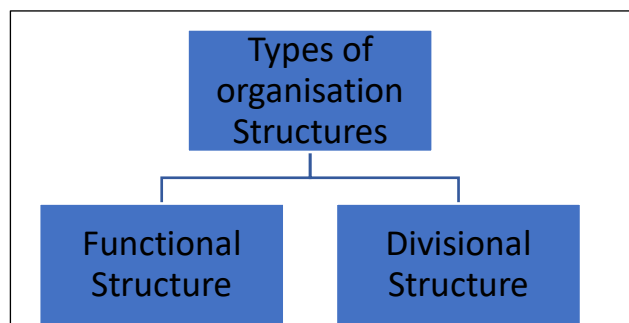


Chapter-5 Organising

Focused Area Questions (Unofficial)

1. The form of organization known for giving rise to romours is called-----
Ans: Informal organization
2. The number of subordinates that can be effectively managed by a superior is called --
--- Ans: **Span of management/ span of control**
3. Granting authority to subordinatesto operate within the prescribed limit is called-----
a. Delegation b. Co-ordination c. Controlling d. Planning **Ans: Delegation**
4. -----organisation has no written rules and does not have fixed line of communication.
a. Formal organization b. Informal organization c. None of the above
Ans: Informal organisation
5. **Span of control refers to:**
 - a. Number of managers
 - b. Period of appointment of managers
 - c. Number of subordinates under a manager
 - d. None of these **Ans: Number of subordinates under a manager**
6. A tall organization structure has a -----
 - a. Wide span of management b. Narrow span of management c. No span of management **Ans: Narrow span of management**
7. To satisfy social, cultural needs and to fulfil common interests, people organize themselves. What is the technical term for this type of organization?
Ans: Informal organisation
8. **Briefly explain the term 'Organisationl structure' ? (3)**
Organisational structure is the the framework within which managerial and operating tasks are performed.It specifies the relationships between people, work and physical resources.
9. **Explain the term 'functional structure' and 'divisional structure'? (6)**
The organisational structure can be classified under two categories which are as follows: **(i) Functional structure and (ii) Divisional structure**



I. Functional Structure

It is an organisational structure wherein **jobs of similar nature** are grouped together. Here activities are grouped on the basis of function. This structure is suitable for business where produce only one type of product. Example: Here activities of the organization grouped on the basis of function and classified as Purchase department, sales department, marketing department etc.

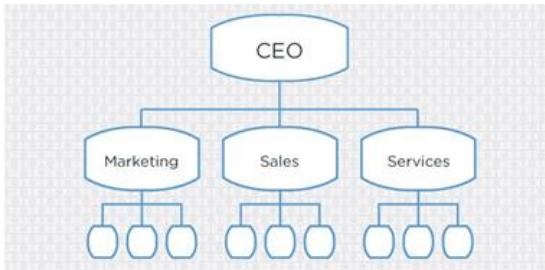


Fig: Functional Structure

II. Divisional Structure

When an organisation is producing **more than one type of product** and serving a **number of distinctive markets**, the divisional structure is considered more suitable. Here grouping is on the basis of products or areas. There are separate divisions for different products and each division having functions like production, marketing, finance etc. Each divisional head is required to look after all function related to the product or market territory. Here responsibility for performance can easily fix on the divisional head.

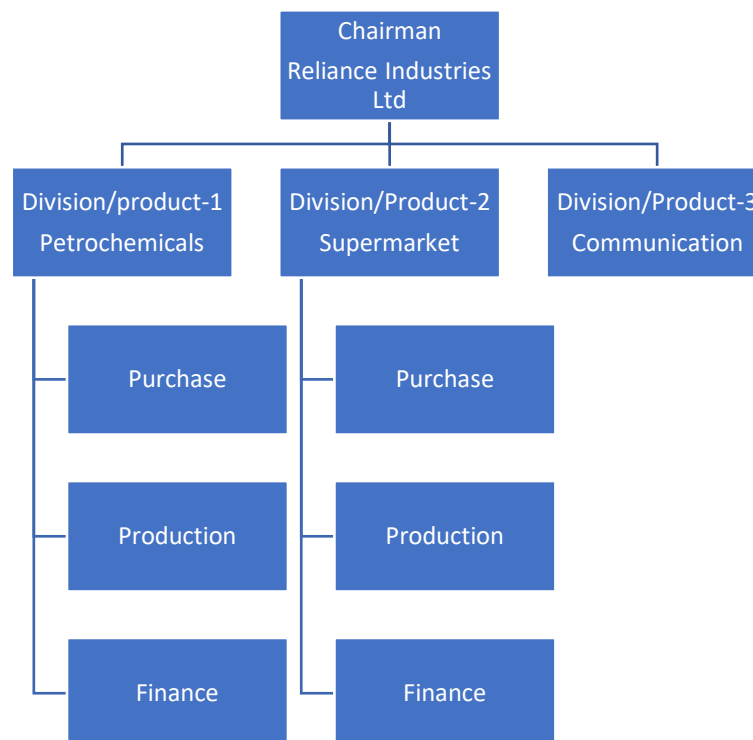


Fig: Divisional structure

10. List out any two advantages of Functional structure of organization?

1. Specialisation

In a functional structure jobs of similar nature are grouped together. It ensures specialization and thereby reduction in cost.

2. Increased managerial efficiency

Managers of one department are performing same type of function again and again which help to increase their managerial and operational efficiency. It ensures increased profit also.

11. List out any two advantages of divisional structure of organization?

1. Coordination becomes easy

Activities like purchase, production, marketing etc. related to a particular product line are integrated easily in this structure.

