5 Organising

- **Meaning of Organising:** Organising implies a process which coordinates human efforts, assembles resources and integrates both for achieving specified objectives.

  "Organising is grouping of activities necessary to attain enterprise objectives and the assignment of each grouping to a manager with authority necessary to supervise it."
  —*Koontz and O' Donnell*

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  The activities of an enterprise must be organised in such a manner that plans can be successfully implemented.

- **Organising as a Structure:** As a structure, organisation is the network of horizontal and vertical relationships among the members of a group designed to accomplish some common objective. It should be dynamic so that it can be adjust as per situations.

- **Organising as a Process:** Organising can be defined as a process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources for attainment of identified and desired results (goals).

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  Span of management refers to the number of subordinates that can be effectively managed by a superior.

- **Importance of Organising**
  - **Benefits of Specialisation:** Organising leads to a systematic allocation of jobs amongst the workforce. This reduces the workload as well as enhances productivity because specific workers performing a specific job on a regular basis.
  - **Clarity in Working Relationships:** The establishment of working relationships clarifies lines of communication and specifies who is to report to whom. This removes ambiguity in transfer of information and instructions. It helps in creating a hierarchical order thereby enabling the fixation of responsibility and specification of the extent of authority to be exercised by an individual.
  - **Adaptation to Change:** The process of organising allows a business enterprise to accommodate changes in the business environment. It allows the organisation structure to be suitably modified and the revision of inter-relationships amongst managerial levels to pave the way for a smooth transition.
  - **Effective Administration:** Organising provides a clear description of jobs and related duties. This helps to avoid confusion and duplication. Clarity in working relationships enables proper execution of work. Management of an enterprise thereby becomes easy and this brings effectiveness in administration.

  - **Optimum Utilisation of Resources:** In organising, work is assigned as per ability and proper assignment of jobs avoids overlapping of work and also makes possible the best use of resources.
  - **Development of Personnel:** Organising stimulates creativity amongst the managers. It also gives them the opportunity to innovate, which helps to strengthen the company's competitive position.
  - **Expansion and Growth:** Organising allows a business enterprise to add more job positions, departments and even diversify their product lines.

- **Process of Organising**
  - **Identification and Division of Work:** In this step, it is done in accordance with predetermined plans to avoid duplication of activities and ensures that the burden of work is being shared among the employees. For example, in bank, the total work is divided among different employees.
  - **Departmentalisation:** In this step, it involves grouping of similar activities into departments, units, sections, etc., using several criteria as a basis to facilitate specialisation. For example, sales and advertisement activities may be grouped under marketing department.
  - **Assignment of Duties:** In this step, it is done to the members as per their job positions. Once departments have been created, each of them is placed under the charge of an individual. For example, sales manager must be assigned duties relating to sales of product.
  - **Establishing Reporting Relationships:** In this step, while assigning jobs, each member is told that from whom he/she has to take orders and to whom he/she will be accountable. The establishment of such clear reporting relationships help to create a well-defined hierarchical structure. It may be laid down that employees involved in production will take orders from, and be accountable to production manager.

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  Organising is the process of grouping the activities of the enterprise and establishing authority relation among them.

- **Organisational Structure:** It can be defined as network of job positions, responsibilities and authority at different levels.

The considerations to be kept in mind while framing the organisational structure are:

➢ Job design
➢ Departmentation
➢ Span of management
➢ Delegation of authority

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💡 *Organisation structure is an indispensable means and the wrong structure will seriously impair business performance and even destroy it.*

▶ **Types of Organisational Structure**

➢ **Functional Structure:** A functional structure is an organisational design that groups similar or related jobs together on the basis of functions like production, finance, etc. Each department has a functional manager responsible for performance and who has authority over the department. All departments are under the charge of a coordinating head. These departments may be further divided into sections.

➢ **Advantages of Functional Structure**
  • It promotes specialisation since each department has to perform a specific function.
  • It promotes control and coordination within a department due similarity of tasks performed.
  • It helps in increasing managerial and operational efficiency.
  • It makes training of employees easier as focus is only on limited range of skills.

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💡 *Functional structure refers to grouping of jobs of similar nature under one department.*

➢ **Disadvantages of Functional Structure**
  • The departments become specialised in their own way only.
  • When departments become too large, then the coordination decreases.
  • When the organisational goals is not achieved, then it becomes very difficult to make any one department accountable.
  • Employees get training of one function only *i.e.,* the department to which they belongs so they cannot be shifted to other department.

➢ **Suitability:** It is most suitable when the size of the organisation is large, has diversified activities and operations require a high degree of specialisation.

➢ **Divisional Structure:** A divisional structure is an organisational design that groups similar or related jobs together on the basis of functions. Structure comprise of separate business units or divisions. Each department has a divisional manager responsible for the profit or loss of his division. Each division is multi-functional because within each division, functions like production, marketing, finance, purchase, etc., are performed together to achieve a common goal.

➢ **Advantages of Divisional Structure**
  • Product specialisation helps in the development of varied skills and prepares him for higher positions.
  • In divisional structure, each product department is treated as a 'profit center' and is accountable for its own profit or loss.
  • Due to flexibility and initiative, it leads to faster decision-making.
  • It facilitates expansion, diversification and growth of new divisions.

➢ **Disadvantages of Divisional Structure**
  • Each department will require all the resources as every division will be working as an independent unit.
  • Conflict on allocation of resources.
  • Each department focusses on their product only and they fail to keep themselves as a part of one common organisation.

➢ **Suitability**
  • Organisation producing multi-products.
  • Organisation which require product specialisation.
  • Growing companies which plan to add more line of products in future.

Difference between Functional Structure and Divisional Structure

S. No.	Basis of Difference	Functional Structure	Divisional Structure
(i)	Formation	It is based on functions.	It is based on product lines and is supported by functions.
(ii)	Responsibility	It is difficult to fix on a department.	It is easy to fix responsibility for performance.
(iii)	Specialisation	Functional specialisation.	Product specialisation.
(iv)	Managerial development	It is difficult, as each functional manager has to report to the top management.	It is easier, because autonomy as well as the chance to perform multiple functions helps in managerial development.
(v)	Cost	It is economical as the functions are not duplicated.	It is costly as there is duplication of resources in various departments.
(vi)	Coordination	It is difficult for a multi-product company.	It is easy, because all functions related to a particular product are integrated in one.

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💡 *When jobs related to one product are grouped under one department, it is termed as divisional structure.*

▶ **Formal Organisation:** It refers to the organisation structure which is designed by the management to accomplish a particular task.

"The formal organisation is a system of well-defined jobs, each bearing a definite measure of authority, responsibility and accountability."

—*Louis Allen*

- **Features of Formal Organisation**
  - The reporting relationships are clearly defined.
  - It is created to achieve organisational objectives.
  - It coordinates the efforts of various departments.
  - It is intentionally created.
  - It places more emphasis on work than interpersonal relationships.

- **Advantages of Formal Organisation**
  - It is easier to fix responsibility of employees.
  - Role and duties of each members are clearly and explicitly specified.
  - It leads to effective accomplishment of objectives.
  - It provides stability to the organisation as behaviour of employees can be fairly predicted since there are specific rules to guide them.

- **Disadvantages of Formal Organisation**
  - It may lead to delay in decision-making.
  - Due to rigid rules, it kills the spirit of initiative and creativity among the members of the organisation.
  - It ignores the importance of interpersonal relations and human needs.

- **Informal Organisation:** It refers to network of social relations, which emerges on its own due to formal roles and relationships among people.

  "An informal organisation is an aggregate of interpersonal relationship without any conscious purpose but which may contribute to joint results." —*Chester Barnard*

- **Features of Informal Organisation**
  - It originates from within the formal organisation.
  - The standards of behaviour evolve from group norms.
  - It follows independent channels of communication.
  - It emerges spontaneously and is not deliberately created by management.
  - It has no definite structure.

- **Advantages of Informal Organisation**
  - It leads to faster spread of information as well as quick feedback.
  - It satisfies social needs of the members, which is not satisfied informal organisation.
  - It contributes towards fulfilment of organisational objectives.

- **Disadvantages of Informal Organisation**
  - It helps to spreads rumours.
  - The management may not be successful in implementing changes if the informal organisation opposes them.
  - This can be harmful to the organisation if the norms set by the groups are against organisational interests.

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Rumours not only spoil the team spirit and moral but also adversely affect the smooth working of the organisation.

- **Delegation of Authority:** A process of entrusting responsibility and authority to the subordinates and creating accountability on those employees who are entrusted with responsibility and authority.

"Delegation of authority merely means the granting of authority to subordinates to operate within prescribed limits." —*Theo Haimann*

- **Elements of Delegation**
  - **Authority:** It refers to the right of an individual to command his subordinates and to take action within the scope of his position.
  - **Responsibility:** It is the obligation of a subordinate to properly perform the assigned duty.
  - **Accountability:** It implies being answerable for the final outcome. Once authority has been delegated and responsibility accepted, one cannot deny accountability.

Difference between Authority, Responsibility and Accountability

S. No.	Basis of Difference	Authority	Responsibility	Accountability
(i)	Meaning	Authority refers to the right of an individual to command his subordinates and to take action within the scope of his position.	Responsibility is the obligation of a subordinate to properly perform the assigned duty.	Accountability implies being answerable for the final outcome. Once authority has been delegated and responsibility accepted, one cannot deny accountability.
(ii)	Delegation	Can be delegated.	Cannot be entirely delegated.	Cannot be delegated at all.
(iii)	Origin	Arises from formal position in the organisation.	Arises from delegated authority.	Arises from responsibility.
(iv)	Flow	Flows downward from superior to subordinate.	Flows upward from subordinate to superior.	Flows upward from subordinate to superior.

- **Importance of Delegation of Authority**
  - **Effective Management:** By empowering the employees, the managers are able to function more efficiently as they get more time to concentrate on important matters. Freedom from doing routine work provides them with opportunities to excel in new areas.
  - **Facilitation of Growth:** Delegation helps in the expansion of an organisation by providing a ready workforce to take up leading positions in new ventures. Trained and experienced employees are able to play significant roles in the launch of new projects by replicating the work ethos they have absorbed from existing units in the newly set up branches.
  - **Employee Development:** Delegation allows employees to develop those skills which will enable them to perform complex tasks and assume those responsibilities which will improve their career prospects.

It makes them better leaders and decision-makers. Thus, delegation helps by preparing better future managers.

➤ **Motivation of Employees:** Delegation helps in developing the talents of the employees. It also has psychological benefits. When a superior entrusts a subordinate with the task, it is not merely the sharing of work but involves trust on the superior's part and commitment on the part of subordinates.

➤ **Basis of Management Hierarchy:** It establishes superior-subordinate relationship, which is the basis of hierarchy of management. It is the degree and flow of authority which determines who has to report to whom.

➤ **Better Coordination:** It provides clarity in duties to be performed and avoid overlapping and duplication of work.

▶ **Decentralisation:** It explains the manner in which decision-making responsibilities are divided among hierarchical level.

"Decentralisation refers to systematic effort to delegate to the lowest level all authority except that which can be exercised at central points." —***Louis Allen***

▶ **Importance of Decentralisation**

➤ **Develops Initiative among Subordinates:** Decentralisation helps to promote self-reliance and confidence amongst the subordinates. This is because when lower managerial levels are given freedom to take their own decisions, they learn to depend on their own judgement.

➤ **Develops Managerial Talent for the Future:** Decentralisation gives subordinates, a chance to prove their abilities and creates a reservoir of qualified manpower, who can be considered to fill up more challenging positions through promotions.

➤ **Quick Decision-making:** In a decentralised organisation, however, since decisions are taken at levels which are nearest to the points of action and there is no requirement for approval from many levels, the process is much faster.

➤ **Facilitates Growth:** Decentralisation awards greater autonomy to the lower levels of management as well as divisional or departmental heads. This allows them to function in a manner best suited to their departments and fosters a sense of competitions amongst the departments. When each department is

doing to their best the level of production increase and organisation is able to generate more return which can be used for expansion purposes.

➤ **Better Control:** Decentralisation makes it possible to evaluate performance at each level and the departments can be individually held accountable for their results. With decentralisation, better control can be exercised through scorecard, management information system, etc.

Difference between Delegation of Authority and Decentralisation

S. No.	Basis of Difference	Delegation of Authority	Decentralisation
(i)	Nature	It is a compulsory act because no individual can perform all tasks on his own.	It is an optional policy decision and is only implemented at the discretion of the top management.
(ii)	Freedom of action	The subordinates have less freedom to take own decisions as more control is exercised by the superiors.	The control over executive is less hence they have a greater freedom of action.
(iii)	Status	It is a process followed to share tasks.	It is the result of the policy decision of the top management.
(iv)	Scope	It has narrow scope as it is limited to superior and his immediate subordinate.	It has wide scope as it implies extension of delegation to the lowest level of management.
(v)	Purpose	Its purpose is to lessen the burden of the manager.	Its purpose is to increase the role of the subordinates in the organisation by giving them more autonomy.
(vi)	Withdrawal of authority	Easy, as only two persons are involved in the process.	Difficult, as it involves the extension of delegation to the lowest level of management.

