

## EXAM PRACTICE Past Year Board Questions

CBSE-Class XII  
Business Studies  
**Organising**

### Section A

(1 mark each)

- Question 1.** 'Himalaya Ltd.' Is engaged in manufacturing of washing machines. The target of the organisation is to manufacture 500 washing machines a day. There is an occupational specialization in the organisation which promotes efficiency of employees. There is no duplication of efforts in such type of organisation structure. Identify the type of organisation discussed above. **(2015)**
- Question 2.** Alliance Ltd. is engaged in manufacturing plastic buckets. The objective of the company is to manufacture 100 buckets a day. To achieve this, the efforts of all departments are coordinated and interlinked and authority-responsibility relationship is established among various job positions. There is clarity on how is to report to whom. **(2015)**
- Question 3.** Give the meaning of 'Authority' as an element of delegation. **(2014)**
- Question 4.** State any one advantage of 'Formal Organisation'. **(2014)**
- Question 5.** Give the meaning of 'Authority' as an element of delegation. **(2014)**
- Question 6.** Define 'organising' as a function of management. **(2013)**
- Question 7.** Identify the type of suitable organisation structure for a large scale organisation having diversified activities requiring high degree of specialization in operations. **(2013)**
- Question 8.** Name the function of management which co-ordinates the physical, financial and human resources and establish productive relations among them for achievement of specific goals. **(2008)**

## Section B

(3 marks each)

- Question 9.** What is meant by 'Formal Organisation? State its any two advantages. (2015)
- Question 10.** What is meant by 'functional structure' of an organisation? State its any two advantages. (2015)
- Question 11.** Explain by giving any three reasons why delegation is important in an organisation. (2010)
- Question 12.** Explain by giving any three reasons why decentralisation is important in an organisation. (2010)
- Question 13.** Explain when and why the need is felt for having a framework within which managerial and operating tasks are performed to accomplish desired goals. Name this framework also. (2010)

## Section C

(4 marks each)

- Question 14.** Neeraj Gupta started a company 'YoYo Ltd.' with ten employees, to assemble economical computers for the Indian rural market. The company did very well in its initial years. As the product was good and marketed well, the demand went up. To increase production the company decided to recruit additional employees. Neeraj Gupta, who was early taking all decisions for the company, had to selectively disperse the authority. He believed that people are competent, capable and resourceful and can assume responsibility for effective implementation of their decisions. This paid off and company was not only to increase its production but also expanded its product range with different features. (2015)
- (a) Identify the concept used by Neeraj Gupta through which he was able to steer his company to greater heights.
- (b) Also explain any three points of importance of this concept.
- Question 15.** Samir Gupta started a telecommunication company, 'Donira Ltd.' to manufacture economical mobile phones for the Indian rural market with 15 employees. The company did very well in its initial years. As the product was good and marketed well, the demand of its products went up. To increase production the company decided to recruit additional employees. Samir Gupta, who was earlier taking all decisions for the subordinates are competent, capable and resourceful and can (2015)

assume responsibility for effective implementation of their decisions. This paid off and the company was not only able to increase its production but also expanded its product range.

(a) Identify the concept used by Samir Gupta through which he was able to steer his company to greater heights.

(b) Also explain any three points of importance of this concept.

**Question 16.** Distinguish between 'Delegation' and 'Decentralisation' on the basis of the following: **(2013)**

- a. Purpose;
- b. Scope;
- c. Status; and
- d. Nature.

**Question 17.** Distinguish between 'Formal and Informal Organisation' on the basis of: **(2013)**

- a. Meaning;
- b. Origin;
- c. Authority; and
- d. Flow of Communication.

**Question 18.** What is meant by 'Divisional Structure' of organisation? State its any three advantages. **(2012)**

**Question 19.** "Organisation is the harmonious adjustment of specialised parts for the accomplishment of some common purpose or purposes." In the light of this statement explain any four points of importance of organising. **(2011)**

**Question 20.** State any two advantages and any two limitations of informal organisation. **(2010)**

**Question 21.** State any four advantages of formal organisation. **(2010)**

**Question 22.** Aman, Avneesh and Amrish have decided to start a business of manufacture toys. They identified the following main activities which they have performs: **(2009)**

- a. Purchase of raw materials
- b. Purchase of machinery
- c. Production of toys
- d. Arrangement of finance
- e. Sale of toys
- f. Identifying the areas where they can sell their toys
- g. 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.

1. Identify the function of management involved in the above mentioned para.
2. Quote the lines from the above para which help you in identifying this function.
3. State the step followed in the process of this function of management.

## Section D

(5 marks each)

**Question 23.** Give the meaning of 'organising'. State the steps in the process of organising. (2015)

**Question 24.** A company was manufacturing 'LED bulbs' which were in great demand. It was found that the target of producing 300 bulbs a day was not met by the employees. On analysis, it was found that the workers were not a fault. Due to electricity failure and shortage of workers, the company was not able to achieve the set targets and alternative arrangements were needed. (2015)

To meet the increased demand, the company assessed that approximately 88 additional workers were required out of which 8 would work as heads of different departments and 10 would work as subordinates under each head. The required qualifications and job specifications were also enlisted. It was also decided that necessary relaxation should be given to encourage women, persons from backward and rural areas and persons with special abilities to assume responsible positions in the organisation. All efforts were made to match the ability of the applicants with the nature of work.

