



## **Important Questions for Class 12**

### **Business Studies**

#### **Chapter 5 – Organizing**

##### **VERY SHORT ANSWER QUESTIONS**

**1 or 2 Marks**

**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)**

**Ans:** Organizing. Organizing is the procedure of recognizing and assemblage the work to be performed.

**2. Name the organizational structure which supports in growing managerial and operational proficiency.**

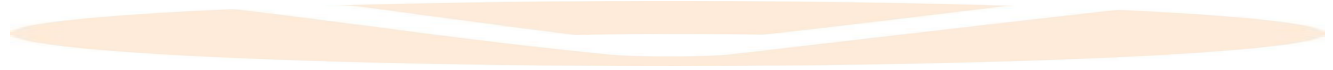
**(CBSE BOARD 2016)**

**Ans:** Functional structure supports in growing the managerial & operational proficiency.

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

**(CBSE BOARD 2016)**

**Ans:** Decentralization is referred to as a form of an organizational structure where you can find delegation of authority by the upper or top management to the middle as well as lower levels of management in an organization.



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**4. Give the meaning of 'organizing as a process'.**

**(CBSE BOARD 2016)**

**Ans:** Organising is the process of identifying and grouping tire work to be performed assigning duties to job positions and establishing relationships for the purpose of accomplishing objectives.

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

**(CBSE BOARD 2016)**

**Ans:** Divisional Structure promotes flexibility and initiative.

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

**(CBSE BOARD 2016)**

**Ans:** Delegation is the obligation of authority to another person (normally from a manager to a subordinate) to carry out definite activities. It is the procedure of distributing and entrusting work to another person. Delegation is one of the core concepts of management leadership.

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

**(CBSE BOARD 2016)**

**Ans:** Authority refers to fulfill the responsibility, certain authority is delegated to the subordinate. Authority means the authority to take conclusions. Hence, the manager along with the obligation also delegates authority to allow the subordinate to take decisions independently and complete the task efficiently.

**8. Name the type of 'organizational structure' which promotes efficiency in utilization of manpower.**

**Ans:** Functional structure is a type of organization structure which promotes efficiency in utilization of manpower.

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

**Ans:** Formal organization is the type of organization which is deliberately designed to facilitate the smooth functioning of the organization.

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

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

**11. Give any one importance of organizing?**

**Ans:** Organizing is the procedure of explaining and grouping activities, and founding authority relationships among them to attain organizational objectives.

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

**Ans:** Yes, I do agree. Divisional structure is suitable to organizations having several products with each product having distinct features, or for organizations having coverage of wide geographical area, or having distinct segments. Dividing the organization into several autonomous divisions allows it may advantages of functional structure.

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

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**Ans:** The Span of Management refers to the number of subordinates who can be managed efficiently by a superior. Simply, the manager having the group of subordinates who report him directly is called as the span of management.

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

**Ans:** Responsibility, Authority, Accountability are the elements of authority.

**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.**

**Ans:** Functional organization structure.

**SHORT ANSWER QUESTIONS**

**3 or 4 Marks**

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

**CBSE BOARD 2015**

**Ans:** Advantages of Formal organization:

- (a) **Fixation of responsibility:** It is easier to fix responsibility as mutual relationships are clearly defined.
- (b) **Clarity of duties:** Roles and duties of each member are clearly specified. So, there is no confusion and it helps in avoiding duplication of efforts.
- (c) **Unity of command:** there is unity of command as formal organization makes more use of official channels of command and communication.
- (d) **Helpful in achieving objectives:** It leads to effective accomplishment of objectives by provided that framework for actions to be performed and clearness of roles in the minds of employees.
- (e) **Provides stability:** It affords constancy to the organization as behavior of employees can be fairly forecast since there are exact rules to guide them.

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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 organizational goals. Every employee knew who was responsible and accountable to whom, The only difference was that in his organization 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 organization, which permits 'Panda Trucks Ltd.' the flow of communication in all the directions.

**Ans:** In Panda Trucks Ltd., informal organization permits the **flow of communication** in all the directions.

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

**Ans:** The another advantage of informal organization is **Promotion of social and cultural values**. Members of informal organization share common thoughts, social and cultural beliefs. Their interests are promoted which adds to the strength of the organization and a commitment to accomplish its formal goals.