MNEMONICS

1. *Concept: Steps in the Process of Organising*
Mnemonics: I Don't Appreciate Enmity.
Interpretation:
I : Identification and division of work
D : Departmentalisation
A : Assignment of duties
E : Establishing authority and reporting relationships

2. *Concept: Importance of Organising*
Mnemonics: See And Count Each and Every Damson plum In the Orchard.

Interpretation:
S : Specialisation
A : Adaptation to change
C : Clarity in working relationships
E : Effective administration
E : Expansion and growth
D : Development of personnel
O : Optimum utilisation of resources

3. *Concept: Advantages of Functional Structure*
Mnemonics: Please Eat All Fruits In morning Everyday.
Interpretation:
P : Proper attention

E : Ease in training
A : Avoids duplication of functions
F : Functional specialisation
I : Improves efficiency
E : Effective control and coordination within a department

4. *Concept: Disadvantages of Functional Structure*
Mnemonics: My Cat and Dog Fight In Drawing room.
Interpretation:
C : Conflict of interest

D : Difficulty in coordination between different departments
F : Functional empire
I : Inflexibility
D : Difficult to hold accountable.

5. **Concept:** *Advantages of Divisional Structure*
Mnemonics: *Parents must Give Enough Freedom to children.*
Interpretation:
P : Product specialisation
G : Greater accountability
E : Expansion and growth
F : Flexibility

6. **Concept:** *Disadvantages of Divisional Structure*
Mnemonics: *My Denim jeans Is Comfortable.*
Interpretation:
D : Departmental conflicts
I : Ignore organisational interests
C : Costly

7. **Concept:** *Advantages of Formal Organisation*
Mnemonics: *Fill the CUP with Hot water.*
Interpretation:
F : Fixation of responsibility
C : Clarity of duties
U : Unity of command
P : Provides stability
H : Helpful in achieving objectives

8. **Concept:** *Disadvantages of Formal Organisation*
Mnemonics: *I Don't Lie.*
Interpretation:
I : Ignores human element
D : Delay in action
L : Lack of initiative

9. **Concept:** *Advantages of Informal Organisation*
Mnemonics: *He likes Fresh Fruits.*
Interpretation:
H : Helps in achieving organisational objectives
F : Faster communication
F : Fulfil social needs

10. **Concept:** *Disadvantages of Informal Organisation*
Mnemonics: *Release Some Pressure.*
Interpretation:
R : Resistance to change
S : Spread of rumours
P : Pressure of group norms

11. **Concept:** *Elements of Delegation*
Mnemonics: *Act And Repeat.*
Interpretation:
A : Authority
A : Accountability
R : Responsibility

12. **Concept:** *Importance of Delegation*
Mnemonics: *Caring Mom Buys Fruits to Eat and Enjoy.*
Interpretation:
C : Coordination
M : Motivation of employees
B : Basis of management hierarchy
F : Facilitation of growth
E : Effective management
E : Employee development

13. **Concept:** *Importance of Decentralisation*
Mnemonics: *D Derma cream gives Better and Quick Relief From red, itchy skin.*
Interpretation:
D : Develops initiative among subordinates
D : Develops managerial talent for future
B : Better control
Q : Quick decision-making
R : Relief to top management
F : Facilitates growth

Practice Exercise

Multiple Choice Questions

Q 1. The process that initiates implementation of plans by clarifying jobs, working relationships and effectively deploying resources for attainment of identified and desired results is called: *(CBSE 2021, Term-1)*
a. Coordination
b. Management
c. Organising
d. Delegation

Q 2. "Grouping similar nature jobs into larger units called departments" is the step in the process of one of the functions of management. Identify the function of management. *(CBSE SQP 2021, Term-1)*
a. Planning
b. Organising
c. Directing
d. Staffing

Q 3. Which of the following statements is correct with reference to organising function of management? *(CBSE 2021, Term-1)*
a. Leads to systematic allocation of jobs and facilitates specialisation.
b. Reduces the risk of uncertainty.
c. Helps in obtaining competent personnel.
d. Judges accuracy of standards.

Q 4. Which of the following statement is true about the organising function of management?
a. Departmentalisation is the first step in the process of organising.
b. Organising discourages creativity amongst the managers.
c. Organising allows a business enterprise to accommodate changes in the business environment.
d. All of the above

Q 5. Which type of organisational structure will you suggest for a firm which has diversified activities and operations requiring a high degree of specialisation? *(CBSE SQP 2021, Term-1)*
a. Centralised structure
b. Decentralised structure
c. Divisional structure
d. Functional structure

Q 6. 'Compro Solutions' offers IT services to clients across the country. During COVID-19, to accommodate changes taking place in the business environment, it suitably modified its organisation structure in a way that work from home became the new way of working for all employees bringing cost benefits and flexibility in the organisation. The point of importance of organising discussed above is: *(CBSE 2023)*
a. Benefits of specialisation
b. Adaptation to change
c. Development of personnel
d. Clarity in working relationships

Q 7. Name the concept that refers to the number of subordinates that can be effectively managed by a superior and determines the number of levels of management in the organisation. *(CBSE SQP 2021, Term-1)*

a. Organisation structure
b. Span of management
c. Hierarchy of authority
d. Delegation of authority

Q 8. The process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources for attainment of identified and desired results is known as:*(CBSE 2023)*
a. Organising   b. Controlling
c. Staffing   d. Planning

Q 9. The obligation of a subordinate to properly perform the assigned duty is called: *(CBSE 2023)*
a. Authority   b. Responsibility
c. Accountability   d. Decentralisation

Q 10. Identify which process of organising is missing in the given picture?
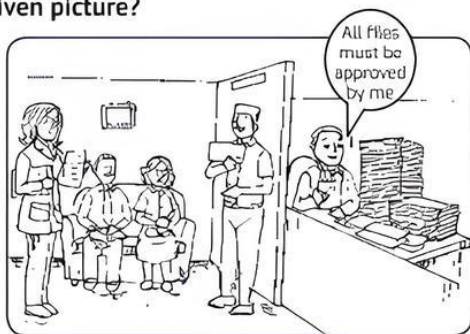
a. Delegation of authority
b. Decentralisation
c. Formal organisation
d. Informal organisation

Q 11. In Shalleen Pvt. Ltd. there is one head Shalleen who has two lines of authority under her. One line consists of Sara-Rajat-Abhishek-Ismail-Chris. Another line of authority under Shalleen is Lata-Rupa-Geet-Hussain-Preeti. According to a Principle of Management given by Fayol, if Ismail has to communicate with Hussain who is at the same level of authority, then illustrate the route he will have to traverse. *(CBSE SQP 2021, Term-1)*
a. Ismail-Abhishek-Rajat-Sara-Shalleen-Lata-Rupa-Geet-Hussain
b. Hussain-Geet-Rupa-Lata-Shalleen-Sara-Rajat-Abhishek-Ismail
c. Ismail-Chris-Shalleen-Preeti-Hussain
d. Ismail-Abhishek-Rajat-Sara-Lata-Rupa-Geet-Hussain

Q 12. The element of delegation which relates to the obligation of a subordinate to properly perform the assigned duty is known as: *(CBSE 2021, Term-1)*
a. Authority   b. Responsibility
c. Accountability   d. Centralisation

Q 13. Arrange the following steps in the process of organising in the correct sequence:
(i) Assignment of duties
(ii) Departmentalisation
(iii) Identification and division of work
(iv) Establishing reporting relationship

Choose the correct option. *(CBSE SQP 2021, Term-1)*
a. (i). (ii). (iv). (iii)   b. (iii). (ii). (i). (iv)
c. (iii). (ii). (iv). (i)   d. (ii). (iii). (i). (iv)

Q 14. Agile Pvt. Ltd. manufactures athletic footwear. Owing to its popularity among sports teams across the country, it recently decided to enter into manufacturing of sports clothing and accessories. The type of organisational structure which is suitable for the company is: *(CBSE 2021, Term-1)*
a. Functional structure   b. Divisional structure
c. Horizontal structure   d. Informal structure

Q 15. Name the function of management that acts as a means for translating plans into action.
(CBSE SQP 2023-24)
a. Planning   b. Directing
c. Organising   d. Controlling

Q 16. Concentration of decision-making functions at the apex of management hierarchy is called...........
(CBSE SQP 2023-24)
a. Decentralisation
b. Delegation
c. Organisational structure
d. Centralisation

Q 17. .... ensures that the heads of separate business units in the organisation are responsible for profit or loss of their unit and have authority over it.
a. Span of management   b. Divisional structure
c. Functional structure   d. Hierarchy of authority

Q 18. The type of organisational structure in which jobs of similar nature are grouped together on the basis of functions to form departments is called:
(CBSE 2021, Term-1)
a. Functional structure   b. Divisional structure
c. Informal structure   d. Grouped structure

Q 19. Which of the following statements is true?
(CBSE 2021, Term-1)
a. Accountability can be entirely delegated.
b. Accountability flows downward.
c. Accountability refers to answerability for final outcome of the assigned task.
d. Accountability means the right of an individual to command his subordinates.

Q 20. Match the Column I with Column II.

Column I	Column II
A. Leads to specialisation	(i) Delegation
B. Functional and divisional	(ii) Step of organising process
C. It has narrow scope	(iii) Importance of organisation
D. Reporting relationship	(iv) Types of organisation structure

	A B C D		A B C D
a.	(i). (ii). (iii). (iv)	b.	(ii). (iii). (iv). (i)
c.	(iii). (iv). (i). (ii)	d.	(iv). (i). (ii). (iii)

Q 21. Which network of relationship facilitates emotional and mutual objectives to be fulfilled in an organisation?
a. Formal
b. Informal
c. Both a. and b.
d. Neither a. nor b.

Q 22. .... ensures that the subordinate performs tasks on behalf of the manager thereby reducing his workload and providing him with more time to concentrate on important matters.
(CBSE SQP 2021, Term-1)
a. Decentralisation
b. Delegation of authority
c. Authority
d. Accountability

Q 23. Which of the following importance of delegation establishes superior-subordinate relationship?
a. Employee development
b. Facilitation of growth
c. Motivation of employees
d. Basis of management hierarchy

Q 24. Silico Ltd. has appointed the former consulting executive of Shri Shakti Ltd. Rajan Bahl as its Vice President. What will be his basic task?
(CBSE SQP 2021, Term-1)
a. To integrate diverse elements and coordinate activities of different departments.
b. To carry out plans formulated by top managers.
c. To oversee the efforts of the workforce.
d. Help to maintain quality of output.

Q 25. Authority granted to an employee should be:
a. more than the responsibility entrusted to him.
b. less than the responsibility entrusted to him.
c. equal to the responsibility entrusted to him.
d. All of the above

Q 26. From the following two statements, choose the correct option:
Statement I: Accountability can be delegated.
Statement II: Responsibility can be delegated completely.
Choose the correct option from the options given below:
(CBSE SQP 2021, Term-1)
a. Statement I is correct and II is incorrect.
b. Statement II is correct and I is incorrect.
c. Both the statements are correct.
d. Both the statements are incorrect.

Q 27. "While performing the organising function, jobs are allocated to the members of each department in accordance with their skills and competencies." Identify the step in the organising function being discussed above. *(CBSE 2021, Term-1)*
a. Identification and division of work
b. Departmentalisation
c. Assignment of duties
d. Establishment of reporting relationships

Q 28. Name the concept which explains the manner in which decision-making responsibilities are divided among hierarchical levels.
a. Organisational structure
b. Span of management
c. Delegation
d. Decentralisation

Q 29. The purpose of departmentalisation in the process of organising is: *(CBSE SQP 2021, Term-1)*
a. to adapt changes in the business environment.
b. to facilitate specialisation.
c. to facilitate expansion and growth of the organisation without interrupting the existing operations.
d. to help in increasing managerial efficiency.

Q 30. In Delight Ice Creams Ltd. decision-making authority is concentrated at the top level and no authority has been delegated among the subordinates. On the other hand in Tasty Ice Creams Ltd., a big organisation as compared to Delight Ice Creams Ltd., decision-making authority is always delegated among more than one person.
Identify the principle of management discussed above. *(CBSE 2021, Term-1)*
a. Stability of personnel
b. Centralisation and decentralisation
c. Authority and responsibility
d. Scalar chain

Q 31. Rishabh joined an entertainment company Avtaar, as a creative head. As a manager looking after the creative unit of the company, one of the functions he has to perform is the process of organising. Which step of the process will he need to perform after identifying and dividing the work that has to be done in accordance with previously determined plans? *(CBSE SQP 2022-23)*
a. Identification and division of work
b. Departmentalisation
c. Assignment of duties
d. Establishing reporting relationships

Q 32. Aarohan Ltd. is a company manufacturing automobiles where division of work into key areas includes production, purchase, marketing, accounts and personnel. Which of the following is a disadvantage of the organisation structure of Aarohan Ltd.? *(CBSE SQP 2022-23)*
a. It may lead to increase in cost
b. Managers may gain power and assert independence and ignore organisation interests
c. It ensures that different functions get due attention
d. Heads do not get training for top management positions.

