

**CBSE Test Paper - 05**  
**Chapter - 5 Organising**

---

1. Grouping of activities on the basis of functions is a part of **(1)**
  - a. Decentralised organisation
  - b. Centralised organisation
  - c. Functional organisation
  - d. Divisional organisation
2. Grouping of activities on the basis of product lines is a part of **(1)**
  - a. Functional organisation
  - b. Delegated organisation
  - c. Divisional organisation
  - d. Autonomous organization
3. Under Accountability a person is answerable for the \_\_\_\_\_ **(1)**
  - a. Growth of comapny
  - b. None of these
  - c. Delegation of Authority
  - d. Final outcome of the assigned task
4. It flows downwards, superior to subordinate \_\_ **(1)**
  - a. Accountability
  - b. Responsibility
  - c. Authority
  - d. None of these
5. Sharda Ltd. is pursuing diversified activities which require a high degree of specialisation. Identify the type of structure that should be followed by Sharda Ltd. **(1)**
6. It merely means the granting of authority to subordinates to operate within prescribed limits. Mention the concept referred here. **(1)**

- 
7. Enumerate any two basis of departmentation in an organisation. **(1)**
  8. Identify the type of suitable organization structure for a large scale organization having diversified product line requiring a high degree of specialisation in operations. **(1)**
  9. Explain when and why the need is felt for having a framework, within which managerial and operating tasks are performed to accomplish desired goals. Name this framework also. **(3)**
  10. Draw a diagram depicting a divisional structure. **(3)**
  11. Explain
    - i. Expansion and growth and
    - ii. Optimum utilisation of resources as importance of organising. **(4)**
  12. Differentiate between Authority and Responsibility. **(4)**
  13. Explain when and why the need is felt for having a framework, within which managerial and operating tasks are performed to accomplish desired goals. Name this 'framework' also. **(5)**
  14. The directors of Videocon Limited, an organization manufacturing Refrigerators, have asked their production manager to achieve a target production of 120 Refrigerators per day. The production manager has asked his foreman to achieve this target, but he did not give him the authority for the requisition of tools and materials from the stores department. The foreman could not achieve the desired target. Can the director blame the production manager, and can the production manager blame his foreman for not achieving the target? Explain, in brief, the relevant principles relating to this situation in support of your answer. **(5)**
  15. Delegation of authority is necessary in all types of organizations. Explain any four reasons in support of your answer. **(6)**

---

**CBSE Test Paper - 05**  
**Chapter - 5 Organising**

---

**Answer**

1. c. Functional organisation

**Explanation:**

Functional organisation is formed on the basis of functions or jobs. Example Production deptt includes jobs related to production, the jobs related with marketing to Marketing deptt, the jobs related with finance to Finance deptt. etc.

2. c. Divisional organisation

**Explanation:**

When the size of organisation is large and it deals in more than one type of product. Thus the structure is formed on the basis of product is called divisional structure.

3. d. Final outcome of the assigned task

**Explanation:**

Accountability is the final step of delegation process and arises from responsibility. It means subordinates will be answerable for the non completion of task or final output. It can not be delegated.

4. c. Authority

**Explanation:**

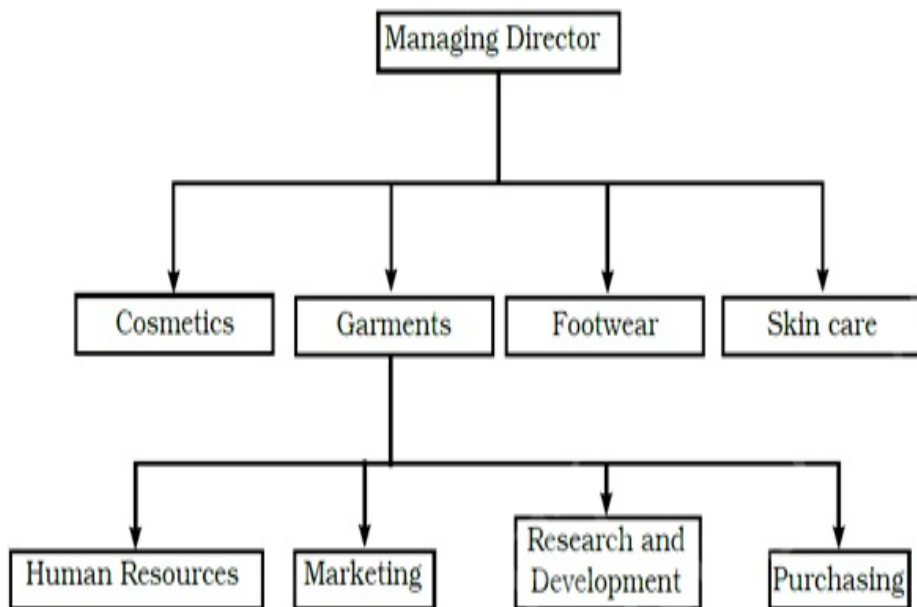
Authority is the power/right to take decision. It arises from formal job positions in the organisation and flows from superior to subordinate.

