
CBSE Test Paper - 01
Chapter - 5 Organising

1. Which of the following arises from delegation of authority? **(1)**
 - a. None of these
 - b. Accountability
 - c. Responsibility
 - d. Authority
2. Which of the following arises from the responsibility? **(1)**
 - a. Responsibility
 - b. None of these
 - c. Accountability
 - d. Authority
3. Formal organisation is directed by _____ **(1)**
 - a. Policies
 - b. Rules
 - c. Human Behaviour
 - d. None of these
4. _____ cannot be entirely delegated **(1)**
 - a. Authority
 - b. None of these
 - c. Accountability
 - d. Responsibility
5. Define 'organising' as a function of management. **(1)**
6. Scope of decentralisation of authority is wider than delegation. Why? **(1)**
7. On the basis of flow of communication, differentiate between formal and informal organisation. **(1)**
8. Give the meaning of 'responsibility' as an element of delegation. **(1)**

-
9. **Home Creations 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, the 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 consumers' 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.
- Identify and explain the policy followed by 'Home Creations Ltd.' to run their stores successfully.
 - Also, give any three points highlighting the importance of the approach followed as identified in part (a) of the question. **(3)**
10. In the context of the above case:
11. What does the term 'Span of management' refer to? **(3)**
12. Describe the features of formal organisation? **(4)**
13. Explain the statement. “Delegation of authority helps in reducing the workload of managers”. **(4)**
14. What is meant by divisional structure of organisation? State its advantages. **(5)**
15. A company has its registered office in Delhi, manufacturing unit at Gurgaon and marketing and sales department at Faridabad. The company manufactures the consumer products. Which type of organisational structure should it adopt to achieve its target? **(5)**
16. What is Organizational Structure? Distinguish between Functional and Divisional structure on the following bases: (i) Formation (ii) Managerial development (iii) Responsibility (iv) Suitability. **(6)**

CBSE Test Paper - 01
Chapter - 5 Organising

Answer

1. c. Responsibility

Explanation: Delegation begins with sharing of responsibilities with the subordinates. Superior deliberately passes some of his responsibilities to his subordinates. After passing responsibilities the superior shares his authorities.

2. c. Accountability

Explanation: Accountability is the obligation to complete the job or to meet the responsibility. It arises from responsibility.

3. b. Rules

Explanation: It is formed deliberately in a planned manner. It is well defined organisational structure and defines superior subordinate relationship. Employees have to follow rules and regulations.

4. d. Responsibility

Explanation: Responsibility flows upward. Subordinates will always be responsible to his superior. Superior can not fully delegate their responsibility.

5. "Organising is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives." It refers to the process of defining and grouping the activities of an enterprise and establishing authority relationship among them.

6. Decentralisation implies extension of delegation to the lowest level of management. Decentralization refers to systematic effort to delegate to the lowest level all authority except that which can be exercised at central points.

7. In formal organisation, flow of communication takes place through the scalar chain whereas under informal communication it can take place in any direction.

8. Responsibility is an attribute of the superior who delegates the work to his

subordinate. A superior can delegate his authority to his subordinate but not the responsibility, The accomplishment or the non-accomplishment of the delegated task is the responsibility of the superior who delegates it to the subordinate.

9. a. The approach followed by 'Home Creations Ltd.' to run their stores successfully is Decentralisation. **Decentralized** decision-making is any process where the decision-making **authority** is distributed throughout a larger group. It also connotes a higher **authority** given to lower level functionaries, executives, and workers. This can be in any organization of any size, from a governmental **authority** to a corporation.
- b. The importance of decentralisation is highlighted through the following points:
 - i. **Develops initiative among subordinates:** Decentralisation helps the managers at the lower levels to take all those decisions, which are for the betterment of organisation, on their own and to develop solutions for solving the various problems they face. This helps in enhancing confidence and self-reliance among the employees.
 - ii. **Develops managerial talent for the future:** Decentralisation provides a chance to the employees to prove their abilities by handling various assignments independently. Such opportunities to take decisions increase their knowledge & experience at all levels. It also provides qualified manpower for fulfilling the top positions through promotions.
 - iii. **Quick decision making:** Decentralization promotes independent and quick decision making by subordinates as they are close to the operations and are in constant touch with all activities of their departments. Approval from various levels being not required, decisions can be taken much faster on their own.
10. Span of management refers to the number of subordinates that can be effectively managed by a superior. It depends on the ability of the superiors, availability of time for supervision, the intelligence of subordinates and nature of work etc. Span of management gives shape to the organizational structure. It also helps an enterprise to adjust itself according to the environment changes. An effective manager is recognized through his span of management. The greater the span, the highly effective the manager.
11. i. **Defined inter-relationship:** It specifies the relationships among various job

positions and the nature of their inter-relationship. This clearly defines superior subordinate relationship.

