**CHAPTER - 5**

**ORGANISING**

Q1. A tall structure has a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. (1)

(a) Narrow span of management

(b) Wide span of management

(c) No span of management

(d) Less levels of management

Q2. Grouping of activities on the basis of product lines is a part of \_\_\_\_\_\_\_\_\_. (1)

(a) Delegated organisation

(b) Divisional organisation

(c) Functional organisation

(d) Autonomous organisation

Q3. Span of management refers to \_\_\_\_\_\_\_\_\_\_\_\_\_\_. (1)

(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

Q4. Complete centralisation would imply concentration of all decision making functions at the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. (1)

(a) Lower level of the management hierarchy

(b) Apex of the management hierarchy

(c) Middle level management

(d) None of these

Q5. Which of the following is not a demerit of the informal organisation? (1)

(a) It leads to the spreading of rumours

(b) It gives more importance to the structure and work

(c) It may restrict the implementation of changes within the organisation

(d) It puts psychological pressure on members to conform to group expectations, even if they are against the interest of the organisation

Q6. Identify the correct sequence of steps to be followed in an organising process. (1)

(a) Departmentalisation, Establishing reporting relationships, Assignment of duties, Identification and division of work

(b) Identification and division of work, Departmentalisation, Assignment of duties, Establishing reporting relationships

(c) Identification and division of work, Assignment of duties, Departmentalisation, Establishing reporting relationships

(d) Identification and division of work, Establishing reporting relationships, Departmentalisation, Assignment of duties

Q7. Which of the following is not a feature of functional structure? (1)

(a) It promotes functional specialisation

(b) Managerial development is difficult

(c) It is easy to fix responsibility for the performance

(d) It is an economical structure to maintain

Q8. Discuss the elements of delegation. (3)

Q9. Can a large sized organisation be totally centralised or decentralised? Give your opinion. (3)

Q10. Explain by giving any three reasons why organising is considered as an important function of management. (3)

Q11. Decentralisation is extending delegation to the lowest level. Comment. (4)

Q12. Aarzoo 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? (4)

Q13. A company manufacturing sewing machines set up in 1945 by the British promoters follows formal organisation culture in totality. It is facing a lot of problems with delays in decision-making. As a result, it is not able to adapt to changing business environment. The workforce is also not motivated since they cannot vent their grievances except through formal channels, which involve red tape. Employee turnover is high. Its market share is also declining due to changed circumstances and the business environment. You are to advise the company with regard to change it should bring about in its organisation structure to overcome the problems faced by it. Give reasons in terms of benefits it will derive from the changes suggested by you. (4)

Q14. Ravi Khanna 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. Ravi Khanna was thus, able to focus on objectives and with the help of Ishan and Vrinda, the project was completed on time. Not only this Ravi Khanna 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 Ravi Khanna 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.

(6)

Q15. What is a divisional structure, explain with help of a diagram? Discuss its advantages and limitations. (6)

Q16. Anil, Bunty and Chander have decided to start a business of manufacturing toys. They identified the following main activities which they have to perform:

* + Purchase of raw materials
  + Purchase of machinery
  + Production of toys Arrangement of finance
  + Sales of toys Identifying the areas where they can sell their toys
  + 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.

(i) Identify the function of management involved in the above mentioned para.

(ii) Quote the lines from the above para which help you to identify this function.

(iii) State the steps followed in the process of this function of management.  (6)

**Answers**

Ans 1. (a) Narrow span of management

Ans 2. (b) Divisional organisation

Ans 3. (c) Number of subordinates under a superior

Ans 4. (b) Apex of the management hierarchy

Ans 5. (b) It gives more importance to the structure and work

Ans 6. (b) Identification and division of work, Departmentalisation, Assignment of duties, Establishing reporting relationships

Ans 7. (c) It is easy to fix responsibility for the performance

Ans 8. The elements of delegation are as follows  
(i) Authority - It refers to the right of an individual to command his subordinates and to take action within the scope of his position. The concept of authority arises from the established scalar chain, which links the various job positions and levels of an organisation. It must be noted that authority is restricted by laws and the rules and regulations of the organisations. Authority flows downward.  
(ii) Responsibility - Responsibility is the obligation of a subordinate to properly perform the assigned duty. It arises from a superior-subordinate relationship because the subordinate is bound to perform the duty assigned to him by his superior. Responsibility flows upward.  
(iii) Accountability - Accountability implies being answerable for the final outcome. Once authority has been delegated and responsibility accepted, one cannot deny accountability. It cannot be delegated and flows upwards i.e., a subordinate will be accountable to a superior for satisfactory performance of work.