5. **Functional Structure:** This is the simplest & the most prevalent form of organizational structure. Functional organisational structure refers to the structure in which different departments are created on the basis of major functions performed in the organisation. Each department has a coordinating head and can be further divided into separate sections.
6. Delegation of authority: Delegation of authority can be defined as subdivision and sub-allocation of powers to the subordinates in order to achieve effective results.
7. The departmentalization in an organization can be done on the basis of the following:

- i. Functions (Production, Finance, Marketing, etc)
  - ii. Product Line (appliances, clothes, cosmetics. etc).
8. The organizational structure referred to in the above statement is Functional Organizational Structure
9. The framework highlighted here is an Organizational Structure.

Need of organizational structure is felt in the following cases:

- i. It is required when an organisation grows in size or leads to complexity.
  - ii. It is required when an organisation is new and is required after planning but before staffing.
10. The following diagram shows the divisional structure:



In the above diagram, it

is clearly understood that the company has four divisions on the basis of Cosmetics, Garments, Footwear and Skin Care where each division is headed by their respective managers and each division is further divided into different departments on the basis of the functions performed in the form of Human Resource Management, Marketing, Research and Development and Purchasing.

11. i. **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. When the Management to diversify the product line, the divisional organization structure facilitates such change and thereby makes the expansion and growth possible. In other words, the sound organization helps in taking the various activities under control and increases the capacity of the enterprise to

undertake more activities.

- ii. **Optimum utilisation 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 minimizing the wastage of resources and efforts. When the organising function is performed meticulously it assures the optimum utilization of resources.

12.

| BASIS     | RESPONSIBILITY   | AUTHORITY   |
|-----------|--|---|
| Meaning   | Authority refers to the power or right, attached to a particular job or designation, to give orders, enforce rules, make decisions and exact compliance. | Responsibility denotes duty or obligation to undertake or accomplish a task successfully, assigned by the senior or established by one's own commitment or circumstances. |
| Objective | To make decisions and implement it.  | To make decisions and implement it.   |
| Requires  | Ability to follow orders.  | Ability to give orders.   |
| Duration  | Ends, as soon as the task is accomplished.   | Continues for long period.  |

13. The name of the framework is “Organisational Structure”. Organizational structure is a system that consists of explicit and implicit institutional rules and policies designed to outline how various work roles and responsibilities are delegated, controlled and coordinated.
- i. The need for an adequate organisation structure is felt by an enterprise whenever it grows in size or complexity.
  - ii. The need for organisation structure is felt for an organisation to function smoothly and face environmental changes.

Peter Drucker, emphasizes on the importance of having an appropriate organisation structure when he says, “organisation structure is an indispensable means; and the wrong structure will seriously impair business performance and even destroy it.”

14. In this situation, the Director can definitely blame the Manager as he was the absolute

---

authority for the achievement of the target, but when he delegated the responsibility for achieving the target to the foreman, he did not supplement it with the authority for it. Therefore, in no way, he could now blame the foreman for the non-achievement of the set target. In this case he violated the principle of 'Parity of Authority and Responsibility' by not delegating the authority with the responsibility. Moreover, under no circumstances, the responsibility can be delegated to the subordinate.

15. Delegation refers to the downward transfer of authority from a superior to a subordinate. It involves a one-to-one sharing of authority between the superior and the subordinate. The managers at various levels cannot manage and control everything in the organization. They must share it with subordinates for the smooth functioning of an enterprise. Delegation is the process of assigning work to others and giving them authority to do it. Delegation of authority is necessary in all types of organization as it helps in smooth functioning of an organization. But most importantly, a manager can delegate his authority to his delegate, but cannot delegate his responsibility. The entire onus of the accomplishment or non-accomplishment of the set objectives lies on the Superior at the end. Delegation is necessary because of the following reasons:
- i. **Effective management:** With the delegation of his authority to his most trusted and worthy subordinate, the superior gets freedom from the routine work to an extent which makes him mentally rejuvenated and effective.
  - ii. **Employee development:** Not only the Manager himself but also the employee to whom he delegates his authority, start brimming with confidence that improves his personality.
  - iii. **Facilitation of growth:** Delegation plays important role in the growth and expansion of an enterprise. It provides trained and experienced manpower for the new projects. Trained and experienced employees take leading positions in new ventures and play important role in the success of new projects.
  - iv. **The basis of management hierarchy:** Delegation is helpful in establishing superior-subordinate relationships which are the basis of hierarchy of management. It defines clear relationship that who has to report to whom.