Q 33. Name the outcome of the function of management which includes designing of roles to be filled by suitably skilled people and defining the inter-relationship between roles so that ambiguity in performance of duties can be eliminated.
(CBSE SQP 2022-23)
a. Organisation structure
b. Delegation of authority
c. Decentralisation
d. Controlling

Q 34. Statement I: Delegation is an optional policy decision and is done at the discretion of top management.

Statement II: No individual can perform all tasks on his own.

Choose the correct option from the options given below:

a. Statement I is true and II is false.
b. Statement II is true and I is false.
c. Both the statements are true.
d. Both the statements are false.

Q 35. Statement I: Organising establishes the working relationship which clarifies the lines of communication and specifies who is to report to whom.

Statement II: Repetitive performance of a particular work also leads to specialisation.

Choose the correct option from the options given below:

a. Statement I is true and II is false.
b. Statement II is true and I is false.
c. Both the statements are true.
d. Both the statements are false.

Q 36. Statement I: Span of management refers to the number of subordinates that can be effectively managed by a superior.

Statement II: A narrow span of management results in a flat structure whereas a wider span of management results in a tall structure.

Choose the correct option from the options given below:

a. Statement I is true and II is false.
b. Statement II is true and I is false.
c. Both the statements are true.
d. Both the statements are false.

Q 37. Statement I: Dividing the whole enterprise according to the major products to be manufactured is known as Functional Organisation Structure.

Statement II: The organisation structure can be defined as the framework within which managerial and operating tasks are performed.

Choose the correct option from the options given below:

a. Statement I is true and II is false.
b. Statement II is true and I is false.
c. Both the statements are true.
d. Both the statements are false.

💡 Assertion & Reason Type Questions ↘

Directions (Q. Nos. 38-47): *There are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the appropriate option from the options given below:*

a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
b. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true, but Reason (R) is false.
d. Assertion (A) is false, but Reason (R) is true.

Q 38. Assertion (A): Formal organisation provides stability to the organisation.

Reason (R): There are specific rules to guide the employees. So, their behaviour can be easily predicted.

Q 39. Assertion (A): Organising does not helps in bringing clarity in working relationships.

Reason (R): It does not establish the working relationships and does not specify who is to report to whom.

Q 40. Assertion (A): The need for creating an organisation structure arises when the business grows beyond a certain minimum limit.

Reason (R): When an organisation grows, it becomes difficult to coordinate the functions and activities of different members. So, in order to function smoothly and face environmental changes, it becomes necessary for an organisation to pay attention to its structure.

Q 41. Assertion (A): In an organisation, sales and advertisement activities are grouped under marketing department.

Reason (R): This is because organising calls for departmentalisation as it facilitates specialisation.

Q 42. Assertion (A): In industries like Bata, Maruti Udyog, etc., all related and similar functions are grouped in one department and under one executive.

Reason (R): These industries follow the divisional structure.

Q 43. Assertion (A): Decentralisation helps to promote self-reliance and confidence amongst the subordinates.

Reason (R): Decentralisation reduces the need for direct supervision as subordinates are given freedom to act and decide within the limits.

Q 44. Assertion (A): An organisation can never be completely centralised or decentralised.

Reason (R): Complete centralisation would obviate the need for management hierarchy and complete decentralisation would obviate the need for higher managerial positions. Both scenarios are unrealistic.

Q 45. Assertion (A): Delegation does not help in employee development.

Reason (R): Delegation does not provide much scope for development of those skills of employees which will help them to improve their career prospects.

Q 46. Assertion (A): Delegation is a pre-requisite to the efficient functioning of an organisation.

Reason (R): It enables a manager to use his time on high priority activities. *(CBSE 2021, Term-1)*

Q 47. Assertion (A): Better control systems are being evolved such as balance scorecard and management information system.

Reason (R): In decentralisation, one of the challenges is the accountability of performance.

1. (c) Organising
2. (b) Organising
3. (a) Leads to systematic allocation of jobs and facilitates specialisation.
4. (c) Organising allows a business enterprise to accommodate changes in the business environment.
5. (d) Functional structure
6. (b) Adaptation to change
7. (b) Span of management
8. (a) Organising
9. (b) Responsibility
10. (a) Delegation of authority
11. (a) Ismail-Abhishek-Rajat-Sara-Shalleen-Lata-Rupa-Geet-Hussain
12. (b) Responsibility
13. (b) A-(iii), B-(ii), C-(i), D-(iv)
14. (b) Divisional structure
15. (c) Organising
16. (d) Centralisation
17. (b) Divisional structure
18. (a) Functional structure
19. (c) Accountability refers to answerability for final outcome of the assigned task.
20. (c) A-(iii), B-(iv), C-(i), D-(ii)
21. (b) Informal
22. (b) Delegation of authority
23. (d) Basis of management hierarchy
24. (a) To integrate diverse elements and coordinate activities of different departments.
25. (c) equal to the responsibility entrusted to him.
26. (d) Both the statements are incorrect.
27. (c) Assignment of duties
28. (d) Decentralisation
29. (b) to facilitate specialisation
30. (b) Centralisation and decentralisation
31. (b) Departmentalisation
32. (d) Heads do not get training for top management positions.
33. (a) Organisation structure
34. (b) Statement II is true and I is false.
35. (c) Both the statements are true.
36. (a) Statement I is true and II is false.
37. (b) Statement II is true and I is false.
38. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
39. (d) Assertion (A) is false, but Reason (R) is true.
40. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
41. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
42. (c) Assertion (A) is true, but Reason (R) is false.
43. (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
44. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
45. (d) Assertion (A) is false, but Reason (R) is true.
46. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
47. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

Case Study Based Questions

Case Study 1

Read the extract given below and answer the questions on the basis of the same:

Aman decided to start a business of manufacturing toys. He identified the following main activities which he has to perform: (i) purchase of raw materials, (ii) purchase of machinery, (iii) production of toys, (iv) arrangement of finance, (v) sale of toys, (vi) identifying the areas where they can sell their toys, (vii) selection of employees. In order to facilitate the work, he thought that four managers should be appointed to look after: (a) production, (b) finance, (c) marketing, (d) personnel.

As planned, all this was executed and the business started doing well. But the manager of production department is overburdened with routine work and is unable to concentrate on core issues of the department. To overcome this problem, he entrusted some of his responsibility and authority to his immediate subordinate to share some of his routine work.

Q 1. Identify the function of management involved in the above mentioned paragraph.
   a. Planning   b. Organising
   c. Directing   d. Controlling

Q 2. Which concept/process is used by the production manager?
   a. Decentralisation   b. Delegation
   c. Training   d. Coordination

Q 3. The concept identified in Q. 2, is an extension to one of the principles of management. Name that principle.
   a. Authority and responsibility
   b. Division of work
   c. Centralisation and decentralisation
   d. Unity of direction

Q 4. Who will be accountable finally if the subordinate is unable to complete the task accordingly within time?
- a. The Manager
- b. The Subordinate
- c. Both a. and b.
- d. None of these

Answers
1. (b)   2. (b)   3. (b)   4. (a)

Case Study 2

Read the extract given below and answer the questions on the basis of the same:

Kiara Ltd. is engaged in manufacturing of geysers. The target of the organisation is to manufacture 500 geysers a day. There is an occupational specialisation and no duplication of efforts in the organisation which promotes efficiency of employees.

Thus, the organisation has grown in size. But suddenly due to entry of an MNC, its market share is declining. To cope up with the situation, the CEO starts delegating some of his authority to the General Manager, who also felt himself overburdened and with the approval of CEO disperses some of his authority to various levels throughout the organisation.

After this action of the General Manager, the employees discussed about it and also about his behaviour towards them during a tea break in the canteen.

Q 1. Which type of organisation structure is mentioned in the above paragraph?
- a. Functional structure
- b. Divisional structure
- c. Both a. and b.
- d. None of these

Q 2. Identify the concept of management used by the General Manager.
- a. Delegation
- b. Decentralisation
- c. Coordination
- d. Planning

Q 3. Identify the type of organisation which has been referred to in these lines: "After this action .... in the canteen."
- a. Formal
- b. Informal
- c. Semi-formal
- d. None of these

Q 4. Which function of management is referred in the above paragraph?
- a. Directing
- b. Organising
- c. Staffing
- d. Controlling

Answers
1. (a)   2. (b)   3. (b)   4. (b)

Case Study 3

Read the extract given below and answer the questions on the basis of the same:

'Kansal Sweets Makers' is a sweets making company which has turnover in crore. In order to manage the work in the organisation, the departments have been created on the basis of functions.

Examine the following situations of this organisation and give answers accordingly:

Situation 1: It is expected that employees who are performing similar tasks work under the same department. So, the company now has HR, Marketing and Finance departments. The division is based on specific functions.

Situation 2: There are similarities in the tasks performed within the same department.

Situation 3: The profit is increasing month by month due to the success of this structure of the organisation.

Situation 4: There has been minimum duplication of efforts as the same department is taking care of single function.

Q 1. What will be the outcome of Situation 2?
- a. Increase in control and coordination
- b. Quick decision-making
- c. More initiatives
- d. Flexibility

Q 2. Which type of organisation structure is discussed in the above case?
- a. Functional
- b. Divisional
- c. Linear
- d. None of these

Q 3. What will be the result of Situation 4?
- a. Reduction in cost
- b. Increase in cost
- c. Stability to the organisation
- d. None of the above

Q 4. Why do you think the profit is increasing as given in Situation 3?
- a. Due to product specialisation
- b. Due to managerial and operational efficiency
- c. Due to flexibility
- d. Due to no repetition of tasks

Answers
1. (a)   2. (a)   3. (a)   4. (b)

Case Study 4

Read the extract given below and answer the questions on the basis of the same:

Kavish, the owner of Reliance Constructions decided to begin a campaign in order to create awareness among the residents for creating a clean and safe environment. In an effort to develop clean surroundings in the area, he formed a team of 30 members to list the different ways that can be adopted for keeping the area clean. Different people had different suggestions, someone suggested to take the help of local residents including young children, one suggestion was to involve unemployed youth. The idea to take the help of volunteers was

also given. A combination of the most effective strategies after evaluating all options was selected for implementation. To achieve the desired goals and objectives, various activities were identified like:

(i) Purchase of essential items like dustbins, garbage bags, brooms, phenyl, etc.
(ii) Door-to-door collection of garbage.
(iii) Recycling of garbage.
(iv) Disposal of garbage, etc.

Thus, an organisational design was chosen which grouped similar activities together in order to minimise duplication of effort. After identification and grouping of these activities, the work was allocated among the different members.

Q 1. "After identification of different activities the work was allocated to different members." Which step does this represent in the process of organising?
a. Identification and division of work
b. Departmentalisation
c. Assignment of duties
d. Establishing reporting relationships

Q 2. "Thus, an organisational design was chosen which grouped similar activities together in order to minimise duplication of effort." Which step under the process of organising is being referred to in this line?
a. Identification and division of work
b. Departmentalisation
c. Assignment of duties
d. Establishing reporting relationships

Q 3. "To achieve the desired goal various activities were identified like ...." Which step does this represent in the process of organising?
a. Identification and division of work
b. Departmentalisation
c. Assignment of duties
d. Establishing reporting relationships

Q. 4. "Thus, an organisational design was chosen which grouped similar activities together in order to minimise duplication of effort." Which organisational design is being referred to in this line?
a. Functional   b. Divisional
c. Formal   d. Informal

Answers

1. (c)   2. (b)   3. (a)   4. (a)

Case Study 5

Read the extract given below and answer the questions on the basis of the same:

'Saarthi' the name has been associated with the manufacturing and sale of fashion products since 1960, when Kapil Saarthi opened his first retail fashion clothing outlet in Ahmedabad. Saarthi Cosmetics was incorporated in India in 1940 and became a member of the S & M family of companies in 1959. Saarthi Perfumes began operations in Gujarat in an existing administrative S & M facility in 1985. An important difference between S & M and most other companies is that instead of operating as one large corporation, It operates as 180 smaller companies each focused on a specific product and area, implying selective dispersal of authority, recognising the decision-makers need for autonomy, as decision-making authority is pushed down the chain of command. It enables the company to maintain short lines of communication with customers and employees, and accelerate the development of talent.

