

**QUESTION AND ANSWER-- Chapter -5(Total marks  
allotted=1+2+8=11+practical)**

**Organising**

**SECTION-A**

**1.Which management function translates the plans into action?**

Ans:- **Organising** function translates the plans into action.

**2.What is Organisation Structure?**

Ans:- Organisation structure is the outcome of the organising process.

**3.Which type of organisation structure is suitable for enterprises having large variety of products?**

Ans:- **Divisional Structure** structure is suitable for enterprises having large variety of products

**4.What is Delegation?**

Ans:- Delegation refers to the downward transfer of authority from a superior to a subordinate.

**5.What is Authority?**

Ans:- Authority refers to the right of an individual to command his subordinates and to take action within the scope of his position.

**6.What is Responsibility?**

Ans:- Responsibility is the obligation of a subordinate to properly perform the assigned duty.

**7.Can Accountability be delegated?**

Ans:-No. It Cannot be delegated at all.

**8.When can one say that an organisation is centralized?**

Ans:- An organisation is centralised when decision-making authority is retained by higher management levels.

**9.What is Decentralisation?**

Ans:- Those organisations in which such authority is shared with lower levels are called Decentralisation.

**10.Which of the following is not an element of delegation?**

(a) Accountability (b) Authority (c) Responsibility (d) Informal organisation

Ans:- **(d) Informal organisation**

**11.A network of social relationship that arise spontaneously due to interaction at work is called**

(a) Formal Organisation (b) Informal Organization  
(c) Decentralisation (d) Delegation

Ans:- **(b) Informal Organization**

**12. Which of the following does not follow the scalar chain?**

- (a) Functional Structure (b) Divisional Structure
- (c) Formal Organisation (d) Informal Organization

Ans:- **(d) Informal Organization**

**13. For delegation to be effective, it is essential that responsibility be accompanied with necessary**

- (a) Accountability (b) Authority (c) Responsibility (d) Informal Organization

Ans:- **(b) Authority**

**14. Span of management refers to**

- (a) Number of managers (b) Length of term for which a manager appointed
- (c) Number of subordinates under a superior (d) Number of members in top management

Ans:- **(c) Number of subordinates under a superior**

**15. Grouping of activities on the basis of functions is a part of**

- (a) Decentralized organization (b) Divisional organisation
- (c) Functional organisation (d) Centralised organisation

Ans:- **(c) Functional organisation**

## **SECTION-B**

**1. Define Organizing.**

Ans:- According to **Theo Haimman** "Organising is the process of defining and grouping the activities of the enterprise and establishing authority relationships among them."

**2. Give the meaning of Organizing.**

Ans:- 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).

**3. Write any two differences between Functional and Divisional Structures.**

Ans:- Two differences between Functional and Divisional Structures are as follows:-

<b>Basis</b>	<b>Functional Structure</b>	<b>Divisional Structure</b>
<b>Formation</b>	Formation is based on functions	Formation is based on product lines and is supported by functions.
<b>Specialisation</b>	Functional specialisation.	Product specialisation.

**4. Give the meaning of Formal Organisation.**

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

## 5. Compare and contrast Authority and Accountability (any two).

Ans:-

Basis	Authority	Accountability
Meaning	Right to command.	Answerability for outcome of the assigned task.
Delegation	Can be delegated.	Cannot be delegated at all.

## 6. State any two differences between Delegation and Decentralisation.

Ans:- Two differences **Delegation and Decentralisation:**

Basis	Delegation	Decentralisation
Nature	Delegation is a compulsory act because no individual can perform all tasks on his own.	Decentralisation is an optional policy decision. It is done at the discretion of the top management.
Freedom of action	More control by superiors hence less freedom to take own decisions.	Less control over executives hence greater freedom of action.

## SECTION-C

### 1. Explain the steps in the process of Organising

Ans:- The following steps emerge in the process of organising:

(i) **Identification and division of work:** The first step in the process of organising involves identifying and dividing the work that has to be done in accordance with previously determined plans. The work is divided into manageable activities so that duplication can be avoided and the burden of work can be shared among the employees.

(ii) **Departmentalisation:** Once work has been divided into small and manageable activities then those activities which are similar in nature are grouped together. Such sets facilitate specialisation. This grouping process is called departmentalisation. Departments can be created using several criteria as a basis

(iii) **Assignment of duties:** It is necessary to define the work of different job positions and accordingly allocate work to various employees. Once departments have been formed, each of them is placed under the charge of an individual. Jobs are then allocated to the members of each department in accordance to their skills and competencies. It is essential for effective performance that a proper match is made between the nature of a job and the ability of an individual. The work must be assigned to those who are best fitted to perform it well.

