

CBSE Test Paper - 03
Chapter - 5 Organising

1. Freedom to take own decision is _____ (1)
 - a. Centralisation
 - b. None of these
 - c. Delegation
 - d. Decentralisation
2. Which of the following does not follow the scalar chain? (1)
 - a. Informal Organisation
 - b. Formal organisation
 - c. Divisional structure
 - d. Functional structure
3. Which of the following is not an element of delegation? (1)
 - a. Informal organization
 - b. Accountability
 - c. Responsibility
 - d. Authority
4. Product Specialisation is concerned with _____ (1)
 - a. Normal Structure
 - b. Functional Structure
 - c. None of these
 - d. Divisional Structure
5. Delegation makes the subordinates confident enough to step into the shoes of the superiors. Which importance of delegation is stated here? (1)
6. Name the type of organisation in which:
 - i. Friendly relationship exists among the members.
 - ii. Official relationship exists among the members. (1)
7. Organising clarifies lines of communication and specifies who is to report to whom. Mention the importance of organizing indicated here. (1)
8. Enumerate different types of organisational structure. (1)
9. "Authority can be delegated but accountability cannot." Explain the statement. (3)
10. Discuss the elements of delegation. (3)

11. Manik Ltd is a software company.,the employees have formed a Dramatic group for their recreation.

Name the type of organisation so formed and its three features. **(4)**

12. Authority and responsibility are two important elements in the delegation of authority. Explain the two. **(4)**

13. Aman, Avneesh and Amrish have decided to start a business of manufacturing toys. They identified the following main activities which they have 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, they thought that four managers should be appointed to look after: (a) Production (b) Finance (c) Marketing (d) Personnel

You are required to:

- a. Identify the functions of management involved in the above-mentioned para.
- b. Quote the lines from the above para which help you identifying this function.
- c. State the steps followed in the process of this function of management. **(5)**

14. Explain by giving any three reasons why organising is considered as an important function of management. **(5)**

15. Differentiate between formal and informal organisations on the basis of

- i. Communication,
- ii. Tenure,
- iii. Durability,
- iv. Leadership,
- v. Interdependence and
- vi. Flow of authority, **(6)**

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Answer

1. d. Decentralisation

Explanation:

Under decentralisation, the authority is systematically divided at every level of management. The management is entrusted with operational authority to take decisions on jobs assigned to them.

2. a. Informal Organisation

Explanation:

Under Informal organisational structure, there is no fixed path of passing information among employees. The Information can pass from any side to any side. The principle of scalar chain is violated here.

3. a. Informal organization

Explanation:

Elements of delegation are

- Responsibility
- Authority
- Accountability

4. d. Divisional Structure

Explanation:

Divisional structure is formed on the basis of product. It is suitable for those organisations which are large in size and are producing multi products. It provides more autonomy of actions.

5. The Delegation of authority by a superior to its subordinate is done only when the superior has faith in the capabilities of the subordinate. Thus Delegation helps in the development of personnel.
6. i. Informal organisation: Network of personal and social relationships (alliances, cliques, friendships) that arise as people associate with other people in a work environment.
- ii. Formal organisation: Formal organization is a well-defined structure of authority

and responsibility that defines delegation of authority and relationships amongst the organizational members.

7. Clarity in working relationships. Each manager know, whom he can give order and employee know from whom he will get it.
8. Different types of organisational structure:
 - i. Functional Structure: A functional organization is a common type of organizational structure in which the organization is divided into smaller groups based on specialized functional areas, such as IT, finance, or marketing.
 - ii. Divisional Structure: The divisional organizational structure organizes the activities of a business around geographical, market, or product and service groups.
9. According to the principle of absolute responsibility, the 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 these subordinates to whom he delegates authority for any work. For instance, 'A' who works as a production manager has delegated the authority to manage the workers of a particular section to his immediate subordinate. The workers who work in that section do not abide by the instructions offered by the subordinate, hence, there is a delay in the production. In this case, the General Manager of the organization will question 'A', who is the Production Manager irrespective of the fact whether he was managing those workers or not as the responsibility of his delegated work lies with him.
10. Elements of delegation are:
 - i. **Authority:** Authority is the power of a superior to take the decisions and thereby become a guiding force. It is an imposed attribute that comes out of the hierarchical chain of command.
 - ii. **Responsibility:** Responsibility is the obligation of a subordinate to perform assigned tasks to the best of his abilities under the direction of his superior. This is also known as entrustment of duties. Duties can be divided into two parts; one part, that a manager can perform a task himself and the other part, that he can assign this task to his subordinates to perform. A manager can only assign work and delegate authority but responsibility cannot be delegated. It is an implied attribute which goes hand in hand with authority.

iii. **Accountability:** It is the process of making subordinate accountable or answerable to the superior for final results and it can never be delegated. Once authority has been delegated and responsibility accepted, one cannot deny accountability. Accountability takes birth once the subordinate is entrusted with responsibility.