(CBSE SQP 2021, Term-1)

Q 1. Identify the philosophy that is being followed by S & M through which it is dividing the decision-making responsibilities among hierarchical levels.
a. Delegation of authority
b. Decentralisation of authority
c. Division of work
d. Span of management

Q 2. Why is there, need to apply the philosophy being followed by S & M, with caution?
a. As it can cause a delay in communication
b. As it can cause disintegration of the organisation
c. As it can increase the workload of the top management
d. As it can reduce the chances of growth of the firm

Q 3. The application of the philosophy discussed above can foster a sense of competition amongst the departments, which is turn will help the firm in the following manner.
a. Facilitates growth
b. Better control
c. Relief to top management
d. Quick decision-making

Q 4. Quote the line from above which highlights the importance of the philosophy towards providing management education to employees?
a. 'Maintain short lines of communication'
b. 'Accelerate the development of talent'
c. 'Selective dispersal of authority'
d. 'Recognises decision-makers need for autonomy'

Answers

1. (b)   2. (b)   3. (a)   4. (a)

Case Study 6

Read the extract given below and answer the questions on the basis of the same:

JS Printing Solutions Ltd. is a company manufacturing printers and scanners. The management of this company is known for speedy and prompt delivery of orders. As a result, the market share of this company is growing. The company grabbed a new project to supply 1,500 printers to Uprise Bank Ltd.

for its various branches, within two weeks. The Production Manager, Ashok, made one of his efficient subordinates, Deepak the incharge of the project and also gave him the right to command workers in order to meet the target. Now Ashok could use his time on high priority areas. He felt that this will also give an opportunity to Deepak to gain experience and develop himself for higher positions.

On getting the charge, Deepak was very happy, his confidence level increased and he was encouraged to do his best to fulfil the responsibility. Considering his responsibility, Ashok kept a track of the completion of work with Deepak and he is providing him the needed guidance to reach the target on time.

(CBSE 2021, Term-1)

Q 1. Identify the concept of management used by Ashok to ensure accomplishment of the new project.
  a. Functional structure   b. Divisional structure
  c. Delegation   d. Decentralisation

Q 2. The application of the concept used above allows Ashok to use his time on high priority areas. This will lead to the organisation towards:
  a. adaptation to change
  b. effective management
  c. economies of scale
  d. reduction in conflicts among different divisions

Q 3. "On getting the charge, Deepak was very happy his confidence level increased and he was encouraged to do his best to fulfil the responsibility given to him." The concept discussed above helps in:
  a. departmentalisation
  b. reduction in conflicts among different divisions
  c. motivating the employees
  d. promoting control and coordination within a department

Q 4. The concept discussed above provides benefits to:
  a. superior only   b. subordinate only
  c. Both a. and b.   d. Neither a. nor b.

--- **Answers** ---

  1. (c)   2. (b)   3. (c)   4. (c)

Case Study 7

Read the extract given below and answer the questions on the basis of the same:

Intech Ltd. is a growing IT firm with rapidly increasing market share. It has recently been awarded 'The Best Organisation to Work-2020' and is the most sought after by job-seekers. In this company, rules and procedures to be followed by employees have been clearly laid down by the top management. There is no ambiguity in the role that each member has to play, as the duties are specified. During lunch time, all employees of the organisation get together in the canteen. This time is much awaited by every employee as it allows them to share their feelings with others. This leads to the success of the organisation.

Q 1. Identify the types of organisation being discussed in the above case.
Ans. Types of Organisation:
  (i) Formal organisation
  (ii) Informal organisation.

Q 2. State two advantages of each type of the organisation identified in above which have not been discussed in the above case.
Ans. Advantages of Formal Organisation:
  (i) Unity of command
  (ii) Helpful in achieving objectives.
  Advantages of Informal Organisation:
  (i) Resistance to change
  (ii) Pressure of group norms.

Case Study 8

Read the extract given below and answer the questions on the basis of the same:

Vineet Arora started 'Care World' a company for providing cyber security solutions to businesses. Its objective is to prevent, detect and respond to cyber attacks and protect critical data. He was a hardworking software engineer and an expert in cyber security. His reputation grew by leaps and bounds as he was not only a person of integrity but also did his work with utmost honesty and sincerity. The business started growing day-by-day.

He was delighted when he was offered a big project by the Ministry of Defence. While working on the project, he found that the volume of work made it impractical for him to handle all the work by himself. He decided to expand the team. The company maintained a close liaison with a local engineering college. During a campus placement, Abhinav and Rajan were appointed to work for the new project.

He found the new employees capable, enthusiastic and trustworthy. Vineet Arora was thus, able to focus on objectives and with the help of Abhinav and Rajan, the project was completed on time. Not only this, Vineet Arora was also able to extend his area of operations. On the other hand, Abhinav and Rajan also got opportunities to develop and exercise initiative.

Q 1. Identify and briefly explain the concept used by Vineet Arora in the above case which helped him in focusing on objectives.
Ans. Delegation: It is the transfer of authority from superior to subordinate, entrustment of responsibility and creation of accountability for performance.

Q 2. Also, state any four points of importance of the concept identified in (Q 1.) above.
Ans. Importance of Delegation:
  (i) Effective management
  (ii) Employee development
  (iii) Motivation of employees
  (iv) Basis of management hierarchy

Case Study 9

Read the extract given below and answer the questions on the basis of the same:

Smart Looks Ltd. are the manufacturers of cosmetics. They enjoyed a pre-eminent position in the business and has grown in size. Till recently, the company had been doing good business; but after the entry of competitors, the market share of Smart Looks Ltd. has declined. One of the reasons for this was that all decisions were taken by the higher management. This has resulted in the concentration of all decision-making process at the apex of the management hierarchy.

Worried about the decline in market share and profit, the company appointed Vivan Consultants India Ltd. as a consultant to suggest improvements in the organisation's decision-making process. The consultant suggested that the decision-making responsibilities may be divided among hierarchical levels. They said that if decision-making authority will be shared with the lowest levels and is consequently placed near the point of action, it will help in quick decision-making and this will help the company in adapting itself to the dynamic operating conditions. They stated that the philosophy of dispersal of authority propagates the belief that people are competent, capable and resourceful and can assume the responsibility of effective implementation of their decisions.

Q 1. Identify and give the meaning of the concept based on which Vivan Consultants India Ltd. gave their recommendations to Smart Looks Ltd.

Ans. **Decentralisation:** It explains the manner in which decision-making responsibilities are divided among hierarchical level.

Q 2. Explain any four points of importance of concept identified in (Q 1.) above.

Ans. **Importance of Decentralisation:**
   (i) Develops initiative among subordinate
   (ii) Develops managerial talent for the future
   (iii) Quick decision-making
   (iv) Relief to top management

Case Study 10

Read the extract given below and answer the questions on the basis of the same:

Due to spread of COVID-19 pandemic, employees of almost all the companies were working online from their homes. In 2022, when most of the companies called them back to their office and started working offline, Taty Software Ltd. still asked their employees to work from home. Because of this, employees of Taty Software Ltd. were feeling bored, hence for recreation they formed a cricket-club. They started meeting every Saturday and Sunday on a ground near their office building. *(CBSE 2023)*

Q 1. Identify and state the type of organisation formed by the employees of Taty Software Ltd.

Ans. The type of organisation formed by the employees of Taty Software Ltd. is a cricket-club. It is a recreational organisation that allows employees to come together and engage in shared interest in cricket. This type of organisation is typically informal and focused on providing opportunities for social interaction and recreation outside of the workplace.

Q 2. Also state any two advantages and two limitations of the type of organisation identified in (Q 1.) above.

Ans. **Advantages of Informal Organisation:**
The advantages of informal organisation are:
   (i) It leads to faster spread of information as well as quick feedback.
   (ii) It satisfies social needs of the members, which is not satisfied informal organisation.

Limitations of Informal Organisation:
The limitations of informal organisation are:
   (i) It helps to spreads rumours.
   (ii) The management may not be successful in implementing changes if the informal organisation opposes them.

Case Study 11

Read the extract given below and answer the questions on the basis of the same:

Diligent developers, a website design company in Bangalore is a start-up initiative of Mr Maniraj which aims at achieving a profit margin of 10% in its first year. Mr Maniraj appointed Mr Advait as the Digital Marketing Head, Mr Kiyansh as the Head of Backend Department and Mr Nirved headed the Graphics Designing Department. Since each head was specialised in specific skills, it resulted in increased efficiency and better coordination.

However, problems arose when Mr Advait started considering group objectives superior to organisational objectives and stopped exchanging information with Mr Kiyansh and Mr Nirved. The company had to bear the brunt of lack of coordination and was unable to achieve its objectives. *(CBSE SQP 2023-24)*

Q 1. Identify and state the organisational structure adopted by the company.

Ans. The organisational structure adopted by diligent developers is functional structure.

A functional structure is an organisational design that groups similar or related jobs together on the basis of functions like production, finance, etc. Each department has a functional manager responsible for performance and who has authority over the department. All departments are under the charge of a coordinating head.

Q 2. State two benefits and two limitations of the identified structure highlighted in the above case.

Ans. **Benefits of Functional Structure:** The benefits of functional structure are:

(i) It promotes specialisation since each department has to perform a specific function.

(ii) It promotes control and coordination within a department due similarity of tasks performed.

Limitations of Functional Structure: The limitations of functional structure are:

(i) The departments become specialised in their own way only.

(ii) When departments become too large. then the coordination decreases.

Very Short Answer Type Questions ↘

Q 1. 'Identifying and dividing the work' is the first step in the process of one of the functions of management. Identify the function.

Ans. Organising.

Q 2. Define organising as a function of management.

Ans. According to **Koontz** and **O' Donnell**. "Organising is grouping of activities necessary to attain enterprise objectives and the assignment of each grouping to a manager with authority necessary to supervise it."

Q 3. What does the term 'Span of Management' refer to?

Ans. Span of management refers to the number of subordinates that can be effectively managed by a superior.

Q 4. Define organisation as a structure.

Ans. As a structure, organisation is the network of horizontal and vertical relationship among the members of a group designed to accomplish some common objective.

Q 5. Give the meaning of organising as a process.

Ans. Organising can be defined as a process that initiates implementation of plans by clarify jobs and working relationships and effectively deploying resources for attainment of identified and desired results.

Q 6. Name the organisational structure which helps in increasing managerial and operational efficiency.

OR

Identify the type of suitable organisation structure for a large scale organisation having diversified activities requiring high degree of specialisation in operations.

Ans. Functional organisation structure.

Q 7. In which kind of organisation structure, it is easy to fix responsibility?

OR

Which type of organisation structure is more suitable for product specialisation?

Ans. Divisional structure.

Q 8. What is meant by divisional structure of an organisation?

Ans. A divisional structure is an organisational design that groups similar or related jobs together on the basis of functions like production, marketing, finance, purchase. etc.

Q 9. Differentiate between formal and informal organisation on the basis of flow of communication.

Ans. In a formal organisation. communication take place through the scalar chain while in an informal organisation, flow of communication is not through a planned route.

Q 10. State any one limitation of informal organisation.

Ans. Pressure of group norms.

Q 11. Why is it easy to fix responsibility in formal organisation?

Ans. The main feature of formal organisation is well-defined structure of authority and responsibility. Therefore, it is easier to fix responsibility in formal organisation.

Q 12. It helps a manager to extend his area of operation as without it, his activities would be restricted to only what he himself can do. Identify the activity referred to, in the above statement.

Ans. Delegation of authority.

Q 13. Distinguish between responsibility and accountability on the basis of origin.

Ans. Responsibility arises from delegated authority. while accountability arises from responsibility.

Q 14. What are the elements of delegation of authority?

Ans. (i) Authority (ii) Responsibility (iii) Accountability.

Q 15. What is the direction of flow of authority in case of formal and informal organisation?

Ans. Authority flows from top to bottom in formal organisation, whereas it flows in all directions in case of informal organisation.

Q 16. Out of delegation and decentralisation, one is a policy matter and the other one is routine activity. Identify them.

Ans. Delegation is a routine activity, whereas decentralisation is a policy matter.

Q 17. "An organisation may work without decentralisation but not without delegation." Comment.

Ans. Yes, delegation is required in every organisation. whether small or large, whereas, decentralisation is not so essential for every organisation.

Q 18. "As an organisation grows, it becomes necessary to adopt the policy of decentralisation of authority." Comment.

Ans. Yes, it is true to say that decentralisation is required when an organisation expands and grows beyond the capacity of top management.

Q 19. Give the meaning of accountability as an element of delegation.

Ans. Accountability is the obligation to carry out responsibility *i.e.,* being answerable for the final outcome.

Q 20. Decentralisation is the extension of a concept. Name the concept.

Ans. Delegation of authority.

Short Answer Type-I Questions

Q 1. Define organising as a structure and as a process.

Ans. **Organising as a Structure:** As a structure, organisation is the network of horizontal and vertical relationships among the members of a group designed to accomplish some common objectives. It should be dynamic so that it can be adjust as per situations.

Organising as a Process: Organising can be defined as a process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources for attainment of identified and desired results.

Q 2. What is meant by functional structure of an organisation? State its any two advantages.

OR

A company has its registered office in Delhi, manufacturing unit in Gurugram and marketing and sales department at Faridabad. The company manufactures consumer products. Which type of organisational structure should it adopt to achieve its target? Briefly explain any two advantages of this structure.