(iv) **Establishing reporting relationships:** Merely allocating work is not enough. Each individual should also know who he has to take orders from and to whom he is accountable. The establishment of such clear relationships helps to create a hierarchal structure and helps in coordination amongst various departments.

## **2.State any two advantages and two disadvantages of Functional Structure.**

Ans:-Two **advantages** of Functional Structure are as follows:-

- (a) It promotes control and coordination within a department because of similarity in the tasks being performed.
- (b) It helps in increasing managerial and operational efficiency and this results in increased profit.

Two **disadvantages** of Functional Structure are as follows:-

- (a) A functional structure places less emphasis on overall enterprise objectives than the objectives pursued by a functional head. Such practices may lead to functional empires wherein the importance of a particular function may be overemphasised. Pursuing departmental interests at the cost of organisational interests can also hinder the interaction between two or more departments.
- (b) It may lead to problems in coordination as information has to be exchanged across functionally differentiated departments.

## **3.Write any two advantages and two disadvantages of Divisional Structure.**

Ans:- Two **advantages** of Divisional Structure are as follows:-

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

Two **disadvantages** of Divisional Structure are as follows:-

- (a) Conflict may arise among different divisions with reference to allocation of funds and further a particular division may seek to maximise its profits at the cost of other divisions.
- (b) It may lead to increase in costs since there may be a duplication of activities across products. Providing each division with separate set of similar functions increases expenditure.

## **4.State any four features of Formal Organisation.**

Ans:- **Features of Formal Organisation**

- (a) It specifies the relationships among various job positions and the nature of their interrelationship. This clarifies who has to report to whom.
- (b) It is a means to achieve the objectives specified in the plans, as it lays down rules and procedures essential for their achievement.
- (c) Efforts of various departments are coordinated, interlinked and integrated through the formal organisation.
- (d) It is deliberately designed by the top management to facilitate the smooth functioning of the organisation.
- (e) It places more emphasis on work to be performed than interpersonal relationships among the employees. **(write any four)**

## 5. Mention any four features of Informal Organisation.

Ans:- **Features Informal organisation**

- (a) An informal organisation originates from within the formal organisation as a result of personal interaction among employees.
- (b) The standards of behaviour evolve from group norms rather than officially laid down rules and regulations.
- (c) Independent channels of communication without specified direction of flow of information are developed by group members.
- (d) It emerges spontaneously and is not deliberately created by the management.
- (e) It has no definite structure or form because it is a complex network of social relationships among members. **(write any four)**

## 6. State any two advantages and disadvantages of Informal Organisation.

Ans:- Two **advantages** of Informal Organisation are as follows:-

- (a) Prescribed lines of communication are not followed. Thus, the informal organisation leads to faster spread of information as well as quick feedback.
- (b) It helps to fulfil the social needs of the members and allows them to find likeminded people. This enhances their job satisfaction since it gives them a sense of belongingness in the organisation.

Two **disadvantages** of Informal Organisation are as follows:-

- (a) When an informal organisation spreads rumours, it becomes a destructive force and goes against the interest of the formal organisation.
- (b) The management may not be successful in implementing changes if the informal organisation opposes them. Such resistance to change may delay or restrict growth.

## 7. Distinguish between Formal and Informal Organisation by taking any four bases.

Ans:- Differences between Formal and Informal Organisation

Basis	Formal organisation	Informal organisation
<b>Meaning</b>	Structure of authority relationships created by the management	Network of social relationships arising out of interaction among employees
<b>Origin</b>	Arises as a result of company rules and policies	Arises as a result of social interaction
<b>Authority</b>	Arises by virtue of position in management	Arises out of personal qualities
<b>Behavior</b>	It is directed by rules	There is no set behaviour pattern

## 8. Explain briefly the elements of Delegation.

Ans:- The following essential elements of delegation:

- (i) **Authority:** Authority refers to the right of an individual to command his subordinates and to take action within the scope of his position. The concept of authority arises from the established scalar chain which links the various job positions and levels of an organisation. 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. In the formal organisation authority originates by virtue of an individual's position and the extent of authority is highest at the top management levels and reduces

successively as we go down the corporate ladder. Thus, authority flows from top to bottom, i.e., the superior has authority over the subordinate.

