

Chapter 5

Organising

1 MARK QUESTIONS

- Q.1** Name the organization which is directed by group norms.
- Q.2** Difficulty in inter-departmental coordination is one of the limitations of which organizational structure.
- Q.3** What is meant by Authority?
- Q.4** What is the basis of delegation of authority?
- Q.5** How effective management is possible through delegation of authority?
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3-6 MARKS QUESTIONS

- Q1.** A manager increased the production target from 500 units to 700 units per month but the authority to draw raw material was not given by him. The employees were not able to meet the new target. Who should be held responsible for this and which principle has been violated here? Explain. (4)
- Q2.** A company consists of production, purchase, marketing, finance and human resource department. Which type of organization structure is it using. Also explain its merits and demerits (4)
- Q3.** Ishita Ltd. is manufacturing female wears only. Now company wants to expand its business and also wants to manufacture male wear and kids wear for different market segments. Which type of organizational structure should it adopt to achieve its target. Give arguments in support of your answer? (3)
- Q4.** Manager of XYZ Ltd. is over burdened with routine work and is unable to concentrate on its objectives and other important issues of the firm. To solve this problem which



management concept should be followed by manager? Also explain the related function. (3)

Q5. Piyush and Tanishq want to start a business which will not only produce electrical equipments but will also manufacture home assessories. Which type of organization structure is required for the firm and why? (any two reasons) Also explain its 3 limitations. (1+2+3)

Q6. “A Manager cannot perform all the functions on his own so he has to delegate some work to his subordinates”. Do you agree with this statement? Give any 3 reasons? (3)

Q7. “If we delegate work we multiply it by 2 but if we decentralize it we multiply it by many”. Name the concepts mentioned above and differentiate between them? (5)

Q8. A manager thinks that he is not responsible for the quality of work he has delegated to this subordinates. Do you agree with his view? Explain? (4)

Q9. “The responsibilities of a firm should be divided among various levels such as top level, middle level, and lower level”. Identify the function of management function and state its importance? (4)

Q10. Royal Ltd. decided that whenever a person reaches a particular age he will be promoted. Influenced by this plan of the company several employees of from other companies also joined the firm. But within few days they realized that the firm has pre-determined relation structure without free communication. On the basis of this answer the following questions.

(i) Identify the type of plan. (1)

(ii) Identify the type of organization described here. (1)

(iii) Point out any 2 limitations of this type of organization.(2)

Q11. The Employees of Z Ltd., a trading Company, have formed a Dramatic group for their recreation. Name the type of organization so formed and state its three advantages. (3)



Important Questions Part-1

1).Name the organization which is deliberately created? (1)

A: Formal Organisation

2).Enumerate the steps in the process of organizing? (3)

Ans: 1) Identification and division of work

2) Grouping Jobs and Departmentalization

3) Assignment of duties

4) Establishing authority relationship

3).Organizing helps in optimum utilization of resources. Which type of resources does it refer? (1)

Ans: All material, financial and human resources.

4).Give any one importance of organizing?(1)

Ans: Development of personnel.

5).Divisional structure is more suitable for the firms having several products and each product has distinct features. Do you agree? (1)

Ans: Yes, I do agree.

6).Distinguish between functional structure and divisional structure. (4M)

Basis	Functional Structure	Divisional Structure.



Formation	It is based on functions	It is based on product lines
Specialisation	Functional Specialisation	Product Specialisation
Responsibility	Difficult to fix on a departments	Easy to fix responsibility
Cost	Economical	Costly
Co ordination	Difficult for multi product company	Easy, because all functions related to a particular product are integrated in one department.
Managerial Development	Difficult, as each functional manager has to report to the top management	Easier, autonomy as well as the chance to perform multiple functions helps in managerial development.

7).What are the advantages and disadvantages of divisional structure? (5/6)

Ans: Advantages:

- 1).All activities associated with one product. It can be easily integrated.
- 2).Decision making is faster.
- 3).Performance can be easily assessed remedial action can be taken
- 4). It facilitates expansion and growth as new divisions can be added.

Disadvantages:

- 1).This gives rise to duplication of effort among its divisions.
- 2).Manages in each department focus on their own product without thinking the rest of the organization.
- 3).There may not be full utilization of different equipment's
- 4).Conflict may arise among different division.