- ii. **Rules and procedures:** It lays down rules and procedures essential for their achievement and every individual is assigned a fixed authority or decision making power.
- iii. **More Emphasis on Work:** Formal organisational structure lays more emphasis on work than interpersonal relations.
- iv. **Coordination:** Formal organisation coordinates and integrates the efforts of various departments.
- v. **Communication:** Formal organisational structure creates a scalar chain of communication in the organisation.
- vi. **Purpose:** It is created to achieve the organisational goals like productivity, profitability, survival, growth and efficiency. Each individual is assigned a specific job.

12. Delegate authority due to the following reasons:

- **It reduces the workload of managers.** By sharing some of his own work with the subordinates, the manager is able to concentrate on more important jobs. This way he increases his own effectiveness and that of his subordinates. When delegation of authority takes place at all levels of the organisation it leads to proper division of work and assignment to all managers in a systematic manner.
- **It increases morale of the subordinates:** Delegation helps the subordinate to develop their capabilities to handle new and more challenging jobs. This gives him job satisfaction. it increases his morale, self confidence and efficiency to get promotion.
- **It establishes a superior-subordinate relationship.** The flow of authority from top to lower level of management is directed and controlled by the process of delegation. This gives meaning and content to the flow of authority and to managerial jobs.

13. **Divisional structure:** Any organization that divides its employees and other resources into different groups based on regional and product differences, such that

each group is responsible and answerable for its own actions, has a divisional structure. Under the divisional structure, an organization is divided into different divisions or units on the basis of products or geographical area. Each division is a self-contained, semi-autonomous business unit. Each unit has a divisional manager responsible for performance and who has authority over the unit. There are certain matters, which are determined at the apex level only, viz goal determination and policy formation. It is suitable for those enterprises where

- i. A large variety of products are manufactured.
- ii. An organization grows and needs more employees and more departments.
- iii. High degree of Specialization is required.

Advantages of the divisional structure are as follows:

- i. **Accountability:** The divisional organizational structure allows each division of a firm to be accounted for in isolation. It can easily be seen which department is successful in making profits while which are bearing losses. Product specialization helps in the development of varied skills.
- ii. **The team working:** The divisional organizational structure allows people in a single division to interact with each other. The Principle of Unity of Direction, as well as Unity of Command, follows here. When all of them are working towards a single goal, the success of their division, the motivation is higher than ever.
- iii. **Organizational culture:** Organizational culture is the values and the practices that persist in an organization. The divisional structure allows this type of culture to persist in a division.
- iv. **Autonomy in working:** Every division of an organization in itself, is an independent entity and is free to follow practices in its own stride for the achievement of organizational objectives.

14. The company should adopt 'Functional Organisational structure' due to the following reasons:

- i. **Specialization:** As the Organization is divided into various departments on the basis of the functions to be performed like Production, Finance, Personnel, and Marketing, the employees working under these departments attain specialization

in terms of the nature of the job performed.

- ii. **It Promotes Control and Coordination:** Functional structure plays important role in promoting control and coordination within a department because workers perform similar jobs.
- iii. **Increasing managerial efficiency:** Functional structure increases managerial and operational efficiency and thus leads to increase in profits.
- iv. **Reduction in cost:** Functional structure helps in reducing the cost because it ensures that there is no overlapping of activities and minimal duplication of effort.

15. An organizational structure defines how activities such as task allocation, coordination and supervision are directed towards the achievement of organizational aims. It specifies the relationships between people, work and resources. It allows correlation and coordination among human, physical and financial resources and this enables a business enterprise to accomplish desired goals.

Basis	Functional Structure	Divisional Structure
Formation	Formation is based on functions.	Formation is based specialized divisions
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.
Responsibility	Difficult to fix responsibility on a particular department.	Easy to fix responsibility for performance.
Suitability	More suitable for organisations engaged in production and distribution of a single product or a small number of products.	More suitable for the firms having several products and each product ha distinct features.