

Question1. Which of the following is not an element of delegation?

- a. Accountability
- b. Authority
- c. Responsibility
- d. Informal organisation

Answer -: (d) Informal organisation.

Question2. A network of social relationship that arise spontaneously due to interaction at work is called:

- a. Formal organisation
- b. Informal organisation
- c. Decentralisation
- d. Delegation

Answer -: (b) Informal organisation

Question3. Which of the following does not follow the scalar chain?

- a. Functional structure
- b. Divisional structure
- c. Formal organization
- d. Informal organisation.

Answer -: (d) Informal organisation

Question4. A tall structure has a

- a. Narrow span of management
- b. Wide span of management
- c. No span of management
- d. Less levels of management

Answer -: (a) narrow span of management.

Question5. Centralisation refers to

- a. Retention of decision making authority.
- b. Dispersal of decision making authority.
- c. Creating divisions as profit centres.
- d. Opening new centres or branches.

Answer -: (a) Retention of decision making authority.

Question6. For delegation to be effective it is essential that responsibility be accompanied with necessary

Answer -: (a) authority.

Question7. Span of management refers to

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

Answer -: (c) Number of subordinates under a superior.

Question8. The form of organisation known for giving rise to rumours is called

- a. Centralised organisation.
- b. Decentralised organisation.
- c. Informal organisation.
- d. Formal organisation.

Answer -: (c) Informal organisation.

Question9. Grouping of activities on the basis of product lines is a part of

- a. Delegated organisation.
- b. Divisional organisation.
- c. Functional organisation.
- d. Autonomous organisation.

Answer -: (b) Divisional structure.

Question10. Grouping of activities on the basis of functions is a part of

- a. Decentralised organisation.
- b. Divisional organisation.
- c. Functional organisation.
- d. Centralised organisation.

Answer -: (c) Functional organisation.

Answer -: (c) Functional organisation.

Short Answer Type

Question1. Define 'Organising'?

Answer -: Organising is the process of defining and grouping the activities of the enterprise and establishing authority relationships among them.

Question2. What are the steps in the process of organising?

Answer -: Steps in the process of organising are:

- Division of work.
- Grouping jobs and departmentation.
- Establishing authority relationships

Question3. Discuss the elements of delegation.

Answer -: Delegation of authority has three inter-related elements. These are assignment of tasks and duties, grant of authority, and creation of responsibility and accountability.

Assignment: In the process of delegation, every superior has to define the jobs to be performed by his subordinates. He must also define the results expected. He has further to decide on the allocation of duties to the subordinates.

Authority: Grant of authority implies giving the right to subordinates to decide and act, to use necessary resources and represent the superior. Every subordinate needs authority to carry out the tasks and perform the duties assigned to him.

Responsibility and accountability: Along with the tasks to be performed and grant of authority, the subordinates are entrusted with the responsibility or obligation to carry out the duties assigned.

Question4. What does the term 'Span of management' refer to?

Answer -: Span of management refers to the number of subordinates under a superior. It can be classified as:

Narrow span of management: This leads to tall organization structure.

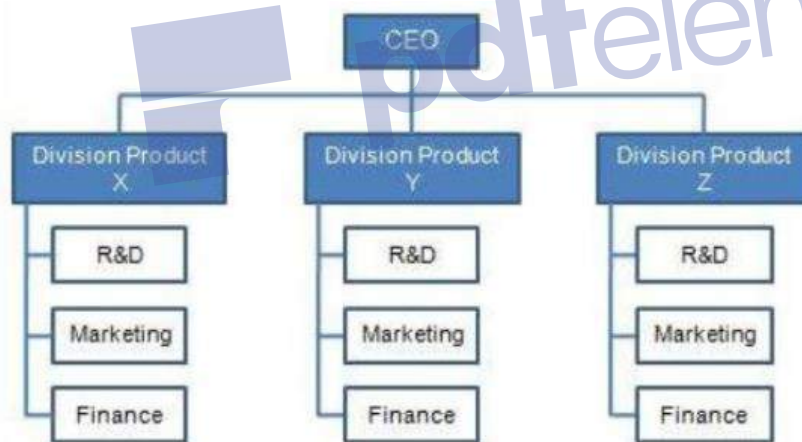
Wide span of management: This leads to flatter organisational structure.

