

## Chapter 5 – Organising

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### **Question 1**

Name the organisational structure that assists in managerial and operational efficiency.

**Answer:** Functional structure assists in managerial and operational efficiency.

### **Question 2**

Name the organisational structure, that promotes flexibility and initiative.

**Answer:** Divisional structure promotes flexibility and initiative.

### **Question 3**

Define 'Delegation.'

**Answer:** Delegation is defined as the transfer of authority and responsibility by the superior to his/ her subordinates.

### **Question 4**

State any 3 merits of a formal organisation.

**Answer:** Merits of a formal organisation:

- It is always easier to fix the responsibility since the mutual relationships or associations are precisely defined
- It maintains the unity of command via an established chain of command
- It furnishes stability to the establishment as there are particular regulations to guide the behaviour of the employees

### **Question 5**

'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 viewpoint? Justify your answer by giving proper agreements.

**Answer:** The statement is incorrect as the principle of completeness of the responsibility is being violated in this case.

### **Question 6**

Mention the merits and demerits of the divisional structure.

**Answer:**

Merits:

- All the pursuits are related to 1 product. It can be easily united

- Quick decision making
- Performance can be easily evaluated and remedial action can be taken
- It promotes expansion and growth, as new divisions can be added

Demerits:

- The equipment cannot be completely utilised
- Disagreement may arise between the divisional heads
- This gives rise to duplication of effort among its various divisions

### **Question 7**

Distinguish between centralisation and decentralisation.

**Answer:** Below mentioned are a few differentiating factors between centralisation and decentralisation.

<b>Paramaters</b>	<b>Centralisation</b>	<b>Decentralisation</b>
<b>State of Authority</b>	The authority stays concentrated only in few hands at the higher level of management.	Authority is delegated to the lower levels of management.
<b>Creativity</b>	Limits creativity of middle level and lower management	Promotes creativity and innovation at all the levels
<b>Level of Work Load</b>	A huge amount of workload on the top-level managers	Less workload as sharing of responsibility and authority is done
<b>Scope of Delegation</b>	The scope of delegation is restricted as the power is concentrated in a few hands	The wider scope of delegation as the authority can be transferred