11. The type of organisation formed by the employees of Manik Ltd is informal organisation.

Features of informal organisation:

- i. Standards of behavior and performance are determined by group norms which are evolved by mutual consent among members rather than officially laid down rules and regulations.
- ii. Independent channel of communication without specified direction of flow of information are developed by the group members.
- iii. It emerges spontaneously and is not deliberately created by the management.

12. An Organisational structure cannot be conceived without authority and responsibility. There are two important elements in the delegation of authority these are:

Authority: It refers to the right of an individual to command his subordinates and to take action within the scope of his position. It comes out of the job position at which a particular employee holds, i.e, person holding a higher job position as per the hierarchy will have authority over the person holding a lower job position. According to Henri Fayol, 'Authority is the right to give orders and the power to exact obedience. Authority gives holder the power to enforce orders or decisions, It can be delegated and It always flows downwards i.e. vertically from superiors to subordinates'.

Responsibility: It may be defined as the obligation to accomplish a particular task. Responsibility is conceived along with the authority designated.

13. a. The “Organizing” function of management is involved in this situation.
- b. The following lines have helped in identifying this function: “In order to facilitate the work they thought that four managers should be appointed to look After; production, finance, marketing, and personnel”. These lines convey the second step of Organizing i.e. Grouping jobs and Departmentation.
- c. Steps followed in this process are as follows:
- a. **Identification and division of work:** This is the first step in the process of

organizing to identify and divide the work that has to be done in accordance with pre-determined plans. The work is divided into the manageable activities so that an equal burden of work is shared by the workers and overlapping of activities and wastage of resources can be avoided. It helps in increasing the efficiency of the employees as their workload is limited and confined.

- b. **Departmentalization:** After identification and division of work into small manageable activities, the next step is to group the activities of similar nature to achieve the specialization. This grouping process is called departmentalization. It prevents overlapping of work as each employee is aware of his own department and the job to be performed therein.
- c. **Assignment of duties:** It is necessary to define the work and role of different job positions. Departments should be created in a significant manner and each department should be placed under the charge of an individual. Work should be allotted to employees and members of each department in accordance with their skills and competencies. This brings out the best out of them and makes them more proficient.
- d. **Establishing reporting relationships:** Authority and responsibility associated with each job should be defined clearly. Merely allocating the work is not enough; employees must understand their responsibilities and accountability. Each and every employee must know from whom he has to take orders and to whom he is accountable. This makes it easy to follow the principle of Unity of Command. It avoids the overlapping of work and develops a cordial relationship between the superior and the subordinates.

14. Organising can be defined as "identifying and grouping different activities in the organisation and bringing together the physical, financial and human resources to establish most productive relations for the achievement of the specific goal of the organisation." The following points highlight the crucial role that organising plays in any business enterprise:

- i. **Clarity in a working relationship:** The establishment of working relationships clarifies the lines of communication and specifies 'who will report to whom'. This removes ambiguity in transfer of information and instructions.
- ii. **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.

- iii. **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 and also by facilitating its efficient management.

15. **FORMAL ORGANIZATION:** An organization type in which the job of each member is clearly defined, whose authority, responsibility and accountability are fixed is formal organization. **INFORMAL ORGANIZATION:** An organization formed within the formal organization as a network of interpersonal relationship, when people interact with each other, is known as informal communication.

- i. **Communication** - Official communication.
- ii. **Tenure** - Stable, it continues for a long time.
- iii. **Durability** - Formal organisation is formed to achieve organisational objectives. Hence, it is more durable.
- iv. **Leadership** - Managers are leaders.
- v. **Interdependence** - It exists independently of informal organisation.
- vi. **Flow of authority** - Authority flows from top to bottom.
- vii. **Communication** - It makes more use of informal channels, which has no fixed path. Such communication (also known as grapevine), flows very fast but with great risk of rumours.
- viii. **Tenure** - It is unpredictable and its tenure may be short.
- ix. **Durability** - Informal organisation is formed to meet social needs of the members. Hence, it is not durable.
- x. **Leadership** - Leaders may or may not be managers. They are chosen by the group.
- xi. **Interdependence** - It exists within the framework of formal organisation.
- xii. **Flow of authority** - All members are equal.