2. Helps in fixation of responsibility

Divisional heads are accountable for profits, as revenues and costs related to different departments can be easily identified and assigned to them. It helps in fixation of responsibility in cases of poor performance of the division.

12. Distinguish between functional structure and divisional structure of organising (5)

Basis	Functional Structure	Divisional Structure
Formation	Formed on the basis of function	Formed on the basis of products
Responsibility	Difficult to fix responsibility as departments are interdependent	Easy to fix responsibility, departments work independently
Specialisation	Functional specialisation is followed	Product specialisation is followed
Coordination	Difficult for a multi-product company	Easy, because all functions related to a particular product are integrated in one division.
Autonomy of operations	Less autonomy	More autonomy

13. Name any two elements of delegation? (2)

There are three elements of delegation:

1. Authority

2. Responsibility

3. Accountability

14. Mr. John is the principal of a higher secondary school. He decided to give some of his charges to vice-principal Mrs. Rose. Which function of management is used here?

Explain (5 Score)

Ans: Delegation.

Delegation refers to the downward transfer of authority from a superior to a subordinate. It is a pre-requisite to the efficient functioning of an organisation because it enables a manager to use his time on high priority activities. Delegation is the result of human limitation to the span of management. It also satisfies the subordinate's need for recognition and provides them with opportunities to develop and exercise initiative.

15. Explain by giving any 5 reasons why organising is considered as important function in an organisation? (5 Score)

Importance of organising

1. Benefits of specialisation

In organising the total work is divided into smaller units and activities of similar nature are grouped together. Division of work leads to specialisation.

2. Clarity in working relationships

A good organisational structure clarifies the authority responsibility relationship and specify the line of communication.

3. Optimum utilization of resources

Avoidance of duplication of work helps in preventing confusion and minimising the wastage of resources and efforts.

4. Adaptation to change

Properly designed organisation structure is flexible. It can be modified according to the changes in the business environment.

5. Effective administration

Organising helps in effective administration by providing a clear description of jobs and related duties.

16. What is a divisional structure? Discuss its advantages and disadvantages? (8)

When an organisation is producing **more than one type of product** and serving a **number of distinctive markets**, the divisional structure is considered more suitable. Divisional structure is an organisational structure wherein grouping is on the basis of products or areas of operation. Each unit has a divisional manager responsible for performance. Each division having functions like production, marketing, finance etc.

Advantages of Divisional structure

1. Product specialisation

Here all activities related to one type of product are grouped under one department.

2. Coordination becomes easy

Activities like purchase, production, marketing etc. related to a particular product line are integrated easily in this structure.

3. Helps in fixation of responsibility

Divisional heads are accountable for profits, as revenues and costs related to different departments can be easily identified and assigned to them.

4. It promotes flexibility and initiative

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

Disadvantages of divisional structure

1. Conflict may arise among different divisions

Managers in each division may focus on their own product ignoring the interest the interest of the organisation.

2. Chances of duplication

There may be duplication of activities which leads to high operating cost like- advertisement expenses, transportation cost etc.

3. Selfish attitude

Every division tries to display better performance sometimes even at the cost of other divisions.

17. What do you mean by informal organization. How far formal organization differ from informal organization? (6)

Informal organisations developed within the formal organisation as a result of the cultural and social needs of members. Informal organisation is a voluntary organisation, developed automatically between individuals of a formal organisation to satisfy their social and human needs. This organisation is formed informally between workers on the basis of friendship and common interest, which may or may not be work related. There is no formal line of communication.

For example, managers and subordinates taking part in cricket matches on Sundays or meeting in cafeteria for morning coffee.

Formal Organisation Vs Informal Organisation

Basis	Formal Organisation	Informal Organisation
Formation	Deliberately planned and created by top management	It arises as a result of social interaction among employees
Purpose	To achieve predetermined goals of the organisation	To satisfy social and cultural needs and fulfil common interest.
Structure	It has a well-defined structure	Does not have a clear-cut structure

Basis	Formal Organisation	Informal Organisation
Flow of communication	Communication takes place through the 'Scalar chain'	No formal line of communication
Nature	Rigid	Flexible

18. Decentralisation is extending delegation to the lowest level. Comment. Give any three differences between delegation of authority and decentralisation? (6 Score)

Delegation of authority

In every organisation, managers are assigned lot of work and manager alone cannot perform all the work. So, he must share his duties with subordinate managers. Delegation refers to the downward transfer of authority from a superior to a subordinate. It is a pre-requisite to the efficient functioning of an organisation because it enables a manager to use his time on high priority activities. Delegation is the result of human limitation to the span of management.

Decentralisation

Decentralisation refers to systematic **delegation of authority throughout all the levels** of management and in all the departments. An organisation is said to be decentralised when managers at middle and lower levels are given the authority to take decision and actions on matters relating their respective areas of work. Top management retains only the authority for taking major decisions and also retain the authority for overall coordination and control of the organization

Delegation Vs Decentralisation

Basis	Delegation	Decentralisation
Nature	Delegation is a compulsory act because no individual can perform all tasks on his own	Decentralisation is optional, it is a policy decision.
Scope	It has narrow scope as it is limited to superior and his immediate subordinate	It has wider scope as it implies extension of delegation to the lowest level.
Purpose	To reduce the workload of the manager	To increase the role of the subordinates in the organization by giving them autonomy
Requirement	Yes, it is very necessary	No, it is an optional philosophy
Freedom of action	Very little freedom to the subordinates	Considerable freedom to the subordinates

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