8) Name the type of organization in which: (1)

Ans. Friendly relationship exists among the members.



b. Official relationship exists among the members.

A: a) Informal Organisation b) Formal Organisation.

9).Distinguish between formal and informal organizations on the basis of(5/6)

a) Formation b. Purpose c. structure d. Behavior of members e. stability and f. adherence to rules.

Ans:

Basis	Functional Structure	Divisional Structure.
Formation	Deliberately Planned	Emerges Spontaneously among people
Purpose	To achieve organizational goals	To satisfy social and cultural needs
Structure	Well defined structure	Does not have a clear-cut
		Structure
Behavior of members	Standards of behavior	Mutual consent among members
Stability	It is stable	Neither stable nor predictable.
Adherence to rules	Violation of rules may lead to penalties	No such punishment.

10). Which term denotes “The number of subordinates that can be effectively managed by a superior? (1M)

Ans: Span of control.

11) What are the elements of delegation of authority? (1)

Ans: Responsibility, Authority, Accountability.

12) Distinguish between authority and responsibility on the basis of:(3)

Ans. Direction of flow b. Delegation c. Origin

Basis	Authority	Responsibility
Direction of flow	Authority flows downwards	Responsibility flows upwards

Delegation	Authority can be delegated	Responsibility is absolute and cannot be delegated.
Origin	Arises from law	Arises from authority.

13) “A manager is of the view that he is not responsible for the quality of work that he has delegated to his subordinate”. Do you agree with his view points? Justify your answer by giving arguments. (4)

Ans: No I do not agree with managers view point.

The reasons are as follows:

- i) Principle of delegation by results expected.
- ii) Principle of parity of authority and responsibility
- iii) Principle of absolute responsibility.
- iv) Authority level principle

14) Scope of decentralization of authority is wider than delegation. Why? (1)

Ans: Decentralization implies extension of delegation to the lowest level of management.

15) Distinguish between ‘delegation’ and ‘decentralization’ of authority on the basis of i) purpose ii) parties involved and iii) withdrawal of authority.(3)

Ans:

Basis	Delegation	Decentralization
Purpose	It means getting things done through subordinates	To prepare the organization for handling major expansion of its activities
Parties involved	It is confined with manager and his immediate subordinate	It indicates relationship between top management and various other departments
Withdrawal of authority	The delegated authority can be withdrawn by the delegator	Withdrawal of authority is difficult

QUESTIONS WITH DIFFERENT DIFFICULTY LEVELS

1. Name of the function of management which co-ordinates the physical, financial and human resources and establishes productive relations among them for achievement of specific goals. (1)

Ans: Organising

2. Name and explain the two steps in the process of organizing which come after 'Identification and division of work' and 'Departmentalization'. (3)

Ans: Identification and division of work: Dividing the total work into jobs is necessary because the entire work cannot be done by individual (ii) departmentalization: In this step combine or group similar jobs into larger units called departments.

3. Organising leads to a systematic allocation of jobs amongst the workforce. Which importance of organizing is stated here? (1)

Ans: Benefits of specialization .

4. Organising clarifies lines of communication and specifies who is to report to whom. Mention the importance of organizing indicated here. (1)

Ans: Clarity in working relationships.

5. Aman Ltd. is manufacturing toys and has production, sales, Purchase and Finance Departments. Which type of organization structure would you suggest to them? State any three advantages of this organization structure.(3)

Ans: I would suggest functional structure for Aman Limited.

Advantages of this structure:

- i. Supervision is facilitated.
- ii. Coordination within the department is easier.

6. Hindustan Ltd. , is manufacturing computers, soaps and textiles. Which type of organizational structure would suit the requirements of such organization? State any three advantages of this organization structure.(4)

Ans: Divisional structure would suit the requirements of Hindustan limited.



Advantages:

- i. All activities associated with one product can be easily integrated.
- ii. Decision making is faster and effective.
- iii. Performance of individual product can be easily assessed.

7. It is a network of personal and social relations not established or required by the formal organization but arising spontaneously as people associate with one another.

Name this organization and give its three advantages. (4)

Ans: Informal organization:

Advantages:

1. It brings feeling of belongingness.
2. Informal organization satisfies social and cultural needs.
3. It provides useful channel of communication.