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

**Ans:** The two values that 'Panda Trucks Ltd.' wanted to connect to the society are given underneath.

I. Fulfilling social responsibility.

II. Working for benefits of employees.

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**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.**

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

**Advantages:**

- i. Each division can work as an independent unit.
- ii. Divisional management improves the use of resources.
- iii. Removes the need for direct supervision of division by corporate managers.

**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.**

**Ans:** Statement is incorrect as the principle of absoluteness of responsibility is violated in this case. The person who delegates authority remains accountable to his own boss for the work he has delegated to his subordinate. In brief, it can be said that the process of delegation of authority does not relieve the manager of his own accountability.

**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?**

**Ans:** The Manager is answerable because obligation has been created without granting authority. The principle of parity of authority and responsibility has been despoiled.

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

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**Ans:** According to the principle of complete responsibility, authority can be delegated but responsibility and accountability cannot be delegated by a manager. The manager is answerable or accountable to his own higher for both, the tasks that he has allotted his subordinates and the acts of his subordinates.

## LONG ANSWER TYPE QUESTIONS

5 or 6 Marks

**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.**

**Ans.** Divisional Structure



**ii) State any three advantages of this organization structure.**

**Ans:** Advantages of Divisional structure:

- (i) Each division can work as an independent unit.
- (ii) Divisional management improves the use of resources.
- (iii) Promotes flexibility as each division is independent.
- (iv) Removes need for direct supervision of division by corporate managers.



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**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.**

**(CBSE BOARD 2017)**

**Ans:** Aman Chadha employs the notion of delegation. This is because Aman 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 Aman could concentrate on the goals. As a result, he's delegating work to his subordinates.

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

**Ans:** 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.

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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.

#### **24. What are the advantages and disadvantages of divisional structure?**

##### **Ans: Advantages:**

1. Each division can work as an independent unit.
2. Divisional management improves the use of resources.
3. Removes need for direct supervision of division by corporate managers.
4. Removes need for direct supervision of division by corporate managers.

##### **Disadvantages:**

1. This structure is not suitable for small organization.
2. Duplication of activities may happen in different divisions.
3. When each division is engaged in independent service cost may increase.
4. When each divisional manager safeguards his interest alone, he ignores the common goal of the organization.

#### **25. Distinguish between centralization and decentralization.**

**Ans:** Following are the differential factors between Centralization and Decentralization.

<b>Basis of Difference</b>	<b>Centralization</b>	<b>Decentralization</b>
Authority	Here, all the higher positions in the company as well as in the management hold the decision-making authority.	In decentralization, the management disbands the decision-making authority across the organization and brings it closer to the source of action and information.
Environmental condition	Centralization is more appropriate in stable environmental conditions.	If the environment is complex and uncertain the organization requires a greater amount of decentralization.
Preference	If the lower level managers are not very competent or experienced enough to take decisions, organizations tend to prefer centralization.	If the lower level managers are competent enough to make the decisions, organizations will benefit from decentralization.
Manage risk	If the organization faces a risk or threat, it relies more on centralized policies.	For centralization to be effectively practiced, the organizational culture must be more open and trusting.
requirement	To run a big organization effectively, centralization is required.	If the organization is a multi-located one with branches at different geographical locations a greater amount of decentralization is required.
Control	It depends largely on the mindset of the people. If the managers believe in having a tighter control over the	If, on the contrary, managers are more flexible in their attitude, a decentralization policy will prevail.

	happenings in an organization, the practice of centralization will prevail.	
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**26. How is functional structure different from a divisional structure?**

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

<b>Basis of Difference</b>	<b>Functional structure</b>	<b>Divisional structure</b>
Meaning	It is about Grouping or combining of jobs of similar nature under various functions as well as organising these functions as department creates functional structure.	Organizations with diversified activities organize their structure with separate business units or divisions, which is known as divisional structure.
Formation	It is formed by keeping in mind all the functions that are performed in the organization.	It is on the other hand; formed on the basis of product lines, supported by functions.
Specialization	It leads to functional specialization.	It leads to product specialization.
Responsibility	It is considered as difficult to fix responsibility on a department.	It is considered as easy to fix responsibility for performance.
Managerial development	Less scope of managerial development as specialised functions are performed.	High degree of managerial development with ease, due to autonomy and performance of multiple functions.



Cost involved	It is considered as economical	It is costly as there is
	because there is no duplication.	duplication of work and resources.
Coordination	Difficult for a multiproduct company.	It is considered as easy, because all functions related to a particular product are integrated in one.