

OPEN STUDENT FOUNDATION
Std-12 Business Administration
Day - 4

Chapters : 4

Date : 24/02/24

Section A

- Choose correct answer from the given options. [Each carries 1 Mark] [8]
1. Organisation framed with the mixture of project structure and general structure is called? (March-2018)
(A) Matrix Organisation (B) Linear Organisation
(C) Functional Organisation (D) Informal Organisation
 2. Future managers can be prepared by adopting which of the following? (July-2018)
(A) Division of labour (B) Decentralization (C) Centralization (D) Demonetization
 3. Which of the following becomes possible due to departmentalization of functions? (March-2020)
(A) Specification (B) Planning (C) Co-ordination (D) Direction
 4. Which of the following cannot be assigned? (July-2019, Aug-2020)
(A) Authority (B) Responsibility (C) Accountability (D) Function
 5. The network formed naturally by human relations is called (March-2019)
(A) Informal organisation (B) Linear organisation (C) Formal organisation (D) Matrix organisation
 6. In which of the following organisation, function is given more importance than department? (May- 2021, March-2023)
(A) Linear (B) Functional (C) Informal (D) Matrix
 7. What is called the person who receives orders at bottom level? (March-2022, July-2022)
(A) Subordinate (B) Superior (C) Project Manager (D) Officer
 8. Which organisation is called army organisation? (July-2022)
(A) Matrix (B) Functional (C) Linear (D) Informal

Section B

- Write the answer of the following questions. [Each carries 2 Marks] [6]
9. "Organising is Body and Planning is a Brain of Business Enterprise" - Explain. (March-2023) #
 10. "Formal and Informal Organisations are Complementary to each other." - Explain. (Aug-2020)
 11. When is decentralization possible? (May-2021, March-2022, March-2023)

Section C

- Write the answer of the following questions. [Each carries 3 Marks] [18]
12. Explain the characteristics of formal organisation. (March-2023)
 13. Explain functional organisation with diagram. (March-2022, March-2023)
 14. What is delegation of authority? Draw a diagram showing its elements. (March-2019)
 15. Explain six characteristics of informal organisation. (March-2019)
 16. Explain the basic elements of delegation of authority. (July-2019, May-2021, march-2022)
 17. Write a note on matrix organisation. (Aug- 2020)

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Section B

- **Write the answer of the following questions. [Each carries 2 Marks]** **[6]**
9. **“Organising is Body and Planning is a Brain of Business Enterprise” - Explain. (March-2023) #**
- ➡ Just as the brain makes decisions and determines policy in the human body, planning clarifies goals and policy in the business unit. The goals and policies decided by planning, are implemented by organisation in the unit.
- ➡ Just as the body works implementing the decisions taken by the brain, the work of implementing the

decisions taken by planning is done by organisation.

⇒ Hence, it can be said that organising is body and planning is a soul of business enterprise

10. “Formal and Informal Organisations are Complementary to each other.” - Explain. (Aug-2020)

⇒ The formal organisation is framed according to the defined function. In this organisation, the structure of different departments and the interrelationship between the working employees are clear. So every employee obeys the orders of his superiors.

⇒ Besides, due to the employees coming in contact with each other while working in each of these departments, the relationship between them becomes emotional. So that the employees try to complete each other's work themselves and cooperate with each other. Thus, this type of organisation is called Informal Organisation. Therefore, since the Informal Organisations arise out of the Formal organisation, they are called complementary.

11. When is decentralization possible? (May-2021, March-2022, March-2023)

⇒ Decentralization is possible where the size of the business unit is large, where quick decisions can be made in the organisation, where there is less workload at the top level and where specialized knowledge and skills are required.

⇒ Decentralization is also possible in business units where managers need to be developed, diversification is needed, and motivation is fostered.

Section C

● Write the answer of the following questions. [Each carries 3 Marks]

[18]

12. Explain the characteristics of formal organisation. (March-2023)

⇒ **Meaning:** In order to achieve the predefined goals, the formal structure of relationship among persons and work is established which is known as Formal Organisation.

⇒ Linear and functional organisations are such types of Formal organisation.

⇒ **Characteristics :**

⇒ **Formal Structure :** The Administrators form this Formal Structure very cautiously to achieve the desired goals.

⇒ **Lacking Flexibility :** In this kind of structure, the place assigned to the employees is not flexible. There can be rarely change, once the position is assigned.