- (a) Identify the functions of management discussed above.
- (b) State the two steps in the process of each function discussed in the above para.
- (c) List any two values which the company wants to communicate to the society.

## Section E

(6 marks each)

**Question 25.** 'Organising involves a series of steps in order to achieve the desired goals.' Explain these steps. (2014)

Or

With the help of any four points, explain the crucial role that organising plays in an enterprise. (2014)

- Question 26.** Differentiate between formal and informal organization on the basis of the following: (2014)
- Meaning
  - Origin
  - Authority
  - Behaviour
  - Flow of communication

**Or**

With the help of any four points, explain the importance of 'Decentralisation' in an organisation. (2014)

- Question 27.** Give the meaning of essential elements of 'Delegation'. (2013)
- Question 28.** What is meant by 'Informal organisation'? State the features of Informal organisation. (2012)
- Question 29.** What is meant by 'Functional Structure' of an organisation? State any three advantages and two limitations of this form of organisational structure. (2011)
- Question 30.** What is meant by 'Divisional Structure' of an organisation? Explain any three advantages and any two limitations of it. (2009)

## Answer Key

### Section A

(1 mark each)

- Answer 1.** Functional Structure
- Answer 2.** Organising
- Answer 3.** The right of an individual to command his subordinates and to take action within the scope of his position.
- Answer 4.** **Advantages of formal organisation:** (Any one from following)
- It is easier to fix responsibility.
  - It avoids duplication of efforts.
  - It maintains unity of command
  - It leads to effective accomplishment of goals.
  - It provides stability to the organisation.
- Answer 5.** Obligation of the subordinate to properly perform the assigned duty.
- Answer 6.** Organising is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives.
- Answer 7.** Functional structure
- Answer 8.** Organising

### Section B

(3 marks each)

- Answer 9.** Formal Organisation – The organisation designed and established by management is called formal organisation. It is officially set up to achieve certain goals. It is a system of clearly defined activities and relationship which are intend to divide and integrate the activities of the organisation.  
Advanatges of formal organisation (any two):
- Unity of command is maintained
  - Provides stability to the organisation
  - Leads to effective accomplishment of objectives
  - Easier to fix responsibility since relationship is clearly defined
  - Provide high stability
  - Reduces confusions
- Answer 10.** In functional structure of organisation, grouping of tasks is done on the basis of functions and each function of business is organized as a separate department. Advantages of functional structure: Specialisation

Low cost.

- Answer 11. Importance of delegation:** (Any three)
- Reduces work load of managers
  - Basis of management hierarchy
  - Better coordination
  - Helps improving managerial effectiveness
  - Motivates employees
  - Help in development of managers
  - Facilitates organizational growth

- Answer 12. Importance of decentralisation:** (Any three)
- Develops initiative among subordinates
  - Develops managerial talent for future
  - Quick decision making
  - Facilitates growth
  - Relief to top executives
  - Better control

- Answer 13. Framework – Organisation structure**

## Section C

(4 marks each)

- Answer 14.**
- (a) Concept used by Neeraj Gupta – Decentralisation
- (b) Importance of decentralisation (any three):
- Promotes initiatives and creativity among subordinates
  - Develops managerial talent
  - Quick and better decisions
  - Relieves top management
  - Facilitates growth
  - Effective control and coordination

- Answer 15.**
- (a) Decentralisation
- (b) Importance of decentralisation (any three from following):
- Promotes initiatives and creativity among subordinates
  - Develops managerial talent
  - Quick and better decisions
  - Relieves top management
  - Facilitates growth
  - Effective control and coordination

- Answer 16. Difference between 'Delegation' and 'Decentralisation':**

Basis	Delegation	Decentralisation
-------	------------	------------------

Purpose	To get things done from subordinates	To prepare the organisation for handling major expansion of its activities.
Scope	Narrow	Wide
Status	Followed to share tasks	Prepare for development of managerial talent
Nature	Compulsory	Optional policy decision of the top management

**Answer 17.** Difference between 'Formal and informal Organisation:

<b>Basis</b>	<b>Formal organisation</b>	<b>Informal organisation</b>
Meaning	Structure of authority relationship created by management	Network of social relationship
Origin	Result of organisation's rules and policies	Result of social interaction
Authority	By virtue of position in management	Arise out of personal qualities
Flow of Communication	Scalar chain	No direction

**Answer 18.** **Divisional Structure** – It is an organisation structure under which different products are treated as separate entities and organized under separate divisions.

