Case Studies - (Chapter 5) Organizing, BST Class 12

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Q. 1. Ishita works as a corporate event coordinator in an event management company. She has been made an overall official in charge for organizing a painting exhibition for one of the clients of the company. For ensuring that the exhibition takes place successfully, she identifies the various activities involved and divides the whole work into various task groups like marketing committee, decoration committee and reception committee. In order to facilitate coordination within and among committees, she appoints a supervisor of each group. Each member in the group is asked to report to their respective supervisor of each group. Each member in the group is asked to report to their respective supervisors and all the supervisors are expected to work as per Ishita’s orders.

In context of the above case:

1. Identify the function of management being performed by Ishita.
2. Describe briefly the various steps involved in the performance of the function of management as identified in part (a) of the question.

Ans.

1. The Organizing function of management is being performed by Ishita.
2. The steps involved in the process of organizing are as follows:
   1. Identification and Division of Work:
   2. Departmentalization:
   3. Assignment of Duties:
   4. Establishing Reporting Relationship:

Q. 2. As the head boy and head girl of 'Prakashay Public School', Deepak Chugh and Deepika Chawla have been given the responsibility of hosting the teacher's Day programme in the school. In order to conduct the programme in a systematic way, Deepak and Deepika first called a meeting of the student council. In the meeting the decided about the content of the programme after taking into consideration the different available alternatives and choosing the best alternative among them. Then the various tasks required to be performed
were identified and divided in accordance with predetermined schedule made by them. After that they grouped the similar activities into main groups as skit group, choir group, instrumental music group and contemporary dance group. Then each group was placed under the charge of a council member in accordance with his/her skills and competencies. These council members were in turn informed that they have to take orders and will be accountable only to Deepak and Deepika so as to facilitate coordination amongst various groups.

In context of the above case:

1. Identify of the above case:
2. Describe briefly any two points highlighting the importance of each of the functions of management as identified in part (a) of the question.
3. State any two values that ‘Prakashay Public School’ wants to communicate to society.

Ans.

1. The planning and organizing functions of management are being discussed. Planning is deciding in advance what to do, how to do, when to do and who has to do it. It is one of the basic managerial functions. Thus, it involves setting objectives and developing an appropriate course of action to achieve these objectives.

Organizing is the process of defining and grouping the activities of the enterprise and establishing authority relationships among them.

1. The importance of the planning function of management is described below:
   1. Planning provides directions:
   2. Planning reduces the risk of uncertainty:

The importance of the organizing function of management is described below:

1. Benefits of specialization:
2. Clarity in working relationships:
   1. The two values that ‘Prakashay Public School’ wants to communicate to society are:
      1. Trust
      2. Participation

Q. 3. Rishu, Ashu and Ravi have decided to start a business of manufacturing toys. They identified the following main activities which they have to perform;

1. Purchase of raw materials,
2. Purchase of machinery,
3. Production of toys,
4. Arrangement of finance,
5. Sale of toys,
6. Identifying the areas where they can sell their toys
7. Selection of employees

In order to facilitate the work they thought that four managers should be appointed to look after

1. Production,
2. Finance,
3. Marketing’
4. 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 steps followed in the process of this function of management. (6 marks)

Ans.

1. Organizing
2. ‘they identified the following main activities which they have to perform.’

‘In order to facilitate the work they thought that four managers should be appointed to look after

1. Production,
2. Finance,
3. Marketing,
4. Personnel.’

1. Steps in Organizing Process:
   1. Identify and dividing the work into manageable activities.
   2. Departmentalization / Departmentation where activities of a similar nature are grouped together.
   3. Assignment of duties to job positions.
   4. Establishing reporting relationships so that each individual knows from whom he has to take orders and to whom he is accountable.

Q. 4. Tanushree runs a factory wherein she manufacturers 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 shop for working women. Which type of structure would you recommend for the expanded organization and why? State any four advantages of this organization structure. (6 marks)

Ans. ‘Divisional structure’ is suitable for the expanded business since it will produce multiple products – shoes, leather bags and western formal wear. That means, the organization will grow; and will need to add more employees; create more divisions; and introduce new levels of management.

By adopting divisional structure, the company will get the following advantages:

1. It will facilitate growth and expansion. Now the business of Tanushree will have multiple divisions shoes, bags and formal wear. Within division, functions like production, marketing finance, purchase, etc. will be performed to achieve the objectives of the business.
2. Greater accountability will be possible because the divisional managers can be held separately accountable for their respective division’s profits, costs, etc.
3. Product specialization: A divisional head gains experience in all functions related to a particular product.
4. Flexibility and initiative: It promotes flexibility and initiative because each division functions as an autonomous unit which leads to faster decision-making.

Q. 5. The directors of Gunjan Ltd. an organization manufacturing colour televisions, have asked their production manager to achieve a target production of 150 televisions per day. They production manager has asked his foreman to achieve this target, but he did not give him the authority for the requisition of tools and materials from the stores department. The foreman could not achieve the desired target. Can the directors blame the production manager, and can the production manager blame his foreman for and achieving the target? Explain in brief the relevant principles relating to this situation in support of your answer. (4 marks)

Ans. Yes, the directors can blame the production manager, although he had delegated the task to his foreman because accountability cannot be delegated by a manager. The production manager shall still be accountable for the performance of the assigned tasks. (Principle of absoluteness of accountability)

However, the production manager cannot blame his foreman for not achieving the target because he did not give him the authority for the requisition of tools and materials from the
stores department. Responsibility with authority will make the subordinate ineffective, i.e., he will not be able to perform his duties well. (Principle of authority and responsibility)

Q. 6. Home Creations Ltd.’ is a well known chain of large department store offering various types of products under one roof. The company owns fifty stores in various parts of the country. Each store is placed under the charge of a manager who is allowed to run their stores autonomously by deciding about the products which may be promoted, appointment of staff, ways to handle customer complaints etc. As these managers have a deeper knowledge of the local situations, it enables them to take these decisions effectively keeping in view the local circumstances and consumers’ needs. This approach helps to improve customer service and at the same time serves to boost morale and increase the job satisfaction of the store managers as it empowers them to innovate and use their initiatives.