**(ii) Responsibility:** Responsibility 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. Thus, responsibility flows upwards i.e., a subordinate will always be responsible to his superior. An important consideration to be kept in view with respect to both authority and responsibility is that when an employee is given responsibility for a job he must also be given the degree of authority necessary to carry it out.

**(iii) Accountability:** Delegation of authority, undoubtedly empowers an employee to act for his superior but the superior would still be accountable for the outcome: Accountability 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. It is generally enforced through regular feedback on the extent of work accomplished. The subordinate will be expected to explain the consequences of his actions or omissions.

**In conclusion**, it can be stated that while authority is delegated, responsibility is assumed, accountability is imposed. Responsibility is derived from authority and accountability is derived from responsibility. The Table in the previous page provides a summarised view of the elements of delegation.

### **9.Explain the importance of Delegation (any four points).**

Ans:- Effective delegation leads to the following benefits:

**(i)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

**(ii) Employee development:** As a result of delegation, employees get more opportunities to utilise their talent and this may give rise to latent abilities in them. It allows them 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. Delegation empowers the employees by providing them with the chance to use their skills, gain experience and develop themselves for higher positions.

**(iii) 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 the subordinate. Responsibility for work builds the self-esteem of an employee and improves his confidence. He feels encouraged and tries to improve his performance further.

**(iv) 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.

## SECTION-D

### 1.Explain the importance of Organizing.(1 for introduction + 7)

**Ans:-** The management function of organising ensures that efforts are directed towards the attainment of goals laid down in the planning function in such a manner that resources are used optimally and people are able to work collectively and effectively for a common purpose.

The following points highlight the crucial role that organising plays in any business enterprise:

- (i) **Benefits of specialisation:** Organising leads to a systematic allocation of jobs amongst the work force. This reduces the workload as well as enhances productivity because of the specific workers performing a specific job on a regular basis. Repetitive performance of a particular task allows a worker to gain experience in that area and leads to specialisation.
- (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) **Optimum utilization of resources:** Organising leads to the proper usage of all material, financial and human resources. The proper assignment of jobs avoids overlapping of work and also makes possible the best use of resources. Avoidance of duplication of work helps in preventing confusion and minimising the wastage of resources and efforts.
- (iv) **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.
- (v) **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.
- (vi) **Development of personnel:** Organising stimulates creativity amongst the managers. Effective delegation allows the managers to reduce their workload by assigning routine jobs to their subordinates. The reduction in workload by delegation is not just necessary because of limited capacity of an individual but also allows the manager to develop new methods and ways of performing tasks. It gives them the time to explore areas for growth and the opportunity to innovate thereby strengthening the company's competitive position.
- (vii) **Expansion and growth:** Organising helps in the growth and diversification of an enterprise by enabling it to deviate from existing norms and taking up new challenges. It allows a business enterprise to add more job positions, departments and even diversify their product lines. New geographical territories can be added to current areas of operation and this will help to increase customer base, sales and profit.

## 2.State the advantages and disadvantages of Formal Organization.

Ans:- **Advantages of** Formal organisation are as follows:-

- (a) It is easier to fix responsibility since mutual relationships are clearly defined.
- (b) There is no ambiguity in the role that each member has to play as duties are specified. This also helps in avoiding duplication of effort.
- (c) Unity of command is maintained through an established chain of command.
- (d) It leads to effective accomplishment of goals by providing a framework for the operations to be performed and ensuring that each employee knows the role he has to play.
- (e) It provides stability to the organisation. This is because behaviour of employees can be fairly predicted since there are specific rules to guide them.

**Disadvantages** of Formal Organization are as follows:-

- (a) The formal communication may lead to procedural delays as the established chain of command has to be followed which increases the time taken for decision making.
- (b) Poor organisation practices may not provide adequate recognition to creative talent, since it does not allow any deviations from rigidly laid down policies.
- (c) It is difficult to understand all human relationships in an enterprise as it places more emphasis on structure and work. Hence, the formal organisation does not provide a complete picture of how an organisation works.

## 3.What is Decentralization? Explain its importance. (2+6)

Ans:- An organisation is centralised when decision-making authority is retained by higher management levels. Decision making authority is shared with lower levels and is consequently placed nearest to the points of action.