⇒ **Delegation of power from upper to lower level:** The delegation of power is done by superior officers and flows from upper level to lower level.

⇒ **Large size :** The organisation structure possesses a large size.

⇒ **Particular relations :** The relations among the employees are formed formally and certain due to this method.

⇒ **Communication :** Communication is done only through a formal method. The informal communication has no place over here.

13. Explain functional organisation with diagram. (March-2022, March-2023)

⇒ **Functional Organisation Meaning:**

⇒ Linear management gives more importance to the department than the function. That is its main limitation. Keeping this limitation in mind, the Functional Organisation comes into existence.

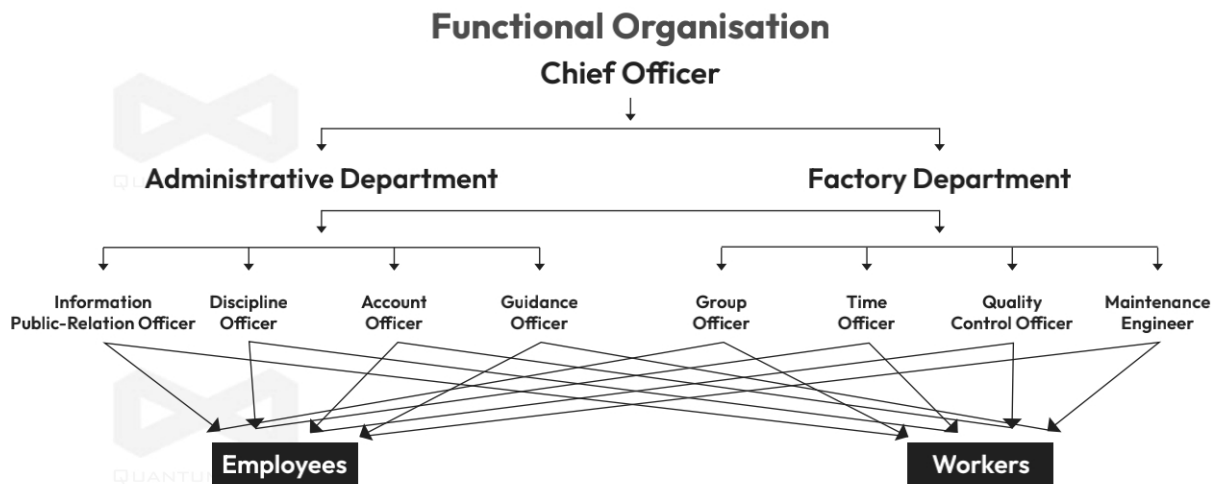
⇒ An Organisation in which an expert person with specialized knowledge is entrusted with responsibility for specific functions of the business, it is called a Functional Organisation.

⇒ E.g., In personnel management (staffing) department officer handles recruitment, transfer, promotion etc. of employees.

➡ **Formation:**

- ⇒ Division of labour and specialization are given special place in a functional organisation. Delegation of authority and responsibility is done according to the task instead of the department.
- ⇒ Different experts are appointed for each task. These experts are not only advisors, but also administrative head of their own work who are fully responsible for the work assigned to them. E.g. The Purchase Officer is responsible for all types of purchase function of the unit.
- ⇒ In a functional organisation, the supreme authority is with the Chief Executive Officer. As per the chart given below, the unit can be divided into two parts like administrative department and factory department. Each unit has its own list of activities and work and in the same way is assigned to different officers. According to this, each officer can give orders to the employees under him to perform the task.

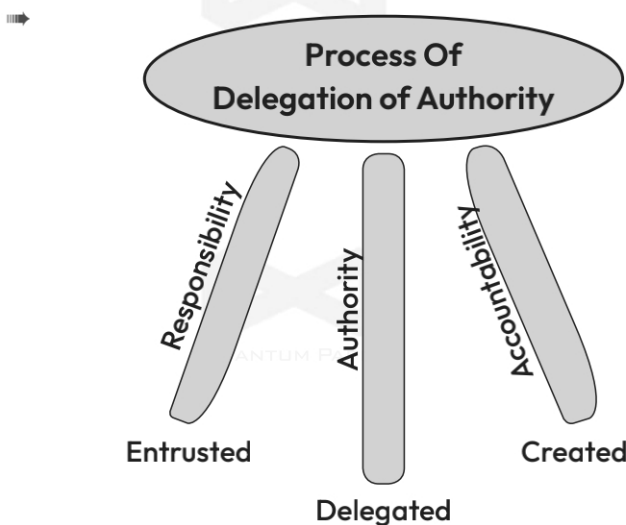
➡ **Functional Organisation Diagram : (March-2020)**



- ⇒ In this type of organisation, it should be kept in mind that no task should be left unassigned and no task should be assigned twice. This type of organisation is more suitable for business units in which there is more variety to be seen in work.