Ans. **Functional Structure:** A functional structure is an organisational design that groups similar or related jobs together on the basis of functions like production, finance, etc. Each department has a functional manager responsible for performance and who has authority over the department. All departments are under the charge of a coordinating head. These departments may be further divided into sections.

Advantages of Functional Structure: The advantages of functional structure are as follows:

(i) It promotes specialisation since each department has to perform a specific function.

(ii) It promotes control and coordination within a department due similarity of tasks performed.

Q 3. Why does the need for divisional structure arise in an organisation having functional structure?

Ans. Many large organisations with diversified activities have reorganised themselves away from the simpler and basic functional structure towards a divisional structure which is more suited for their activities.

This is particularly true of those enterprises which have more than one category of products to offer. This is because although every organisation performs a set of homogeneous functions, as it diversifies into varied product categories, the need for a more evolved structural design is felt to cope with the emerging complexity.

Example: If a company producing cosmetics, starts producing garments and footwears, then production activities, nature of raw material, finance requirements, etc., for each product line will be different. It will create the need for divisional structure so as to focus on each particular product.

Q 4. Neha runs a factory wherein she manufactures shoes. The business has been doing well and she intends to expand by diversifying into leather bags as well as western formal wear thereby making her company a complete provider of corporate wear. This will enable her to market her business unit as the one stop shop for working women. Which type of structure would you recommend for her expanded organisation and why?

Ans. For Neha's expanded organisation, divisional structure is recommended because of the below mentioned reasons:

(i) Neha's company is expanding and diversifying from shoes to leather bags and western formal wear. It will cover a wide range of products, which will require varied resources.

(ii) Product specialisation helps in the development of varied skills in a divisional head and this prepares him for higher positions. This is because he gains experience in all functions related to a particular product. Moreover, this structure will facilitate expansion, diversification and growth as new divisions can be added without interrupting existing operations.

(iii) It promotes flexibility and initiative because each division functions as an autonomous unit which leads to faster decision-making.

Q 5. Progress Ltd. is facing difficulties in introduction of machinery of latest technology as they are facing resistance from the informal groups who are pressurising the members to work against organisational interests. As the Human Resource Manager of the company, would you advise the management of the company to confront them or give them some other suggestion to deal with the informal groups. *(CBSE SQP 2018)*

Ans. Informal group leads to faster spread of information as well as quick feedback. It satisfies social needs of the members, which is not satisfied informal organisation. It would be in the best interest of the organisation, if the existence of such groups is recognised and the roles that their members play are identified.

These groups can be used to garner support and consequently lead to improved organisational performance. Such groups can also provide useful communication channels. So, the management of the company should educate the workers as to the benefits of mechanisation and should take them in their confidence and tell them about the benefits that will accrue to them on account of mechanisation.

Instead of confronting them, I would advise the management to skillfully take advantage of both formal and informal organisation so that work continues smoothly.

Q 6. Why is it easier to fix responsibility in formal organisation?

Ans. It is easier to fix responsibility in formal organisation since mutual relationships are clearly defined.

It specifies the relationships among various job positions and the nature of their inter-relationship. This clarifies who has to report to whom.

Q 7. Can informal organisation be altogether eliminated? Discuss.

Ans. No, informal organisation cannot be altogether eliminated because of the following reasons:

(i) It leads to faster spread of information as well as quick feedback.

(ii) It satisfies social needs of the members, which is not satisfied informal organisation.

(iii) It contributes towards fulfilment of organisational objectives.

Q 8. A company is manufacturing washing machines. There is a well-defined system of jobs with a clear and definite authority, responsibility and accountability in the company. But people are not allowed to interact beyond their officially defined roles. As a result, the company is not able to adapt to the changing business environment. The workforce is also not motivated due to lack of social interaction. The company is facing problems of procedural delays and inadequate recognition of creative talents.

(i) **Suggest how the organisation can overcome the problems faced by it?**

(ii) **Give any two benefits it will derive from your suggestions.**

Ans. (i) The organisation can overcome the problem faced by it by adopting informal organisation. Informal organisation emerges from within the formal organisation when people interact beyond their officially defined roles.

(ii) The two benefits of informal organisation are as follows:

(a) It leads to faster spread of information as well as quick feedback.

(b) It satisfies social needs of the member, which is not satisfied informal organisation.

Q 9. Kavita Ghai was the Managing Director of a restaurant in Lucknow called 'Healthy Kitchen'. The restaurant was doing well and the volume of work started increasing slowly and steadily. Kavita Ghai was not able to manage all the work on her own. The increasing magnitude of work made it impractical for her to handle it all by herself. Moreover, her objective is to open more branches of this restaurant at different places. She appointed Nikhil Gupta, as a General Manager of 'Healthy Kitchen' and gave him the right to command his subordinates and to take action within the scope of his position. For smooth running of the restaurant, she also gave him authority to hire and train the staff as per the requirements.

Kavita Ghai was satisfied with the work of Nikhil Gupta and was able to open other branches of the restaurant in Agra and Kanpur also.

(i) **Identify the concept followed by Kavita Ghai which helped her to open the new branches of the restaurant.**

(ii) **Also, explain briefly the two points of importance of the concept identified in point (i) above.**

Ans. (i) Delegation of authority is the concept followed by Kavita Ghai which helped her to open the new branches of the restaurants.

(ii) Importance of delegation of authority are:

(a) **Effective Management:** By empowering the employees, the managers are able to function more efficiently as they get more time to concentrate on important matters. Freedom from doing routine work provides them with opportunities to excel in new areas.

(b) **Facilitation of Growth:** Delegation helps in the expansion of an organisation by providing a ready workforce to take up leading positions in new ventures. Trained and experienced employees are able to play significant roles in the launch of new projects by replicating the work ethos they have absorbed from existing units in the newly set up branches.

Q 10. Distinguish between Delegation of Authority and Decentralisation.

Ans. The Differences between Delegation of Authority and decentralisation are:

S. No.	Basis of Difference	Delegation of Authority	Decentralisation
(i)	Nature	It is a compulsory act because no individual can perform all tasks on his own.	It is an optional policy decision and is only implemented at the discretion of the top management.
(ii)	Freedom of action	The subordinates have less freedom to take own decisions as more control is exercised by the superiors.	The control over executives is less hence they have a greater freedom of action.
(iii)	Status	It is a process followed to share tasks.	It is the result of the policy decision of the top management.

Q 11. Sameer is working as a sales manager in a publishing house. In order to promote a new series of encyclopedias, the company decides to undertake door-to-door selling in the city. As the sales manager, Sameer is given the target of selling 5,000 units in one month. He appoints a team of five salesmen for the purpose. Each salesman is given the target of selling 1,000 units. At the end of month, only 4,800 units are sold as one of the salesman, Bobby, falls ill during the last week and is able to sell only 800 units.

In the context of the above paragraph:

Will Sameer be still accountable for the performance of the assigned task to Bobby? Why or why not? Give a suitable reason to support your answer.

Ans. Yes, Sameer will still be accountable for the performance of the assigned task to Bobby because only the responsibility for the work assigned can be delegated. The ultimate responsibility of a superior is absolute and cannot be delegated. Thus, irrespective of the extent of delegated authority, the manager shall still be accountable to the same extent as before delegation.

Q 12. "Decentralisation is extending delegation to the lowest level." Comment.

Ans. Decentralisation is nothing but an extension of delegation. While delegation refers to transfer of authority by a superior to the subordinate, decentralisation involves distribution of authority throughout the organisation to the lowest levels. This makes the scope of decentralisation broader than delegation.

COMMON ERR!OR

Students get confused between delegation and decentralisation as they feel both concepts involve transfer of authority. So, they are unable to spot the difference between the two and arrive at a correct conclusion regarding their nature.

TiP

They must have conceptual clarity. Delegation is narrow in scope than decentralisation. Delegation involves transfer of authority between a superior and subordinate whereas decentralisation involves transfer of authority to the lowest level throughout the organisation.

Q 13. "Both centralisation and decentralisation depend on each other for achieving organisational objectives." Defend or refute the statement.

Ans. The given statement is defended. In a fairly large organisation, the process of centralisation and decentralisation co-exist and reinforce each other.

(i) Top management has to retain authority for major decisions, planning and controlling. At the same time, authority for operational or routine matters in delegated to middle and lower levels.

(ii) Operational level managers can exercise their authority only when major organisation objectives, plans and control systems are formulated at the top level. Similarly, top level depends on operating manager for execution of plans.

So, it can be concluded that both centralisation and decentralisation depend on each other for achieving organisational objectives.

Q 14. Karan and Arjun are first cousins. After completing a course in journalism, both of them join a leading newspaper company as sub-editors. Over the years, due to their consistent hardwork, they are promoted to the post of chief editors in different divisions. However, the way of their functioning is totally different. Karan believes in the capabilities of his subordinates and therefore follows the philosophy of selective dispersal of authority throughout all the levels in his division. On the other hand, Arjun prefers to function through strict controls and retains all the decision-making authority with himself.

In the context of the above paragraph:

How do Karan and Arjun differ in their policies related to the extent of delegation of authority? Explain.

Ans. Karan has adopted a decentralised policy as he believes in the capabilities of his subordinates. He follows the philosophy of selective dispersal of authority throughout all the levels in his division.

Whereas, Arjun follows a policy of centralisation as he prefers to function through strict controls and retains all the decision-making authority with himself.

Q 15. "Delegation of authority is based on the elementary principle of division of work." Comment.

Ans. The given statement is true. Under delegation of authority, a manager assigns some part of his workload to his subordinates, along with necessary authority. A manager does so as he cannot perform the entire work assigned to him.

According to principle of division of work, whole work must be divided into small tasks or jobs and each job must be assigned to a trained specialist who is competent to perform it.

Thus, under both division of work and delegation of authority, work is divided among people. Thus, delegation of authority is based on the elementary principle of division of work.

Q 16. Can an organisation be completely centralised or decentralised?

Ans. Complete centralisation would imply concentration of all decision-making functions at the apex of the management hierarchy.

Complete decentralisation would imply the delegation of all decision-making functions to the lower level of the hierarchy. Both situations are unrealistic.

An organisation can never be completely centralised or decentralised. As it grows in size and complexity, there is a tendency to move towards decentralised decision-making. This is because in large organisations, those employees who are directly and closely involved with certain operations tend to have more knowledge about them than the top management, which may only be indirectly associated with individual operations.

Hence, there is a need for a balance between those centralisation and decentralisation.

Short Answer Type-II Questions ↘

Q 1. Ishita works as a corporate event coordinator in an event management company. She has been made an overall official incharge for organising a painting exhibition for one of the clients of the company. For ensuring that the exhibition takes place successfully, she identifies the various activities involved and divides the whole work into various task groups like marketing committee, decoration committee and reception committee. In order to facilitate coordination within and among committees, she appoints a supervisor of each group.

In the context of the above paragraph:
 (i) Identify the function of management being performed by Ishita.
 (ii) Describe briefly the first three steps involved in the performance of the function of management as identified in point (i) of the question.

OR

Organising involves a series of steps that need to be taken in order to achieve the desired goal. Explain these steps. *(CBSE 2019)*

Ans. (i) The organising function of management is being performed by Ishita.
 (ii) The steps involved in the process of organising are as follows:
   (a) **Identification and Division of Work:** In this step, it is done in accordance with predetermined plans to avoid duplication of activities and ensures that the burden of work is being shared among the employees. For example, in bank, the total work is divided among different employees.
   (b) **Departmentalisation:** In this step, it involves grouping of similar activities into departments, units, sections, etc., using several criteria as a basis to facilitate specialisation. For example, sales and advertisement activities may be grouped under marketing department.
   (c) **Assignment of Duties:** In this step, it is done to the members as per their job positions. Once departments have been created, each of them is placed under the charge of an individual. For example, sales manager must be assigned duties relating to sales of product.
   (d) **Establishing Reporting Relationships:** In this step, while assigning jobs, each member is told that from whom he/she has to take orders and to whom he/she will be accountable. The establishment of such clear reporting relationships help to create a well-defined hierarchical structure. It may be laid down that employees involved in production will take orders from and be accountable to production manager.

Q 2. Explain any four points of importance of organising. *(CBSE 2019)*

Ans. The importance of organising are:
 (i) **Benefits of Specialisation:** Organising leads to a systematic allocation of jobs amongst the workforce. This reduces the workload as well as enhances productivity because specific workers performing a specific job on a regular basis.
 (ii) **Clarity in Working Relationships:** The establishment of working relationships clarifies lines of communication and specifies who is to report to whom. This removes ambiguity in transfer of information and instructions. It helps in creating a hierarchical order thereby enabling the fixation of responsibility and specification of the extent of authority to be exercised by an individual.
 (iii) **Adaptation to Change:** The process of organising allows a business enterprise to accommodate changes in the business environment. It allows the organisation structure to be suitably modified and the revision of inter-relationships amongst managerial levels to pave the way for a smooth transition.
 (iv) **Effective Administration:** Organising provides a clear description of jobs and related duties. This helps to avoid confusion and duplication. Clarity in working relationships enables proper execution of work. Management of an enterprise thereby becomes easy and this brings effectiveness in administration.

