

**CLASS 12 BUSINESS STUDIES**  
**CHAPTER-5**  
**ORGANISING**

**IMPORTANT QUESTIONS**

**VERY SHORT ANSWER QUESTIONS ( 1 or 2 Marks)**

**QUESTION 1.**

To make the annual function of the school successful the principal of the school divided all the activities into task groups each dealing with a specific area like rehearsals, decoration, stage management, refreshments etc. Each group was placed under the overall supervision of a senior teacher. Identify the function of management performed by the Principal in doing so.

**(CBSE BOARD 2015)**

**Answer.** Organising

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**QUESTION 2.**

Name the organizational structure which helps in increasing managerial and operational efficiency.

**(CBSE BOARD 2016)**

**Ans.** Functional structure helps in increasing the managerial & operational efficiency.

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**QUESTION 3.**

**What is meant by 'Decentralization'?**

**(CBSE BOARD 2016)**

**Answer.** Decentralisation means delegation of authority throughout all the levels of the organisation. This empowers lower levels to take decisions regarding problems faced by them without having to go to the upper levels. It promotes the belief that people are competent, capable and resourceful and can assume responsibility for effective implementation of their decisions.

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#### **QUESTION 4.**

**Give the meaning of 'organising as a process'.**

**(CBSE BOARD 2016)**

**Answer.** Organising refers to the process of aligning various activities in an organisation in a certain specific order. It involves designing the roles of the personnel such that the efforts by the employees along with the resources with them are coordinated towards the accomplishment of the organisational goals.

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#### **QUESTION 5.**

**Name the type of organisational structure, which promotes flexibility and initiative.**

**(CBSE BOARD 2016)**

**Answer.** Divisional Structure promotes flexibility and initiative.

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#### **QUESTION 6.**

**Give the meaning of 'Delegation'.**

**(CBSE BOARD 2016)**

**Answer.** Delegation refers to the transfer of authority and responsibility by the superior to his or her subordinates.

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#### **QUESTION 7.**

**Give the meaning of 'authority' as an element of delegation.**

**(CBSE BOARD 2016)**

**Answer.** Authority refers to the power given to an individual to command and direct the subordinates and take various decisions.

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#### **QUESTION 8.**

**Name the type of 'organisational structure' which promotes efficiency in utilisation of manpower.**

**(CBSE BOARD 2016)**

**Answer.** Functional structure is a type of organisation structure which promotes efficiency in

utilization of manpower

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**QUESTION 9.**

**Name the organization which is deliberately created?**

**Answer:** Formal Organisation

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**QUESTION 10.**

**Organizing helps in optimum utilization of resources. Which type of resources does it refer?**

**Answer:** All raw materials, financial and human resources.

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**QUESTION 11.**

**Give any one importance of organizing?**

**Answer:** Development of personnel.

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**QUESTION 12.**

**Divisional structure is more suitable for the firms having several products and each product has distinct features. Do you agree?**

**Answer:** Yes, I do agree.

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**QUESTION 13.**

**Which term denotes “The number of subordinates that can be effectively managed by a superior?**

**Answer:** Span of control.

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**QUESTION 14.**

**What are the elements of delegation of authority?**

**Answer:** Responsibility, Authority, Accountability.

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**QUESTION 15.**

**A company has its registered office in Delhi, manufacturing unit at Gurgaon & marketing & sales department at Faridabad. The company manufactures the consumer products. Which type of organization structure should it adopt to achieve its targets.**

**Answer:** Functional organization structure.

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**SHORT ANSWER QUESTIONS (3 or 4 Marks)**

**QUESTION 16.**

**State any three advantages of formal organization.**

**CBSE BOARD 2015**

**Answer.** Advantages of Formal organisation:

- (a) It is easier to fix responsibility since mutual relationships are clearly defined.
  - (b) It avoids duplication of effort since there is no ambiguity in the role that each member has to play.
  - (c) It maintains unity of command through an established chain of command
  - (d) It leads to accomplishment of goals by providing a framework for the operations to be performed by each and every person.
  - (e) It provides stability to the organisation as there are specific rules to guide behavior of employees.
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**QUESTION 17.**

**‘Panda Trucks Ltd.’ decided to set-up its new truck manufacturing factory in the backwards area of Bihar where very less job opportunities were available. People of that area welcomed this effort of ‘Panda Trucks Ltd’. To attract people to work in its factory it also decided to provide many other facilities like school, hospital, market etc. in the factory premises.**

'Panda Trucks Ltd.' started earning huge profits. Another competing company asked its production manager 'Sanjay' to investigate the reasons of earning huge profits by 'Panda Trucks Ltd.'