Question5. Under what circumstances would functional structure prove to be an appropriate choice?

Answer -: Functional structure is more suitable in stable environment where technical efficiency and quality are important. This structure ensures specialisation and division of work. Every enterprise has to perform a number of basic functions viz., production, marketing, personnel and finance. Each function requires different skill and knowledge. Functional structure fosters in depth skill, specialisation and development. Functional structure is suitable for large sized organisation.

Question6. Draw a diagram depicting a divisional structure.

Answer -: Divisional structure recognises each product line as a separate department It Ensures product specialisation.



Question7. Can a large sized organisation be totally centralised or decentralised? Give your opinion.

Answer -: Centralisation means concentration of all decision making functions at the apex of the management hierarchy, managers have less freedom of action. The pattern of authority in which people at all levels of management are involved in decision-making is called decentralisation. A large sized organisation cannot be totally centralized or decentralised. An organization move towards decentralisation as it grows in size. It allows for better control of tasks at each level of management.

Question8. Decentralisation is extending delegation to the lowest level. Comment.

Answer -: In decentralisation, authority is transferred to the bottom of the hierarchy so that every part of the workforce can take their own decisions effectively without any delay. When authority is delegated to every

department and to every level of management, authority is said to have been decentralised. Decentralisation is the end result of all the delegation of authorities among all the managers and employees of the organisation.

Long Answer Type

Question 1. Why delegation is considered essential for effective organising?

Answer -:

Delegation is essential for effective organising as it has following benefits:

Benefits of specialisation: Under organising all the activities are sub divided into various parts. Each individual is assigned a particular task. He continuously does that same job time and again and hence gains specialisation in that particular work.

Clarity in working relationship: Organising defines the line of work and specifies who has to report to whom which results in effective communication and helps in fixing accountability.

Optimum utilisation of resources: The proper allocation of work avoids any overlapping and hence results in better utilisation of all the resources like human, material and financial resources.

Adaptation to change: Organising function of management helps the organisations in adapting the change as there is a proper line of authority and responsibility.

Development of personnel: As a manager delegates his work to his subordinates, he gets ample time to work on some other project and to apply his creativity and knowledge in developing new methods and ways of performing tasks.

Question 2. What is a divisional structure? Discuss its advantages and limitations.

Answer -: When the organisation is large in size and is producing more than one type of product then activities related to one product are grouped under one department which is called divisional structure.

Divisional structure has the following advantages:

Product Specialisation: A divisional head becomes expert in the product that he handles and better prepared for higher roles.

Greater Accountability: The costs and benefits accruing from a department can be easily identified and hence a divisional head can be held accountable.

Flexibility and Initiative: In this each division functions separately and decisions are quick.

Managerial efficiency: This structure facilitates the development of managers and workers by providing them opportunities.

A divisional structure has the following limitations:

Costly: Due to duplication of resources in different departments, it becomes a costly affair for an organisation as a whole.

Conflicts: Conflicts may arise on the issue of allotment of funds to different departments and on common policy matters.

Ignoring organisational interests: Due to the autonomy with divisional heads, the probability of their considering divisional interest and ignoring organisational interest increases.

Question 3. Decentralisation is an optional policy. Explain why an organisation would choose to be decentralised.

Answer -: Decentralisation is the process of redistributing or dispersing functions and powers away from central authority. In the process of decentralisation, authority is delegated to subordinates so that they can take quick decisions regarding urgent assignments.

An organisation would choose to be decentralized as it has following advantages:

Develops the spirit of initiative among subordinates: Under decentralisation, authority is delegated by the superiors to their subordinates. This inculcates the feeling of sense of responsibility in the subordinates and helps them in taking initiative.