COMMON ERR!R

Students generally mix up the points related to importance of organising with the importance of planning.

Q 3. Aradhana and Gandharv are heads of two different departments in Yumco Ltd. They are efficient managers and are able to motivate the employees of their respective departments to improve performance. However, their drive to excel in their own sphere of activity instead of giving emphasis on objectives of the enterprise has hindered the interaction between the departments that Aradhana and Gandharv are heading. Often there are inter-departmental conflicts and they have become incompatible. This has proved to be harmful in the fulfilment of the organisational objectives. The situation has deteriorated to such as extent that the CEO of Yumco Ltd. has hired a consultant, Rashmi, to resolve the problem. After studying the situation closely, Rashmi found that the problem has arisen due to inflexibility and a narrow perspective on the part of both, Aradhana and Gandharv. She is of the view that this situation is result of the type of organisational structure Yumco Ltd. has adopted.

From the above information, identify the organisational structure adopted by Yumco Ltd. and state any three advantages of the structure so identified. *(CBSE 2018)*

Ans. The organisation structure followed by Yumco Ltd. is <u>functional structure</u>.

Advantages of functional structure are:

(i) It promotes specialisation since each department has to perform a specific function.

(ii) It promotes control and coordination within a department due similarity of tasks performed.

(iii) It helps in increasing managerial and operational efficiency.

Q 4. State any two advantages and two disadvantages of informal organisation.

Ans. **Advantages of Informal Organisation:**

The advantages of informal organisation are:

(i) It leads to faster spread of information as well as quick feedback.

(ii) It satisfies social needs of the members, which is not satisfied informal organisation.

Disadvantages of Informal Organisation:

The disadvantages of informal organisation are:

(i) It helps to spreads rumours.

(ii) The management may not be successful in implementing changes if the informal organisation opposes them.

COMMON ERR!R

Students may sometimes get confused between informal organisation and informal communication, so, they may write informal communication in place of informal organisation.

TiP

Students must have conceptual clarity. Informal organisation refers to a type of organisation structure. Whereas informal communication refers to type of communication. So, students must be alert while attempting the question.

Q 5. Sonam Ltd. decided to set up its steel manufacturing factory in the backward area of Odisha where very less job opportunities were available. People of that area welcomed this effort of Sonam Ltd. To attract people to work in its factory, it also decided to provide many other facilities like school, hospital, market, etc., in the factory premises.

Sonam Ltd. started earning huge profits. Another competing company asked its production manager Aslam, to investigate the reasons of earning huge profits by Sonam Ltd.

Aslam found that in both the companies there was systematic coordination among the various entities to achieve organisational goals. Every employee knew who was responsible and accountable to whom. The only difference was that in his organisation, communication took place only through the scalar chain, whereas Sonam Ltd. was allowing flow of communication in all the directions as per the requirement which lead to faster spread of information as well as quick feedback.

(i) Identify the type of organisation which permits Sonam Ltd. the flow of communication in all the directions.

(ii) State three advantages of the type of organisation identified in point (i) above.

Ans. (i) The type of organisation which permits, the flow of communication in all directions is <u>informal organisation</u>.

(ii) The advantages of informal organisation are:

(a) It leads to faster spread of information as well as quick feedback.

(b) It satisfies social needs of the members, which is not satisfied informal organisation.

(c) It contributes towards fulfilment of organisational objectives.

Q 6. After completing a course in travel and tourism, Karan started his own travel agency. In order to ensure smooth functioning of his business, he decided to create fourteen job positions divided into four departments on the basis of functions namely; front office department including online queries, reservations department for airways, railways and roadways, accommodation booking department and securing payments department. In order to avoid any inter-departmental

conflicts, he decides to specify clearly the lines of authority and areas of responsibility for each job position.

In the context of the above paragraph:

  (i) Which function of management is being described in the above lines?

  (ii) Identify the framework created by Karan within which all managerial and operating tasks are to be performed in his organisation.

  (iii) Name the type of the framework as identified in point (i) of the question. Also, give any one of its advantage.

Ans. (i) The organising function of management is being described in the above lines.

  (ii) Organisational structure is the framework created by Karan within which all managerial and operating tasks are to be performed in his organisation.

  (iii) Karan has created a functional structure as job positions are divided into four departments on the basis of functions namely; front office department including online queries, reservations department for airways, railways and roadways, accommodation booking department and securing payments department.

  Advantage of Functional Structure: Functional Structure promotes specialisation since each department has to perform a specific function.

Q 7. The activities and employees in Elegance Pvt. Ltd., a footwear manufacturing company, can be broadly grouped into five departments, namely; production, purchase, marketing, accounts and personnel. Over the years, the company has grown and expanded its operations manifolds. The company now intends to diversify into leather bags segment. So, its management has decided to restructure its operations. They plan to create separate product divisions for each product line wherein the functioning of each division will be further divided into five departments namely; production, purchase, marketing, accounts and personnel.

In the context of the above paragraph:

How is the company future organisational structures likely to be different from the existing one? State any three points of differences between the two types of organisational structures.

Ans. At present, the company is following functional structure and it intends to adopt a divisional structure in future.

The differences between functional organisational structure and divisional organisational structure are:

S. No.	Basis of Difference	Functional Structure	Divisional Structure
(i)	Formation	It is based on functions.	It is based on product lines and is supported by functions.
(ii)	Responsibility	It is difficult to fix on a department.	It is easy to fix responsibility for performance.
(iii)	Specialisation	Functional specialisation.	Product specialisation.

Q 8. Rahunath works as a Human Resource Manager in Vanshika Housing Ltd. a company engaged in the real estate business. He suggests to the Managing Director of the company to start a sports club in the office where friendly indoor matches can be organised amongst the employees on every Saturday.

In the context of the above paragraph:

  (i) Identify the type of organisation that Rahunath is desirous of promoting in the company.

  (ii) State any three advantages of the type of organisation as identified in point (i) of the questions.

Ans. (i) Informal organisation is the type of organisation that Rahunath is desirous of promoting in the company.

  (ii) The three advantages of informal organisation are:

  (a) It leads to faster spread of information as well as quick feedback.

  (b) It satisfies social needs of the members, which is not satisfied informal organisation.

  (c) It contributes towards fulfilment of organisational objectives.

Q 9. Kiran Industries is a company dealing in office furniture. The company chose to diversify its operations to improve its growth potential and increase market share. As the project was important, many alternatives were generated for the purpose and were thoroughly discussed amongst the members of the organisation. After evaluating the various alternatives, Sukhvinder, the Managing Director of the company, decided that they should add Home Interiors and Furnishings as a new line of business activity.

  (i) Name the framework, which the diversified organisation should adopt, to enable it to cope with the emerging complexity? Give one reason in support of your answer.

  (ii) State any two limitations of this framework.

(CBSE SQP 2015-16)

Ans. (i) Divisional structure should be adopted by the diversified organisation to enable it to cope with the emerging complexity as it leads to faster decision-making, promotes flexibility and initiative as each division functions as an autonomous unit.

(ii) The two limitations of divisional structure are:

(a) Each department will require all the resources as every division will be working as an independent unit.

(b) Conflict on allocation of resources.

(c) Each department focuses on their product only and they fail to keep themselves as a part of one common organisation.

Q 10. Rakesh joins as a Head Librarian of a newly constructed medical college in Pune. A team of four librarians is placed under him for the smooth functioning of the library.

Besides, he has been assigned eight people as support service staff. On the second day of his joining, he is told get a shipment of new books unloaded, stock the bookshelves and then get all waste (packaging, paper, etc.) disposed-off within a week's time. In order to ensure orderliness and speed in the process of setting up of the library, he makes each of the four librarians incharge of five different subjects. Keeping in mind their competence and experience, he decides to give them more authority so that they can make autonomous plans and assume the responsibility for the effective implementation of their decisions.

In the context of the above paragraph:

(i) Identify the concept used by Rakesh keeping in mind the competence and experience of the other librarians.

(ii) Describe briefly any two advantages of using the concepts as identified in point (i) of the question.

Ans. (i) Rakesh has used the concept of decentralisation keeping in mind the competence and experience of the other librarians.

(ii) The two advantages of using decentralisation are:

(a) **Develops Initiative among Subordinates:** Decentralisation helps to promote self-reliance and confidence amongst the subordinates. Because when lower managerial levels are given freedom to take their own decisions they learn to depend on their own judgement.

(b) **Develops Managerial Talent for the Future:** Decentralisation gives subordinates, a chance to prove their abilities and creates reservoir of qualified manpower, who can be considered to fill up more challenging positions through promotions.

Q 11. Infocom has diversified itself into several product lines: Telecommunications, Engineering and Financial Services. Each subsidiary is self-sufficient with their own administrative functions, propagating the belief that people can assume the responsibility for the effective implementation of their decisions and should be given autonomy. This has reduced the need for direct supervision by superiors, has promoted flexibility, initiative and faster decision-making. The orders of customers are never delayed as a result of good policy decisions of top management.

(i) Identify and explain any two points of importance of the concept being discussed above.

(ii) Name and briefly explain a suitable framework for the company within which the managerial and operating task are to be performed. *(CBSE SQP 2020)*

Ans. (i) The concept is decentralisation and importance of decentralisation is explained below:

(a) **Develops Initiative among Subordinates:** Decentralisation helps to promote self-reliance and confidence amongst the subordinates. This is because when lower managerial levels are given freedom to take their own decisions they learn to depend on their own judgement.

(b) **Develops Managerial Talent for the Future:** Decentralisation gives subordinates a chance to prove their abilities and creates a reservoir of qualified manpower, who can be considered to fill up more challenging positions through promotions.

(ii) The suitable framework for the company within which the managerial and operating task are to be performed is divisional structure.

It is a suitable framework for the company within which managerial and operating task are to be performed. In a divisional structure, the organisational structure comprises of separate business units or divisions. Each units has a divisional manager responsible for performance and who has authority over the unit. Generally, manpower is grouped on the basis of different products manufactured.

Q 12. Kabir opens a retail mart in a local market. As he knows it will be impossible him to handle all the work alone, he appoints Jasraj to perform tasks on his behalf thereby reducing his workload. This decision provided Kabir with more time to concentrate on important matters. Besides, he recruits eight other persons as support staff. Over the years his business earns a good name for itself. So, he opens another outlet in the city. Considering Jasraj's competence, he gives the independent charge of running the new outlet to him, thereby empowering him by giving him autonomy in the functioning of the outlet.

In the context of the above paragraph:
   (i) Identify the two concepts which reflect the transition in the role of Jasraj in the above paragraph.
   (ii) What are the factors that Karan must keep while giving the independent charge of the new outlet to Jasraj?

Ans. (i) In the initial years of business, Jasraj's role is restricted. He is granted limited authority to perform tasks on behalf of Kabir to reduce his workload and provide him with more time to concentrate on important matters. The concept involved is <u>delegation of authority</u>.

When Jasraj is given an independent charge of the new outlet, he is empowered to take decisions autonomously to ensure successful running of the outlet. Now, the concept involved is <u>decentralisation of authority</u>.

(ii) Karan needs to be careful while selecting those decisions related to the outlet which will be taken by <u>Jasraj independently and those that will be retained with him</u>. It is important to define the decision-making powers as complete <u>decentralisation</u> would imply the <u>delegation of all decision-making functions to Jasraj and this would</u> reduce Karan's hold on the business.

Q 13. Differentiate between Authority, Responsibility and Accountability.

Ans. The differences between Authority, Responsibility and Accountability are:

S. No.	Basis of Difference	Authority	Responsibility	Accountability
(i)	Meaning	Authority refers to the right of an individual to command his subordinates and to take action within the scope of his position.	Responsibility is the obligation of a subordinate to properly perform the assigned duty.	Accountability implies being answerable for the final outcome. Once authority has been delegated and responsibility accepted, one cannot deny accountability.
(ii)	Delegation	Can be delegated.	Cannot be entirely delegated.	Cannot be delegated at all.
(iii)	Origin	Arises from formal position in the organisation.	Arises from delegated authority.	Arises from responsibility.
(iv)	Flow	Flows downward from superior to subordinate.	Flows upward from subordinate to superior.	Flows upward from subordinate to superior.

Long Answer Type Questions ↘

Q 1. What is meant by 'Formal Organisation'? State any four advantages of formal organisation.

(CBSE 2023)

Ans. **Meaning of Formal Organisation:** It refers to the organisation structure which is designed by the management to accomplish a particular task.

According to **Louis Allen**, 'The formal organisation is a system of well-defined jobs, each bearing a definite measure of authority, responsibility and accountability.'

Advantages of Formal Organisation: The advantages of formal organisation are:
   (i) It is easier to fix responsibility of employees.
   (ii) Role and duties of each members are clearly and explicitly specified.
   (iii) It leads to effective accomplishment of objectives.
   (iv) It provides stability to the organisation as behaviour of employees can be fairly predicted since there are specific rules to guide them.