14. **What is delegation of authority? Draw a diagram showing its elements. (March-2019)**

- ➡ In order to carry out the tasks assigned effectively, the departmental heads have to be given the power to act and see that it is implemented, which is called delegation of authority.



15. **Explain six characteristics of informal organisation. (March-2019)**

- ➡ Informal organisation is the internal relations automatically formed on its own, in order to provide contribution to some result achievements, formed without any conscious objective. The relations are

inevitably developed among the people working together. Such relations are not formally formed., they arise naturally . Informal organisation arises only in formal organisation. Thus, the Informal organisation is complementary to the formal organisation.

➡ **Characteristics of Informal Organisation:**

(1) Informal structure:

⇒ This type of organisational structure is informal, arising from inter-relationships. This structure is naturally formed for the achievement of common goals among the employees working in the same industrial unit.

(2) Based on human relation :

⇒ Such organisations are based on human relation. This organisation is formed by employees having similar feelings, aptitudes, values, hobbies, habits and beliefs.

(3) Ever changing :

⇒ Structure of informal organisation is completely flexible. When an employee is transferred from one department to another department for work, there is a new change in human relations and due to this, a change is seen in the informal organisation.

(4) Universal :

⇒ Informal organisation is universal. The presence of informal organisation is found in every human activity with similar interests and values.

(5) Informal communication:

⇒ Communication is mostly exchanged informally in this organisation. Mostly, it is in verbal form. So it is more likely to contain more opinions than facts. Communication is very fast in informal organisation.

(6) Small Size :

⇒ Mostly the size of the informal organisation remains small as it depends on personal relationships.

(7) Lack of Control :

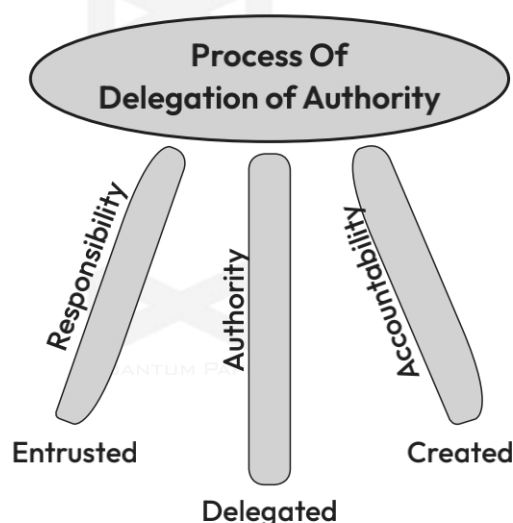
⇒ In informal organisation, there can be no formal control over the activities of employees. A person voluntarily does his own work and that of his colleagues.

(8) Complement to formal structure:

⇒ Since the informal organisation originates from the formal organisation itself, it can be said that it is complementary to the formal organisation.

16. Explain the basic elements of delegation of authority. (July-2019, May-2021, march-2022)

➡ **Diagram of Elements of delegation of authority: (July-2018)**



(1) Entrustment of Responsibility :

⇒ Responsibility is a duty assigned for a task by top level officer.

- ⇒ The workload of top level officers increases as the business unit grows. So top level officers cannot supervise all the functions of the unit themselves.
- ⇒ Hence, top level officers share the responsibility of some tasks to the employees to reduce their workload. Dividing responsibility among the employees is the first step in delegating authority.
- ⇒ If the authority is given too much in proportion to the responsibility, there is a possibility of its misuse. If the authority is given less than the responsibility, the work cannot be done effectively. Hence, a proper and efficient organisation can be formed by balancing authority and responsibility.
- ⇒ Responsibilities are delegated among the employees based on their qualifications, skills and experience.

(2) Conferment (Delegation) of Power/Authority :

- ⇒ Authority means rights to give orders.
- ⇒ The helpers are delegated authority to carry out the assigned responsibility in a proper manner.
- ⇒ Delegation of authority is from top level to bottom level, in which usually the authority is delegated to take decisions and to give orders. Delegation of authority can be for various purposes.
- ⇒ E.g., Authority to spend, Authority to punish, Authority to appoint new employees.