Sanjay found that in both the companies there was systematic coordination among the various activities to achieve organisational goals. Every employee knew who was responsible and accountable to whom, The only difference was that in his organisation communication took place only through the scalar chain whereas 'Panda Trucks Ltd.' was allowing flow of communication in all the directions as per the requirement which lead to faster spread of information as well as quick feedback.

(a) Identify the type of organisation, which permits 'Panda Trucks Ltd.' the flow of communication in all the directions.

(b) State another advantage of the type of organisation identified in (a) above.

(c) State any two values which 'Panda Trucks Ltd.' wanted to communicate to the society.

**Answer.**

(a) In Panda Trucks Ltd., informal organisation permits the **flow of communication** in all the directions.

(b) The another advantage of informal organisation is **fulfilment of social needs**. An informal organisation allows for personal communication beyond the officially defined roles. This enables the employees to interact with like-minded colleagues. This unofficial interaction provides a sense of belongingness among the employees towards one another and towards the organisation.

(c) The two values that 'Panda Trucks Ltd.' wanted to communicate to the society are given below.

- I. Fulfilling social responsibility
- II. Working for benefits of employees

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#### QUESTION 18.

Hindustan Ltd. , is manufacturing computers, soaps and textiles. Which type of organizational structure would suit the requirements of such organization? State any three advantages of this organization structure.

**Answer:** Divisional structure would suit the requirements of Hindustan limited.

**Advantages:**

- i. All activates associated with one product can be easily integrated.
  - ii. Decision making is faster and effective.
  - iii. Performance of individual product can be easily assessed.
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#### **QUESTION 19.**

**“A Manager is of the view that he is not responsible for the quality of work that he has delegated to his subordinate.” Do you agree with his view point? Justify you answer by giving proper agreements.**

**Answer:** Statement is incorrect as the principle of absoluteness of responsibility is violated in this case.

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#### **QUESTION 20.**

**A Manager revises the production target from 3000 kg per month to 6000 kg per month. But the authority to purchase raw material was not given by the manager. Therefore, revised production target could not be achieved. Who is responsible?**

**Answer:** The Manager is responsible because responsibility has been created without granting authority. The principle of parity of authority and responsibility has been violated.

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#### **QUESTION 21.**

**“Authority can be delegated but accountability cannot.” Explain the statement.**

**Answer:** According to the principle of absolute responsibility, authority can be delegated but a manager cannot delegate responsibility. 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 this subordinates to whom he delegates authority for any work.

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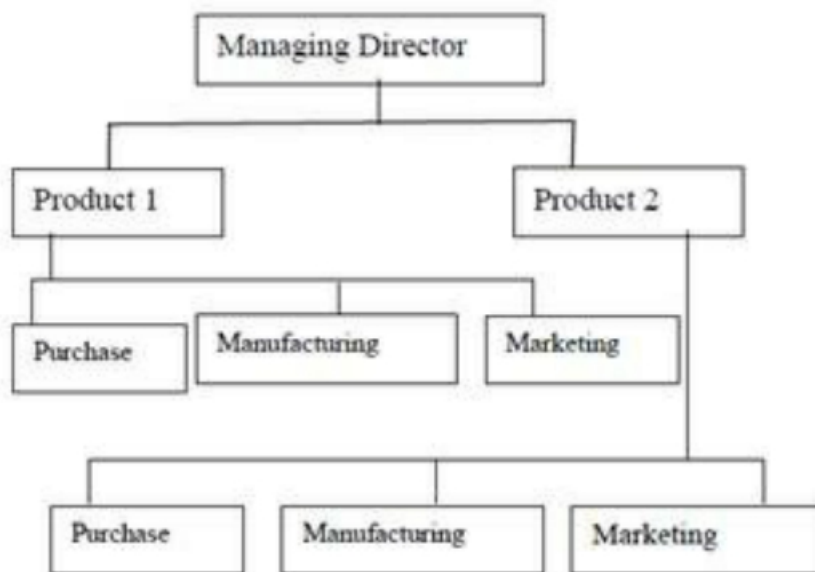
## LONG ANSWER TYPE QUESTIONS (5 OR 6 MARKS)

### QUESTION 22.

A company has been registered under the Companies Act with an authorized share capital of Rs. 20,000 crores. Its registered office is situated in Delhi and manufacturing unit in a backward district of Rajasthan. Its marketing department is situated in Bhopal. The company is manufacturing Fast Moving Consumer Goods (FMCG).

- (i) Suggest with the help of a diagram a suitable organization structure for the company.
- (ii) State any three advantages of this organization structure.

**Answer.** Divisional Structure



Advantages of Divisional structure:

- (i) Product specialization helps in development of varied skills.
- (ii) Helps in fixation of responsibility.
- (iii) Promotes flexibility as each division is autonomous.
- (iv) Facilitates expansion and growth of the organisation.

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### QUESTION 23.