Q 2. Ramdas, aged 49 is working in an aviation company. He is the senior most employees in his division. He is even senior to the division manager, Kanaputti. Ramdas is considered one of the most committed, capable and hardworking employee. As a result of his abilities and seniority, he generally receives the work assignments of his

choice. Although there was no formal designation of various special projects assigned to Ramdas, he handled them as a matter of routine. A problem developed when an able and intelligent person, Nagarjuna, aged 33, was appointed by Kanaputti. Nagarjuna's previous three years' experience in the closely related work, made it possible for him to catch on to the routine work of his new job more rapidly than was customary for a new employee. On several occasions, Kanaputti noticed the tension developing between the two employees. However, he didn't want to get involved in their personal issues as long as the work was completed effectively and efficiently by them. One day, the tension between them reached the boiling point and Ramdas complained to Kanaputti stating that his duties were being largely taken over by Nagarjuna. Kanaputti issued the order stating the clear allocation of the jobs and related duties between the two. He further clarified the working relationship between them by specifying who was to report to whom. This helped in reducing the workload, enhancing productivity and removing ambiguity.

(i) Identify the step of organising process which has not been carried out properly and contributed to this problem.

(ii) Explain the two steps of the organising process which have been taken by Kanaputti to respond to the complaint of Ramdas.

(iii) Also explain two points of importance of organising as reflected in the above paragraph.

Ans. (i) Assignment of duties is the step of organising process which has not been carried out properly and contributed to this problem.

(ii) Two steps of organising process are:

(a) **Identification and Division of Work:** In this step, it is done in accordance with predetermined plans to avoid duplication of activities and ensures that the burden of work is being shared among the employees. For example, in bank, the total work is divided among different employees.

(b) **Departmentalisation:** In this step, it involves grouping of similar activities into departments, units, sections, etc., using several criteria as a basis to facilitate specialisation. For example, sales and advertisement activities may be grouped under marketing department.

(iii) Two points of importance of organising are:

(a) **Optimum Utilisation of Resources:** In organising, work is assigned as per ability and proper assignment of jobs avoids overlapping of work and also makes possible the best use of resources.

(b) **Development of Personnel:** Organising stimulates creativity amongst the managers. It also gives them the opportunity to innovate, which helps to strengthen the company's competitive position.

Q 3. Shan Spices Ltd. is the manufacturer of different food specific spices like Rajma Masala, Choley Masala, Aaloo Parantha Masala, etc. Mr. Raga, the owner of the company, has created different departments for purchase, production, marketing, finance and human resource. There are thirty employees working in the organisation. Planning is of paramount importance to the company as Mr Raga believes that effective planning leads to achievement of organisational objectives. So, in order to make employees focus on objectives, he issued instructions that during working hours, only official matters will be discussed. He made certain rules and code of conduct for the employees to follow, according to which employees are not allowed to visit and talk to the employees of other departments except for official work. He emphasised on work performance which resulted in smooth functioning of the organisation.

(i) Identify and briefly explain the type of organisation mentioned in the above para.

(ii) Explain one feature of the concept identified in point (i) as mentioned in the above para.

(iii) What was the purpose behind the formulation of rules for the employees that restricted their personal communication with the employees of other departments?

Ans. (i) The type of organisation mentioned in the above para is formal organisation.

Formal Organisation: It refers to the organisation structure which is designed by the management to accomplish a particular task.

(ii) **Feature of Formal Organisation:** It specifies the relationships among various job positions and the nature of their inter-relationship. This clarifies who has to report to whom.

(iii) Avoidance of the emergence of informal organisation which may obstruct the fulfilment of organisational goals.

Q 4. Sudhir is working as a purchase manager in a power sector company. All his subordinates hold him in high regard for his exceptional managerial skills. On one hand, as a manager, he is a tough task master and expects strict compliance to the organisational rules and procedures from his subordinates. On the other hand, he makes conscious efforts to develop rapport with his subordinates by interacting freely with them during the lunch breaks in the cafeteria. Many a

times, these chit chats help him to get an insight into the views and opinions of his team members about the policies of the organisation.

In the context of the paragraph:

(i) Identify and explain the two types of organisations have been discussed.

(ii) State any three differences between the types of organisations as identified in point (i) of the question.

Ans. (i) 'Formal organisation' and 'Informal organisation' are two types of organisation which have been discussed.

(a) **Formal Organisation:** It refers to the organisation structure which is designed by the management to accomplish a particular task.

(b) **Informal Organisation:** It refers to network of social relations, which emerges on its own due to formal roles and relationships among people.

(ii) The differences between formal organisation and informal organisation are:

S. No.	Basis of Difference	Formal Organisation	Informal Organisation
(i)	Meaning	Structure of authority relationships created by the management.	Network of social relationships arising out of interaction among employees.
(ii)	Origin	Arises as a result of company rules and policies.	Arises as a result of social interaction.
(iii)	Authority	Arises by virtue of position in management.	Arises out of personal qualities.

Q 5. A company manufacturing sewing machines, set up in 1945 by the British promoters, follows formal organisation culture in totality. It is facing lot of problems in delays in decision-making. As a result, it is not able to adapt to changing business environment. The workforce is also not motivated since they cannot vent their grievances except through normal channels, which involve red tape. Employee turnover is high. Its market share is also declining due to changed circumstances and business environment.

(i) You are to advise the company with regard to change it should bring about in its organisation structure to overcome the problems faced by it.

(ii) Given reasons in terms of benefits, it will derive from the changes suggested by you.

(NCERT)

Ans. (i) To overcome the problems faced, the company should encourage informal organisation.

Informal organisation refers to network of social relations, which emerges on its own due to formal roles and relationships among people.

According to **Chester Barnard**, "An informal organisation is an aggregate of interpersonal relationship without any conscious purpose but which may contribute to joint results."

(ii) **Advantages of Informal Organisation:** The advantages of informal organisation are:

(a) It leads to faster spread of information as well as quick feedback.

(b) It satisfies social needs of the members, which is not satisfied informal organisation.

(c) It contributes towards fulfilment of organisational objectives.

Q 6. Voltage fluctuations have been common and quite high in India. They harm our electrical appliances like televisions, refrigerators and air conditioners, often leaving them in a permanently damaged condition. N-Guard Company decided to manufacture stabilizers for North India where the voltage fluctuation ranges from 220V to 230V. Once the demand for North India was taken care of, they decided to launch stabilizers of varying voltages from 90V-260V for meeting the requirements of voltage fluctuations in other regions of India also. Three engineers were appointed for South, West and East regions of India, as the voltage was different in all the three regions. Though, all the engineers were appointed to manufacture stabilizers but the product differed from region-to-region.

(i) Identify the organisational structure of N-Guard company.

(ii) State any two advantages and two limitations of the structure identified in the above paragraph.

Ans. (i) The divisional structure is followed by N-Guard company.

(ii) Two advantages of divisional structure are:

(a) Product specialisation helps in the development of varied skills and prepares him for higher positions.

(b) In divisional structure, each product department is treated as a 'profit center' and is accountable for its own profit or loss.

The limitations of divisional structure are:

(a) Each department will require all the resources as every division will be working as an independent unit.

(b) Conflict on allocation of resources.

(c) Each department focusses on their product only and they fail to keep themselves as a part of one common organisation.

Q 7. Differentiate between formal and informal organisation the basis of the following:

  (i) Meaning   (ii) Origin

  (iii) Authority   (iv) Behaviour

  (v) Flow of communication

  (vi) Nature

Ans. The differences between Formal and Informal Organisation are:

S. No.	Basis of Difference	Formal Organisation	Informal Organisation
(i)	Meaning	Structure of authority relationships created by the management.	Network of social relationships arising out of interaction among employees.
(ii)	Origin	Arises as a result of company rules and policies.	Arises as a result of social interaction.
(iii)	Authority	Arises by virtue of position in management.	Arises out of personal qualities.
(iv)	Behaviour	It is directed by rules.	There is no set behaviour pattern.
(v)	Flow of communication	Communication takes place through the scalar chain.	Flow of communication is not through a planned route. It can take place in any direction.
(vi)	Nature	Rigid	Flexible

Q 8. Explain the concept of functional structure. Also, explain any four disadvantages of functional structure.

Ans. Functional Structure: A functional structure is an organisational design that groups similar or related jobs together on the basis of functions like production, finance, etc. Each department has a functional manager responsible for performance and who has authority over the department. All departments are under the charge of a coordinating head. These departments may be further divided into sections.

The disadvantages of functional structure are:

  (i) The departments become specialised in their own way only.

  (ii) When departments become too large, then the coordination decreases.

(iii) When the organisational goals is not achieved, then it becomes very difficult to make any one department accountable.

(iv) Employees get training of one function only *i.e.*, the department to which they belongs so they cannot be shifted to other department.

Q 9. Give the meaning of divisional structure of an organisation. State any four advantages of this structure. *(CBSE 2023)*

Ans. Meaning of Divisional Structure: A divisional structure is an organisational design that groups similar or related jobs together on the basis of functions. Structure comprise of separate business units or divisions. Each department has a divisional manager responsible for the profit or loss of his division. Each division is multi-functional because within each division, functions like production, marketing, finance, purchase, etc., are performed together to achieve a common goal.

Advantages of Divisional Structure: The advantages of divisional structure are:

  (i) Product specialisation helps in the development of varied skills and prepares him for higher positions.

  (ii) In divisional structure, each product department is treated as a 'profit center' and is accountable for its own profit or loss.

  (iii) Due to flexibility and initiative, it leads to faster decision-making.

  (iv) It facilitates expansion, diversification and growth of new divisions.

Q 10. Give the meaning of informal organisation and state any five features of it.

Ans. Informal Organisation: It refers to network of social relations, which emerges on its own due to formal roles and relationships among people.

According to **Chester Barnard,** "An informal organisation is an aggregate of interpersonal relationship without any conscious purpose but which may contribute to joint results."

Features of Informal Organisation: These are as follows:

  (i) Informal organisation originates from within the formal organisation as a result of personal interaction among employees.

  (ii) The standards of behaviour evolve from group norms rather than officially laid down rules and regulations.

  (iii) Independent channels of communication without specified direction of flow of information are developed by group members.

  (iv) It emerges spontaneously and is not deliberately created by the management.

  (v) It has no defined structure or form because it is a complex network of social relationships among members.

Q 11. Atul joins as a Regional Sales Head in the export division of a FMCG (Fast Moving Consumer Goods) company. In a departmental meeting, he asks one of his subordinates, Manik, to take charge of the company's new office in Dubai. He allocates the work to him and grants the necessary authority. However, within a month of seeking regular feedback on the extent of work accomplished from Manik, Atul realises that Manik is not doing the work as per his expectations. So, he takes away the authority delegated to him and re-delegates the work to Prakrit. Due to the time wasted in this switch over, the work at the Dubai office suffers tremendously and the company is not able to meet its desired goals.

In the context of the above paragraph:

  (i) Why is Manik supposed to give regular feedback about work to Atul?

  (ii) Can the authority granted to a subordinate be taken back and re-delegated to another person?

  (iii) Can Manik be held responsible for not meeting the work related expectations of Atul? Give a suitable reason in support of your answer.

  (iv) Differentiate between authority, responsibility and accountability on the basis of origin and flow.

Ans. (i) Manik is supposed to give regular feedback about work to Atul as he has been granted authority and entrusted responsibility, so he remains answerable for the outcome.

  (ii) Yes, the authority granted to a subordinate can be taken back and re-delegated to another person.

  (iii) Yes, Manik can be held responsible for not meeting the work related expectations of Atul as it is the obligation of a subordinate to perform the assigned duty to the best of his ability and skill.

  (iv) The differences between authority, responsibility and accountability are:

S. No.	Basis of Difference	Authority	Responsibility	Accountability
(i)	Meaning	Authority refers to the right of an individual to command his subordinates and to take action within the scope of his position.	Responsibility is the obligation of a subordinate to properly perform the assigned duty.	Accountability implies being answerable for the final outcome. Once authority has been delegated and responsibility accepted, one cannot deny accountability.
(ii)	Delegation	Can be delegated.	Cannot be entirely delegated.	Cannot be delegated at all.
(iii)	Origin	Arises from formal position in the organisation.	Arises from delegated authority.	Arises from responsibility.
(iv)	Flow	Flows downward from superior to subordinate.	Flows upward from subordinate to superior.	Flows upward from subordinate to superior.

Q 12. With the help of any four points explain the importance of decentralisation in an organisation.

OR

Decentralisation is an optional policy. Explain why an organisation would choose to be decentralised?

(NCERT)

Ans. An organisation should choose to be decentralised because of its importance to the organisation. The importance of decentralisation is given below:

  (i) **Develops Initiative among Subordinates:** Decentralisation helps to promote self-reliance and confidence amongst the subordinates. This is because when lower managerial levels are given freedom to take their own decisions they learn to depend on their own judgement.