(3) Creation of Accountability

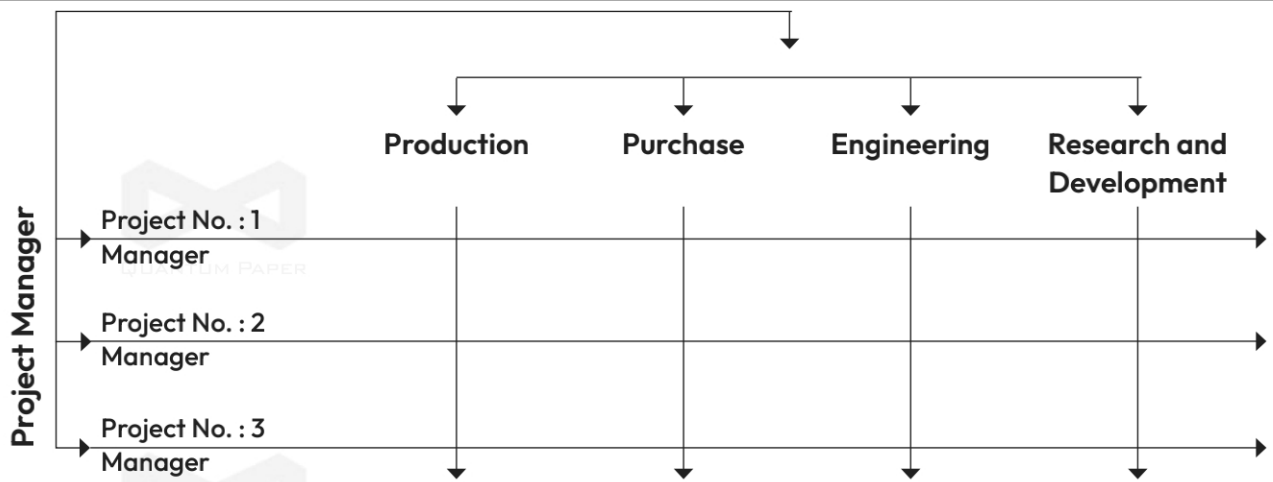
- ⇒ The Top Level officer of the concerned department is responsible for answering the work done by the subordinates.
- ⇒ It is the responsibility of the Top Level officer department of ficer to see that the work assigned to the employees is carried out properly. The top level officers has to give the answers to the management for the tasks assigned to these employees. It is called top level officer's accountability.
- ⇒ After delegating responsibility and authority, the delegator should see that his employees carry out the assigned tasks to them in proper manner. The middle level authority holder cannot free himself from his responsibility of getting work done by the subordinates. This accountability flows from lower to upper level. This accountability cannot be passed on.
- ⇒ E.g., the accounting officer performs the accounting functions with the clerk, but if the clerk makes any mistake in the accounts, the accounting officer has to give the answers to the management. This is called Accountability of accounting officer.

17. Write a note on matrix organisation. (Aug- 2020)

- ⇒ **Meaning :** Matrix organisation is a modern kind of organisation, which has two different type of structures. One is the simple kind of structure, which is a part of the decision making process and the other is a structure solving technical problems and is called Project structure. The combination of these two structures is called Matrix organisation.
- ⇒ **Formation :** In Matrix organisation, the combination of function based and project based Organisation are observed. In this type of organisation, each project manager is given different types of work responsibilities. Project managers are appointed as per the number of projects.
- ⇒ **Matrix Organisation Diagram : (July-2018, May-2021)**

Matrix Organisation

General Manager



- ⇒ The responsibility of the project manager is to complete the project on time and with success. The experts from the different staff are obtained for the project work from different departments. The obtained experts are divided into different groups.
- ⇒ E.g., research and development experts, product design experts, computer experts, technical experts etc.
- ⇒ After the completion of project experts, they are sent back to their original department.
- ⇒ From the above diagram, it is clear that in Matrix organisation, the flow of authorities is double fold. For example, the authority is delegated from general manager at upper level to the various departments and project heads at lower level in the straight line (Linear manner).
- ⇒ In the above diagram at the left side, it is also mentioned that all the project heads function independently. They obtain experts needed by them from different work groups or areas. Thus, a matrix is formed in the organisation. This type of organisation is more suitable where both technology and function are important to coordinate.