**Advantages of divisional structure:**

- a. Product specialization
- b. Fixation of responsibility
- c. Quick decision making

**Answer 19.** **Importance of organising:** (Any four)

- a. Benefits of specialization
- b. Clarity in working relationship



- c. Optimum utilization of resources
- d. Adaptation to changes
- e. Effective administration
- f. Development of personnel
- g. Expansion and growth

**Answer 20. Advantages of Informal Organisation: (Any two)**

- a. Faster spread of information
- b. Help fulfilling social needs of the employees
- c. Helps achieving organizational objectives by compensating inadequacies in formal organisation
- d. Brings feeling of belongingness, self respect, etc.

**Limitations of Informal Organisation: (Any two)**

- a. May become a disruptive force when it spread rumors
- b. Oppose of changes implemented by management; delay or restriction on growth
- c. Pressurizes members to conform to group expectations

**Answer 21. Advantages of formal organisation: (Any four from following)**

- a. Clearly defined relationship
- b. Specified duties
- c. Unity of command is maintained
- d. Leads to effective achievement of organizational goals by providing a framework
- e. Provides stability to the organisation

**Answer 22.**

- a. **Function of management** - Organising
- b. "They identified the following main activities which they have perform"
- c. **Steps in organising process:**
  1. Identification and division of work
  2. Departmentalisation
  3. Assignment of duties to job positions
  4. Establishing reporting relationships

## Section D

(5 marks each)

**Answer 23.** Organising – Organising is the process of defining and grouping the activities of the organisation and establishing authority relationship among them. It is the process of putting together various activities and resources into a system so that people work together to achieve common goals of the (2015)

organisation.

Process of Organising:

- Identification and division of work
- Grouping jobs and departmentation
- Assigning duties
- Establishing authority relationship

**Answer 24.** (a) Staffing and Organising (2015)

**(b) Steps in staffing process (any two):**

- Estimating manpower requirements
- Recruitment
- Selection
- Placement and orientation
- Training and development

**Steps in organisation process (any two):**

- Identification and division of work
- Grouping jobs and departmentation
- Assigning duties
- Establishing authority relationship

(c) Values identified:

- Employment opportunities to women and people with special abilities
- Upliftment of rural and backward areas

## Section E

(6 marks each)

**Answer 25.** **Steps in the process of organising:** (2014)

- Identification and division of work
- Departmentalisation
- Assignment of duties to job positions
- Establishing reporting relationships

**Or**

**Role of organising:** (Any four from the following)

- Adaptation to change
- Development of personnel
- Benefits of specialization
- Clarity in working relationships.
- Optimum utilisation of resources
- Growth and expansion

(2014)

**Answer 26.** Difference between formal and informal organisation: (2014)

Basis	Formal	Informal
Meaning	Designed by the	Network of

	management to accomplish a particular task.	personal and social relations arising spontaneously as people associate with one another.
Origin	Result of company's rules and policies	Result of social interaction
Authority	Arises by virtue of position in management	Arises out of personal qualities
Behaviour	Directed by rules	Not set
Flow of communication	Scalar chain	Any direction

**Or**

**Importance of decentralisation:** (Any four points)

1. Develops initiative amongst subordinates
2. Develops managerial talent for the future
3. Leads to quick decision making
4. Gives relief to top management
5. Facilitates growth
6. Facilitates better control

**(2014)**

**Answer 27. Essential elements of Delegation:**

**(2013)**

- a. Authority – It refers to the right of an individual to command his subordinates and to take action within the scope of his position.
- b. Responsibility – It is the obligation of a subordinate to properly perform the assigned task.
- c. Accountability – Delegation empowers an employee to act for his superior but this will not eliminate accountability of superior.

**Answer 28. Informal organisation** – It is an organisation originates from within the formal organisation to meet the social and cultural needs of members of the organisation. It emerges in natural manner. This is a network if social groups based on friendship.

**(2012)**

**Features of Informal organisation: (Any four)**

- a. Originates from within the formal organisation as a result of personal interaction among employees
- b. Standards of behavior evolve from group norms
- c. Independent channels of communication; no specific direction
- d. Emerges spontaneously
- e. No definite structure

**Answer 29. Functional Structure** – It is an organisation under which (2011) similar jobs or functions are grouped together. It is suitable when organisation is large and has diversified activities.

**Advantages of Functional Structure: (Any three)**

- a. leads to occupational specialization
- b. Promotes efficiency
- c. Promotes coordination and control within departments
- d. Increase managerial efficiency
- e. Increase operational efficiency
- f. Results in economies of scale and reduces costs.
- g. Ensures different functions get due attention

**Limitations of Functional Structure:**

- a. Ignorance of overall organizational objectives
- b. Problem in coordination
- c. Conflicts of interest

**Answer 30. Divisional Structure** – In a divisional structure, the (2009) organisation structure comprises of separate business units or divisions. Activities and personnel are grouped on the basis of different products manufactured.

**Advantages of Divisional Structure:**

- a. Product specialisation
- b. Fixation of responsibility
- c. Quick decision-making

**Limitations of Divisional Structure:**

- a. Expensive
- b. Narrow focus
- c. Conflicts between different divisions