers to a process of sharing of tasks or responsibility and authority between a manager and his subordinate.

Q17. "Delegation of authority is a process involving authority, responsibility and accountability." Explain the statement, in brief.

Ans. The process of delegation has three important elements:

- (i) Responsibility: The delegation process begins when manager passes on some of his responsibilities to his subordinates. Responsibility originates from the superior-subordinate relationship as subordinate is bound to perform the duty assigned to him by his superior.
- (ii) Authority: The second step is to grant authority to subordinates. When a manager assigns some of his responsibility to a subordinate, then he needs authority to carry out the responsibility assigned by the superior. The authority must be clearly stated. For effective delegation, the authority granted must commensurate with the assigned responsibility.
 - If authority granted is more than responsibility, it may lead to misuse of authority.
 - If responsibility assigned is more than authority, it may make a person ineffective.
- (iii) Accountability: The final step is to make subordinate accountable or answerable to the superior for final results. Accountability arises by virtue of delegation of authority, but it cannot be delegated.

Q18. Distinguish between authority, responsibility and accountability.

Ans.

Basis	Authority	Responsibility	Accountability
Meaning	Authority is the right or power granted to an individual to facilitate the performance of the assigned task.	Responsibility is the obligation of an individual to carry out the assigned duties.	Accountability is the obligation to carry out responsibility.
Delegation	It can be delegated.	It cannot be entirely delegated.	It can never be delegated.
Origin	It arises due to formal position in an organisation.	It arises from the superior-subordinate relationship.	It arises due to delegation of authority.
Flow	It flows downwards as superior has authority over the subordinates.	It flows upwards as a subordinate is responsible to his superior.	It flows upwards as a subordinate is accountable to his superior.
Nature	Authority is a Power.	Responsibility is an obligation.	Accountability is answerability.

Q19. Explain by giving reasons why delegation is important in an organisation.

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Ans. Delegation is important due to following reasons:

- (i) Effective Management: Delegation enables the manager to assign routine work to his subordinates and concentrate on strategic planning and policy making.
- (ii) Employee development: Delegation causes subordinates to accept accountability and exercise judgement for solving problems. This not only helps in training them but also improves their self-confidence and willingness to take decisions. Thus, delegation develops future managers.
- (iii) Motivation of employees: Delegation shows the trust and confidence of superior on his subordinate. It provides them satisfaction in terms of recognition, opportunity to use authority and interaction with superiors. This boosts their morale and they become more dedicated to work.
- (iv) Facilitation of growth: Delegation gives an opportunity to lower level to exhibit their capabilities and enables the higher level to identify opportunities. It helps the organisation to grow. Delegation acts as a good training ground and prepares the subordinates to assume responsibilities during diversification and expansion.
- (v) Basis of management hierarchy: Delegation establishes superior-subordinate relationship, which is the basis of formal organisation structure. Managerial positions have no meaning without delegation of authority. The extent of delegated authority also decides the power that each job position enjoys in the organisation.
- (vi) Better coordination: The three elements of delegation (authority, responsibility and accountability) help to define powers, duties and answerability related to various job positions. It provides clarity in duties and helps in developing and maintaining effective coordination amongst the departments, levels and functions of management.

Q20. What is meant by centralisation and decentralisation of authority?

Ans. Centralisation of authority refers to concentration of the decision-making power at the top level of management. Decentralisation refers to evenly and systematic distribution of managerial authority from top level of management to middle and lower levels.

Q21. "Every organisation is centralised as well as decentralized." Comment

Ans. The given statement is correct. Centralisation and decentralisation are relative terms, i.e. absolute or complete centralisation or decentralisation is not possible.

- Complete centralisation is not possible as manager cannot retain all authority & yet have subordinates in organisation.