Facilitates decision making: As the work is delegated, so the burden of all the managerial decisions is not confined to limited people. This results in better and quick decision making.

Relief to top management: With the help of delegation, the top level management takes care only of the important issues. All the small issues or issues or problems of less importance are dealt by the middle and the lower level management which reduces the burden of the top level management.

Question4. How does informal organisation support the formal organisation?

Answer -: Informal organisation supports the formal organisation. Informal organization is created out of the social interaction.

The features of informal organization that support formal organization are:

Common interest: The purpose of an informal organisation is to satisfy the social and psychological needs of its members. Members join informal organisation on the basis of common interest.

Informal communication: Informal organisation has informal communication known as grapevine. Information spreads faster in informal organisation.

No clear-cut structure: Informal organisation does not have a clear-cut structure. It is based on informal authority. Any person of the group may be designated as its leader.

Free flow of communication: This structure allows the workers to form informal relation outside the organisation.

Coordination: This type of structure ensures better coordination and cooperation.

Question5. Distinguish between centralisation and decentralisation.

Answer -:

Basis of	Centralisation	Decentralisation
Distinction Authority	Concentrated in few hands	Delegated to lower level of management
Creativity	Restricts the scope of creativity at middle and lower level.	Product creativity at all levels
Scope of delegation	Limited scope.	Wide scope.
Decision making	Delay in decisions	Quick decision making.

Question 6. How is a functional structure different from a divisional structure?

Answer -: Distinction between functional structure and division structure:

Basis of Distinction	Functional Structure	Divisional Structure
Nature	Recognises each major function as a separate department	Recognises each product line as a separate department
Specialisation	Ensures occupational specialisation	Ensures product specialisation
Cost	It is economical in terms of cost.	It is expensive in terms of cost.
Duplication of work	Due to functional specialisation overlapping of	Each department has same functions so overlapping is

work is increased.

minimised

Suitable

More suitable for

More suitable for

companies that

multi products

focus on

company

operational

specialisation

Application Type Questions

Question1. Neha runs a factory wherein she manufactures shoes. The business has been doing well and she intends to expand by diversifying into leather bags as well as western formal wear thereby making her company a complete provider of corporate wear. This will enable her to market her business unit as the one stop for working women. Which type of structure would you recommend for her expanded organisation and why?

Answer -: The organisational structure that Neha shall follow is 'divisional structure.' Divisional structure is one in which the departments are formed on the basis of product divisions is called divisional or product structure of organisation. Each department in it looks after the production, sale, marketing and finance function of a product. Divisional structure is suitable where the number of main products is more than one, where different manufacturing technologies and marketing methods are required, where the size of the organisation is very large. Each department functions separately and the decision making is quick.

Question2. The production manager asked the foreman to achieve a target production of 200 units per day, but he doesn't give him the authority to requisition tools and materials from the stores department. Can the production manager blame the foreman if he is not able to achieve the desired target? Give reasons.

Answer -: No, the foreman cannot be blamed in this case as the foreman was given the responsibility but he was not given the authority. Authority and responsibility must be given together. When responsibility is given, authority is required for smooth functioning.

Question3. A manager enhances the production target from 500 units to 700 units per month but the authority to draw raw material was not given by him. The production manager could not achieve the revised production target. Who is responsible and which principle was violated?

Answer -: The manager is responsible for not achieving the target as he did not give the authority along with responsibility. The principle violated here is principle of authority and responsibility.

This principle helps in achieving the targets without delay.

Authority: Authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organisational objectives. It always flows from top to bottom.

Responsibility: Responsibility is the duty of the person to complete the task assigned to him. A person who is given the responsibility should ensure that he accomplishes the tasks assigned to him.

Question4. 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?

Answer -: The type of organizational structure that company should adopt is functional structure.

Functional structure has following advantages:

Under functional structure, each major function of business is organised as a separate department. An expert can manage each department. It ensures efficiency in operations.

Under functional structure, coordination within the department is easier since departmental managers being specialists understand the perfect nature of job involved.