Ans 9. No large organisation cannot be totally centralised or decentralised. Complete centralisation would imply conceptualization of all decision making functions at the apex of the management hierarchy. Such a scenario would obviate the need for a management hierarchy. On the other hand, complete decentralisation would imply the delegation of all decision-making functions to the lower level of the hierarchy and this would finish off the need for higher, managerial positions. Both the situations are unrealistic.  
As an organisation grows in size and complexity, there is a tendency to move towards decentralised decision making. This is because, in large organisations those employees, who are directly and closely involved with certain operations tend to have more knowledge about them than the top management, which may only be indirectly associated with individual operations. Hence, there is a need for balance between these co-existing forces.

Ans 10. The following points highlight the crucial role that organising plays in any business enterprise:  
(i)Clarity in 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.

Ans 11. Decentralisation is extending delegation to the lowest level. Decentralisation explains the manner in which decision making responsibilities are divided among hierarchical levels. Decentralisation refers to delegation of authority throughout all the levels of the organisation. Decision making authority is shared with lower levels and is consequently placed nearest to the point of action. In other words, decision making authority is pushed down the chain of command. Delegation is the process and decentralisation is the end result, e.g., If the director give the responsibility to production head to complete the target of 20,000 units and authorise him to hire the workers, production head further shares his responsibility with manager to select the worker. Manager shares his responsibility with supervisors, who are dealing with workers, authorise him to select workers. Here, the responsibility distributed at every level. That’s why we say systematic delegation leads to decentralisation.

Ans 12. The organisation structure that Aarzoo can follow is the divisional organisation structure. Under this system, there will be separate departments which will take care of different products. There will be separate personnel for managing the departments.

The divisional structure is recommended for the following reasons:

1. Each department will have a head, who will be accountable for the overall performance of the department. The performance of individual departments can be determined easily; the best and worst performers can be identified, and necessary steps can be taken.

2. Decision-making will be quick as each department has a specialist to manage it.

3. Having a divisional structure allows for adding more divisions without impacting the functions of the organisation.

Ans 13. The change that can be suggested in this situation is adopting some space for informal structure by making changes in its current formal organisation structure.

An informal structure would offer the following benefits:

1. Information will move faster, as there is no definite channel of communication that needs to be followed.

2. It will offer a sense of belongingness to the employees as the rules of communication are beyond official roles. Employees feel more secure in the organisation and work towards the betterment of the organisation.

3. It supports the working of a formal organisation, as it helps in fulfilling the organisational objectives in a manner beneficial for the organisation.

4. The company can also diversify their product range by venturing into sewing products, such as producing machinery with embroidery features.

Ans 14. Ravi Khanna employs the notion of delegation. This is because Ravi found the level of work too much for him to handle alone, so he decided to hire more people. He then allocated the responsibilities to Ishan and Vrinda so that Ravi could concentrate on the goals. As a result, he's delegating work to his subordinates.

The importance of delegation is shown in the following areas.

1. Managerial efficiency: By distributing work to subordinates, managers may focus on critical areas while simultaneously branching out into new ones. The managers' efficiency improves as a result of their independence from mundane chores.

2. Employee proficiency: When subordinates are entrusted with the duty of completing it, they are given the opportunity to demonstrate their talents and skills. This assists them in gaining experience as well as improving their skills.

3. Motivation:By delegating responsibility to subordinates, they are able to demonstrate their efficiency and capacity.

4. Development:Delegation aids in the development of effective managers who can lead the business during its growth period. This helps the company to develop and expand.

Ans 15. Divisional structure is a system where work is divided into different departments. There is a separate head for each department, and there is no overlapping of responsibilities in such a structure. The field of work is clearly defined.

Here are some of the advantages of a divisional structure.

1. Managers and workers get ample opportunity to grow in their departments and become specialists in the product. It is helpful in increasing the efficiency of the workforce.

2. Each division or department can be tracked individually for their performance. It leads to the identification of the best and worst-performing divisions.

3. The divisions are independent to take their own decisions, which makes the decision-making process quick. Rapid decision-making enables faster implementation, which is beneficial for the organisation.

4. Having a divisional structure allows for adding more divisions without impacting the functions of the organisation.

The disadvantages can be highlighted as

1. There can be conflicts among departments with regard to the allocation of funds and resources.

2. There can be a rise in cost due to duplication of work among departments. There might be some activities that are common across all departments, and employing separate personnel for each department for these activities can drive the cost higher.

3. There can be a chance that due to more focus on improving the individual departments, the growth of the organisation as a whole can get hampered.

Ans 16. (i) ‘The organising function’of management is involved in the above para  
(ii) Following lines helped in identifying this function:  
‘They identified the following main activities which they have to perform…. ‘  
or  
‘In order to facilitate the work, they thought that four managers should be appointed…’  
(iii) Steps in the process of organising :-

* + Identifying and dividing the work into manageable activities.
  + Combining the work or departmentation where activities of a similar nature are grouped together.
  + Assignment of duties or allocating work to different employees.
  + Establishing reporting relationships so that each individual knows that from whom he has to take
  + orders and to whom he should report or is accountable.