  (ii) **Develops Managerial Talent for the Future:** Decentralisation gives subordinates a chance to prove their abilities and creates a reservoir of qualified manpower, who can be considered to fill up more challenging positions through promotions. The suitable framework for the company within which the managerial and operating task are to be performed is divisional structure.

It is a suitable framework for the company within which managerial and operating task are to be performed. In a divisional structure, the organisation structure comprises of separate business units or divisions. Each units has a divisional manager responsible for performance and who has authority over the unit. Generally, manpower is grouped on the basis of different products manufactured.

  (iii) **Quick Decision-making:** In a decentralised organisation, however, since decisions are taken at levels which are nearest to the points of actions and there is no requirement for approval from many levels, the process is much faster as compared to centralised organisation.

There are also less chances of information getting distorted because it doesn't have to go through long channels.

(iv) Better Control: Decentralisation makes it possible to evaluate performance at each level and the departments can be individually held accountable for their results.

The extent of achievement of organisational objectives as well as the contribution of each department in meeting the overall objectives can be ascertained. Feedback from all levels helps to analyse variances and improve operations.

Q 13. Aman Chandha started 'Bulls Eye', a company for providing cyber security solutions to businesses. Its objective is to prevent, detect and respond to cyber attacks and protect critical data. He was a hardworking software engineer and an expert in cyber security. His reputation grew by leaps and bounds as he was not only a person of integrity but also did his work with utmost honesty and sincerity. The business started growing day-by-day.

He was delighted when he was offered a big project by the Ministry of Defense. While working on the project, he found that the volume of work made it impractical for him to handle all the work by himself. He decided to expand the team. The company maintained a close liaison with a local engineering college. During a campus placement, Ishan and Vrinda were appointed to work on the new project.

He found the new employees capable, enthusiastic and trustworthy. Aman Chandha was thus, able to focus on objectives and with the help of Ishan and Vrinda, the project was completed on time. Not only this, Aman Chandha was also able to extend his area of operations. On the other hand, Ishan and Vrinda also got opportunities to develop and exercise initiative.

(i) Identify and briefly explain the concept used by Aman Chandha in the above case which helped him in focusing on objectives.

(ii) Also state and explain any four points of importance of the concept identified in point (i) above.

Ans. (i) In the given case, the concept used by Aman is delegation of authority.

Delegation of authority is a process of entrusting responsibility and authority to the subordinates and creating accountability on those employees who are entrusted with responsibility and authority.

According to **Theo Haimann**, 'Delegation of authority merely means the granting of authority to subordinates to operate within prescribed limits.'

(ii) Importance of delegation of authority are:

(a) Effective Management: By empowering the employees, the managers are able to

function more efficiently as they get more time to concentrate on important matters. Freedom from doing routine work provides them with opportunities to excel in new areas.

(b) Facilitation of Growth: Delegation helps in the expansion of an organisation by providing a ready workforce to take up leading positions in new ventures. Trained and experienced employees are able to play significant roles in the launch of new projects by replicating the work ethos they have absorbed from existing units in the newly set up branches.

(c) Employee Development: Delegation allows employees to develop those skills which will enable them to perform complex tasks and assume those responsibilities which will improve their career prospects.

It makes them better leaders and decision makers. Thus, delegation helps by preparing better future managers.

(d) Motivation of Employees: Delegation helps in developing the talents of the employees. It also has psychological benefits. When a superior entrusts a subordinate with a task, it is not merely the sharing of work but involves trust on the superior's part and commitment on the part of subordinates.

Responsibility for work builds the self-esteem of an employee and improves his confidence.

Q 14. Home Creation Ltd. is a well-known chain of large department store offering various types of products under one roof. The company owns fifty stores in various parts of the country. Each store is placed under the charge of a manager who is allowed to run their stores autonomously by deciding about the products which may be promoted, appointment of staff, ways to handle customer complaints, etc. As these managers have a deeper knowledge of the local situations, it enables them to take these decisions effectively keeping in view the local circumstances and consumer needs. This approach helps to improve customer service and at the same time serves to boost morale and increase the job satisfaction of the store managers as it empowers them to innovate and use their initiatives.

In the context of the above paragraph:

(i) Identify and explain the approach followed by Home Creations Ltd. to run their stores successfully.

(ii) Also, give any three points highlighting the importance of the approach followed as identified in point (i) of the question.

OR

Jojo and Jojo is a company known for its consumer business of baby oil and bandages, but many people do not know that the company also runs a medical device and diagnostics business, as well as a pharmaceutical company. With more than 1,80,000 employees worldwide the company has chosen to share decision-making authority with lower levels and place it nearest to the point of action. Therefore, the response does not take time. This propagates the belief that people are competent, capable and resourceful who can get a chance to prove their abilities. And enables the company in identifying those executives who have the necessary potential to become dynamic leaders, so that the checking required on decisions taken by lower levels of management is the least. This makes it possible to evaluate performance at each level and each department can be individually held accountable for their results.

By quoting the lines given above, identify and briefly explain the benefits of the concept discussed above. *(CBSE SQP 2022-23)*

Ans. **(i) Decentralisation:** Decentralisation explains the manner in which decision-making responsibilities are divided among hierarchical level.

According to **Louis Allen**, Decentralisation refers to systematic effort to delegate to the lowest level all authority except that which can be exercised at central points.'

(ii) Importance of Decentralisation: These are as follows:

(a) Develops Initiative among Subordinates: Decentralisation helps to promote self-reliance and confidence amongst the subordinates. This is because when lower managerial levels are given freedom to take their own decisions they learn to depend on their own judgement.

(b) Develops Managerial Talent for the Future: Decentralisation gives subordinates, a chance to prove their abilities and creates reservoir of qualified manpower, who can be considered to fill up more challenging positions through promotions.

(c) Quick Decision-making: In a decentralised organisation, however, since decisions are taken at levels which are nearest to the points of action and there is no requirement for approval from many levels, the process is much Faster.

Q 15. Give the meaning of essential elements of delegation.

Ans. Elements of delegation are:

(i) Authority: It refers to the right of an individual to command his subordinates and to take action within the scope of his position. Authority also refers to the right to take decisions inherent in a managerial position to tell people what to do and expect them to do it.

It determines the superior-subordinate relationship wherein the superior communicates his decision to the subordinate, expecting compliance from him and the subordinate executes the decision as per the guidelines of the superior. Authority flows from top to bottom.

(ii) Responsibility: It is the obligation of a subordinate to properly perform the assigned duty. It arises from a superior-subordinate relationship because the subordinate is bound to perform the duty assigned to him by his superior. Responsibility flows upwards *i.e.,* a subordinate will always be responsible to his superior.

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 and if responsibility assigned is more than authority, it may make the subordinate ineffective.

(iii) Accountability: It implies being answerable for the final outcome. Once authority has been delegated and responsibility accepted, one cannot deny accountability.

It cannot be delegated and flows upwards, *i.e.,* a subordinate will be accountable to a superior for satisfactory performance of work. It indicates that the manager has to ensure the proper discharge of duties by his subordinates.

Q 16. Company X Limited manufacturing cosmetics, which has enjoyed a prominent position in business, has grown in size. Its business was very good till 1991. But after that, new liberalised environment has seen entry of many MNC's in the sector. With the result, the market share of X Limited has declined. The company had followed a very centralised business model, with Directors and divisional heads making even minor decisions. Before 1991, this business model had served the company very well as consumers had no choice.

But now the company is under pressure to reform.

(i) What organisation structure changes should the company bring about in order to retain its market share?

(ii) How will the changes suggested by you help the firm? Keep in mind that the sector in which the company is FMCG.

Ans. **(i)** The company should shift from 'centralised' to 'decentralised structure' in order to retain its market share. It would ensure quick decision-making, motivates the subordinates and ensures effective communication.

(ii) Even in Fast Moving Consumer Good (FMCG) industry, there is need for decentralisation. By using decentralisation, company will get number of benefits:

(a) **Develops Initiative among Subordinates:** Decentralisation helps to promote self-reliance and confidence amongst the subordinates. This is because when lower managerial levels are given freedom to take their own decisions they learn to depend on their own judgement.

(b) **Develops Managerial Talent for the Future:** Decentralisation gives subordinates, a chance to prove their abilities and creates reservoir of qualified manpower, who can be considered to fill up more challenging positions through promotions.

(c) **Quick Decision-making:** In a decentralised organisation, however, since decisions are taken at levels which are nearest to the points of action and there is no requirement for approval from many levels, the process is much faster.

(d) **Facilitates Growth:** Decentralisation awards greater autonomy to the lower levels of management as well as divisional or departmental heads. This allows them to function in a manner best suited to their departments and fosters a sense of competitions amongst the departments. When each department is doing to their best, the level of production increase and organisation is able to generate more return which can be used for expansion purposes.

(e) **Better Control:** Decentralisation makes it possible to evaluate performance at each level and the departments can be individually held accountable for their results. With decentralisation, better control can be exercised through scorecard, management information system, etc.

Chapter Test

Multiple Choice Questions

Q 1. Which of the following importance of organising reduces the workload as well as enhance productivity?
a. Clarity in working relationships
b. Benefits of specialisation
c. Adaptation to change
d. Effective administration

Q 2. .... cannot be delegated.
a. Authority
b. Responsibility
c. Accountability
d. All of these

Q 3. Grouping of activities on the basis of functions is a part of:
a. decentralised organisation
b. divisional organisation
c. functional organisation
d. centralised organisation

Q 4. Statement I: Organising ensures the optimum use of human, financial and material resources.

Statement II: Work is assigned as per ability and proper assignment of jobs avoids overlapping of work and helps in preventing confusion and minimising the wastage of resources and efforts.

Choose the correct option from the options given below:
a. Statement I is true and II is false.
b. Statement II is true and I is false.
c. Both the statements are true.
d. Both the statements are false.

Assertion and Reason Type Questions

Directions (Q. Nos. 5-6): *There are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the appropriate option from the options given below:*
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
b. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true, but Reason (R) is false.
d. Assertion (A) is false, but Reason (R) is true.

Q 5. **Assertion (A):** People working in the same department can work in good coordination.
Reason (R): Organising promotes effective control and coordination within a department due to similarity of task performed.

Q 6. **Assertion (A):** The sales department is insisting on a customer friendly design may cause difficulties in production.
Reason (R): In divisional structure, conflicts may arise among different divisions with reference to allocation of funds.

Case Study Based Questions

Q 7. Read the extract given below and answer the questions on the basis of the same:

Seema is working as a General Manager in Mannat Creations. Mannat Creations is a FMCG company having non-similar products. She is a tough task master and expects strict compliance

to the organisational rules and procedures from her subordinates. She believes in promoting self-reliance and confidence amongst her subordinates.

The company has recently opened its new branch in U.S.A. The business environment is going to be quite different but as a General Manager, she is confident that the company will be able to modify its present structure and a revision of inter-relationship amongst managerial levels will pave the way for a smooth transition.

(i) What type of organisational structure is discussed in this case study?
   a. Functional   b. Divisional
   c. Formal   d. Informal

(ii) Which concept of authority responsibility has been discussed in the above paragraph?
   a. Delegation   b. Decentralisation
   c. Scalar Chain   d. Gang Plank

Q 8 . Read the following case and answer the questions on the basis of the same:

SPARK Ltd. decided to setup its steel manufacturing factory in the backward area of Odisha where very less job opportunities were available. People of that area welcomed this effort of SPARK Ltd. To attract people to work in its factory, it also decided to provide many other facilities like school, hospital, market, etc., in the factory premises.

SPARK Ltd. started earning huge profits. Another competing company asked its production manager Aman to investigate the reasons of earning huge profits by SPARK Ltd.

Aman found that in both the companies, there was systematic coordination among the various activities to achieve organisational goals.

Every employee knew who was responsible and accountable to whom.

The only difference was that in his organisation, communication took place only through the scalar chain, whereas SPARK Ltd. was allowing

flow of communication in all the directions as per the requirement, which lead to faster spread of information as well as quick feedback.

(i) Identify the type of organisation which permits SPARK Ltd. the flow of communication in all the directions.

(ii) State another advantage of the type of organisation identified in above paragraph.

Very Short Answer Type Questions

Q 9. Which term is used for downward transfer of authority from a superior to subordinate?

Q 10. A Ltd. manufactures chemicals and textiles. What type of organisational structure would suit the requirement of such an organisation?

Q 11. Name the organisational structure which helps in increasing managerial and operational efficiency.

Short Answer Type-I Questions

Q 12. "Organisation is the harmonious adjustment of specialised parts for the accomplishment of some common purpose or purposes." In the light of this statement, explain any three points of organising.

Q 13. State any three points which highlight the importance of delegation in an organisation.

Short Answer Type-II Questions

Q 14. "Delegation is not a process of abdication." Comment.

Q 15. Discuss the elements of delegation of authority.

Long Answer Type Questions

Q 16. What are the steps in the process of organising?

Q 17. Why delegation is considered essential for effective organising?

Q 18. How is a functional structure different from a divisional structure?

Q 19. What is meant by formal organisation? State any two advantages and two limitations of formal organisation.