Aman Chadha started 'Bulls Eye' a company for providing cyber security solutions to businesses. Its objective is to prevent, detect and respond to cyber attacks and protect critical data. He was a hardworking software engineer and an expert in cyber security. His reputation grew rapidly as he was not only a person of integrity but also did his work with utmost honesty and sincerity. The business started growing day by day.

He was delighted when he was offered a big project by the Ministry of Defence. While working on the project, he found that the volume of work made it impractical for him to handle all the work by himself. He decided to expand the team. The company maintained a close liaison with a local engineering college. During a campus placement, Ishan and Vrinda were appointed to work for the new project.

He found the new employees capable, enthusiastic and trustworthy. Aman Chadha was thus, able to focus on objectives and with the help of Ishan and Vrinda, the project was completed on time. Not only this Aman Chadha was also able to extend his area of operations. On the other hand Ishan and Vrinda also got opportunities to develop and exercise initiative.

(i) Identify and briefly explain the concept used by Aman Chadha in the above case which helped him in focusing on objectives.

(ii) Also, state any four points of importance of the concept identified in (i) above.

CBSE BOARD 2017

**Answer.** The concept used by Aman Chadha is **Delegation**. This is because, Aman found the volume of work impractical to handle by himself and thus, decided to expand his team. After this, he delegated the tasks to Ishan and Vrinda so that Aman himself can focus on the objectives. Thus, here, he is delegating the tasks to his subordinates.

**The following points highlight the importance of delegation.**

**1. Managerial efficiency:** By delegating work to the subordinates, the managers can concentrate on priority areas and also venture into new areas. This freedom from the routine tasks enhances the efficiency of the managers.

**2. Employee proficiency:** As the subordinates are entrusted with the responsibility of completing a task, they get an opportunity to prove their abilities and apply their skills. This helps them to gain experience and improve their proficiency.

**3. Motivation:** Because of delegation of authority to the subordinates they get an opportunity to display their efficiency and capacity.

**4. Growth:** Delegation helps in the preparation of efficient managers who can take up leading positions during the growth phase of the organisation. This facilitates easy growth and expansion of the organisation.



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**QUESTION 24.**

**What are the advantages and disadvantages of divisional structure?**

**Answer:**

**Advantages:**

1. All activities associated with one product. It can be easily integrated.
2. Faster decision making
3. Performance can be easily assessed and remedial action can be taken
4. It facilitates expansion and growth, as new divisions can be added

**Disadvantages:**

1. This gives rise to duplication of effort among its various divisions.
2. Managers in each department focus on their own product without thinking the rest of the organization.
3. There may not be full utilization of different equipment.
4. Conflict may arise among different divisional heads.

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**QUESTION 25.**

**Distinguish between centralisation and decentralisation.**

**Answer :**

Following are the differential factors between Centralisation and Decentralisation.

<b>Basis of Difference</b>	<b>Centralisation</b>	<b>Decentralisation</b>
Authority	Authority remains concentrated only in few hands at the higher level of management.	Authority is delegated to lower levels of management.

Creativity	Restricts creativity of middle and lower level managers.	Promotes creativity and innovation at all the levels.
Work Load	Higher work load on the top level managers.	Lesser workload as sharing of authority and responsibility is done.
Scope of Delegation	Scope of delegation is limited as power is concentrated in a few hands.	Wider scope of delegation as authority can be transferred.
Subordinate Initiative	Limits the scope of initiatives by subordinates as the workers have to work on the pre-decided path.	Encourages the subordinates to come forward and take initiative as they are allowed the needed freedom for working.
Decision Making	The decision making is slowed down as the power lies only with the top management. The problem has to pass through different levels before an action is taken.	The decision making is quick as the authority lies near the actual action.

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#### QUESTION 26.

**How is functional structure different from a divisional structure?**

**Solution:**

The following points highlight the difference between a functional structure and a divisional structure.

Basis of Difference	Functional structure	Divisional structure
Creation	These are created on the basis of functions.	These are created on the basis of product-lines along with the functions.
Costs	It is economical as duplication of work is minimised.	It is costly as there is higher rate of duplication of work and resources between various departments.
Decision Making	Decision making is centralised as the decisions are taken by the coordinating head for various departments.	Decision making is decentralised as each division of the product line have their own decision making authority.

Duplication of work	Due to functional specialisation overlapping of work is minimised.	Due to each product department having the same functions, overlapping of work is increased.
Suitability	More suitable for companies who focuses on 'operational specialisation'.	More suitable for multi-product companies focusing on 'differentiated products'.
Functional Hierarchy	Horizontal functional hierarchy is formed while the departments are devised on the basis of key operations.	Vertical functional hierarchy is formed while devising the departments on the basis of product-line categories.
Management	Management is difficult as each work has to report to a coordinating head at the top level of management.	Management is easier as different line of department is formed for each product.