8. It merely means the granting of authority to subordinates to operate within prescribe limits. Mention the concept referred here. (1)

Ans: Delegation of Authority

9. Delegation provides a ready workforce to take up leading positions in new ventures.

Which importance of delegation is stated here?(1)

Ans: Facilitation of growth

10. "Authority can be delegated but accountability cannot." Explain the statement.(3)

Ans: According to the principle of absolute responsibility, authority can be delegated but responsibility cannot be delegated by a manager. The manager remains responsible to his own superior for the task which he may assign to his subordinates. Every superior is responsible for the acts of this subordinates to whom he delegates authority for any work.

11. The Marketing Manager of an organization has been asked to achieve a target sales of 100 generators per day. He delegates the task to 10 sales managers working under him. Two of them could not achieve their respective targets. Is the marketing manager responsible? Briefly explain the relevant principle in support of your answer.(4)

Ans: Yes, Marketing manager is responsible for the non-achievement of the target sales to his superior.



The principle related to this statement is absolute responsibility. It states that authority can be delegated but responsibility cannot be delegated by manager. The manager remains responsible and accountable to his own superior for the task which he may have assigned to his subordinate.

12. It refers to the systematic delegation of authority from top management to the lower level managers. Mention it.(1)

Ans: Decentralization of authority.

13. If we delegate the authority we multiply it by two, If we decentralize it, we multiply it by money. (3)

Ans: Scope of delegation of authority is limited. It is clear that if we delegate the authority we multiply it by 2 that is delegator and his subordinate to whom authority is delegated. Scope of decentralization of authority is wider than delegation. It involves many people from top level to bottom lower level of authority.



Important Questions Part-2

1. Name the network of social relationship that arises spontaneously due to interaction at work.

Ans: Informal organization

2. What is the type of organization where the decision making authority lies with the top management.

Ans: Centralization

3. What is span of management?

Ans: Number of subordinates that can be managed efficiently by superior.

4. What is the form of organization known for giving rise to rumors?

Ans: Informal.

5. A company has its registered office in Delhi, manufacturing unit at Gurgaon & marketing & sales department at Faridabad. The company manufactures the consumer products. Which type of organization structure should it adopt to achieve its targets.

Ans: Functional organization structure.

6. Name the function of management that initiates implementation plans by clarifying jobs & working relationships.

Ans: Organising.

7. In an electrical goods manufacturing company, there are 4 main activities marketing, production ,finance & personnel. The general manager is planning to structure the organization. Which type of organization structure should be adopt and why? Give two reasons.

Ans: In the given situation the general manager should go for functional organization



structure. The reason for suggesting such an organization structure are:

- a) The firm is clearing in electrical goods which requires services of the professionally trained experts, and
- b) All the activities of similar nature will be placed under one coordinating head, this will facilitate specialization as well as standardization.

8. “If we delegate authority, we multiply it by two: If we decentralize it, we multiply it by many. Name the two concepts to which this statement is related?

Ans: a) Delegation of authority b) Decentralization.

9. “A Manager is of the view that he is not responsible for the quality of work that he has delegated to his subordinate.” Do you agree with his view point? Justify your answer by giving proper arguments.

Ans: Hint: Statement is incorrect as the principle of absoluteness of responsibility is violated.

10. A Manager revises the production target from 3000 kg per month to 6000 kg per month. But the authority to purchase raw material was not given by the manager. Therefore, revised production target could not be achieved. Who is responsible?

Ans: Hint: The Manager is responsible because responsibility has been created without granting authority. It violates the principle of parity of authority and responsibility.

11. Kavita runs a factory manufacturing ready made clothes. The business has been doing well and she intends to expand the business by diversifying the business into ladies footwear's, thereby keeping her company growing. Which type of structure would you recommend her for expanding organization? Give two reasons in support of your answer.

Ans: She should adopt 'Divisional organizational structure' for expanding her business because of the following reasons:

- i) Product specialization enhances various skills in a divisional head .
- ii) Easy to fix responsibility and hold divisions accountable for their results

12) the marketing manager of abha ltd an organization manufacturing motor cycles is



asked to achieve a target sale of 200 motor cycles per day . he delegates the task to 20 sales managers working under him. Five of the sales managers could not achieve their respective targets. Is the marketing manager responsible? Explain in brief the relevant principal in support of your answer.

Ans) yes the marketing manager is responsible for it.

Here the principal of absoluteness of responsibility will apply.