### Importance of Decentralisation

(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 judgment. It also keeps them in a state wherein they are constantly challenged and have to develop solutions for the various problems they encounter

(ii) **Develops managerial talent for the future:** Formal training plays an important part in equipping subordinates with skills that help them rise in the organisation but equally important is the experience gained by handling assignments independently. Decentralisation gives them 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

(iii) **Quick decision making:** The management hierarchy can be looked upon as a chain of communication. In centralised organisation because every decision is taken by the top management the flow of information is slow as it has to traverse many levels. Response also takes time. This reduces the speed of decision making and makes it difficult for an enterprise to adapt to dynamic operating conditions.

(iv) **Relief to top management:** Decentralisation diminishes the amount of direct supervision exercised by a superior over the activities of a subordinate because they are given the freedom to act and decide albeit within the limits set by the superior. Also, personal supervision is generally replaced by other forms of control such as return on investment etc. Decentralisation also leaves the top management with more time which they can devote to important policy decisions rather than occupying their time with both policy as well as operational decisions.

(v) **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 department and fosters a sense of competition amongst

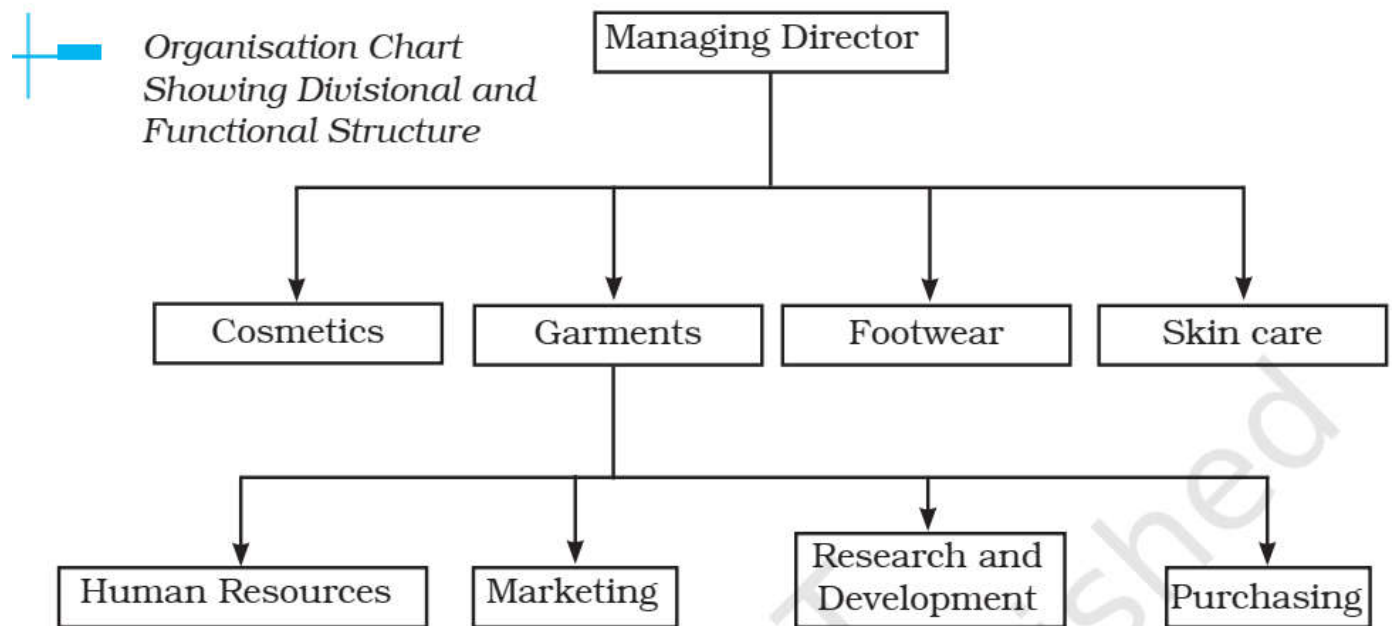


the departments. Consequently, with each department doing its best in a bid to outdo the other, the productivity levels increase and the organisation is able to generate more returns which can be used for expansion purposes.

**(vi) 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.

## SECTION-E

### 1. Draw the Organization Chart showing Divisional and Functional Structure.



Prepared by  
**ARUNA KUMAR**  
PRINCIPAL  
GOVT INDEPENDENT GIRLS P U COLLEGE, SAGAR  
whatsapp no 8722242205/9448628462/arunrpet@gmail.com