In the context of above case:

1. Identify and explain the policy followed by ‘Home Creations Ltd.’ to run their stores successfully.
2. Also, give any three points highlighting the importance of the approach followed as identified in part (a) of the question.
3. List any two values that ‘Home Creations Ltd.’ wants to communicate to its employees.

Ans.

1. The approach followed by ‘Home Creations Ltd.’ to run their stores successfully is Decentralization. Decentralization refers to systematic effort to delegate to the lowest level all authority except that which can be exercised at central points.
2. The importance of decentralization is highlighted through the following points:
   1. Develops initiative among subordinates:
   2. Develops managerial talent for the future:
   3. Quick decision making:
   1. The two values that ‘Home Creations Ltd.’ wants to communicate to its employees are:
      1. Initiative
      2. Trust

Q, 7, Sudhir is working as a purchase manager in a power sector company. All his subordinates hold him in high regard for his exceptional managerial skills. On one hand, as a manager, he is a tough task master and expects strict compliance to the organizational
rules and procedures from his subordinates. On the other hand, he makes conscious efforts to develop rapport with his subordinates by interacting freely with them during the lunch breaks in the cafeteria. Many a times these chit chats helps him to get an insight into the views and opinions of his team members about the policies of the organization.

In the context of the case:

1. Identify and explain the two types of organizations have been discussed.
2. State any three differences between the types of organizations as identified in part (a) of the question.

Ans.

1. Formal organization and Informal organization are the two types of organizations which have been discussed.

Formal organization is the structure of authority relationships created deliberately by the management to achieve its objectives.

Informal organization is a network of social relationships arising out of the interaction among employees within an organization.

1. The difference between Formal organization and Informal organization.

Q. 8. Rajeev, the owner of Pathway constructions decided to start a campaign to create awareness among people for developing clean surroundings in their area. He formed a team of 10 members to list the different ways for cleaning the surroundings. One suggested to take the help of local residents, another suggested that they may involve school going children in their venture. One more suggestion was to take the help of unemployed youth. On evaluation of different ways, it was decided to take the help of local residents. To achieve the desired goal various activities were identified like

1. Purchase of necessary items like dustbins, garbage bags, brooms, etc.;
2. Collection of garbage;
3. Disposal of garbage, etc.

After identification of different activities the work was allocated to different members.

1. Identify the concepts of management involved in the situation and quote the lines which help in their identification.
2. Also identify the values which the company wants to communicate to the society.

(4 marks)
Ans.

1. Concepts involved – Planning and Organizing

Lines for planning:
‘one suggested …. Unemployed youth’
‘on evaluation …. Local residents’
‘campaign to create awareness …. Surroundings’

Lines for organizing:
‘To achieve …. Disposal of garbage etc.’
‘after identification of different activities … different members’

1. Values:
   ● Respect for environment
   ● Team work
   ● Fulfilling social responsibility

Q. 9. A company manufacturing sewing machines set up in 1946 follows formal organization structure. It is facing a lot of problems such as delay in decision-making. As a result, it is not able to adapt to the changing business environment. The workforce is also not motivated, there is problem of red tapism and employees’ turnover is very high.

1. Advise the company with regard to change it should bring about in its organization structure to overcome the problems faced by it.
2. Give reasons in terms of benefits it will derive from the changes suggested by you.
3. In which sector can the company diversify keeping in mind the declining market for the product the company is manufacturing? (6 marks)

Ans.

1. The company should give due importance to informal organizational structure along with the formal structure. It enhances their job satisfaction. This will overcome the problem of lack of motivation. Informal groups can also provide useful communication channels, which may help to transmit useful information quickly.

2. Benefits of informal organizational structure;
1. Faster spread of information:
2. Fulfillment of social needs:
3. Fills inadequacies of formal structure:
1. The company can diversify its activities by introducing embroidery machines. It can also design special machines keeping in mind the requirement of ready – made garment manufacturers, etc. by diversifying in the same field, it can get maximum utilization of existing resources.

Q. 10. A company manufacturing consumer goods has grown in size. It was a market leader but with changes in economic environment and with the entry of MNCs its market share is declining. The company was following a centralized business model as even the minor decisions were in the hands of top level. Before 1991 this model was suitable for company but now the company is under pressure to reform.

What changes should the company bring about in order to retain its market share? Give its three points of importance.  
(5 marks)

Ans. The top management of the company must share decision-making authority with middle level land supervisory level also. It should introduce the concept of ‘Decentralization’ instead of following complete centralization. In the current scenario of business environment, there is need for fast action and quick decision-making which is possible only with decentralization.

Importance of decentralization:

1. Relief to top management:
2. Develops initiative amongst subordinates:
3. Quick decision-making:

Q. 11. National Vritech Ltd. has grown in size. It was a market leader but with changes in business environment and with the entry of MNCs its market share is declining. To cope up with the situation CEO starts delegating some of his authority to the General Manger, who also felt himself overburdened and with the approval of CEO disperses some of his authority to various levels throughout the organization. Identify the concept of management discussed above.  
(1 mark)

Ans. Decentralization

Q. 12. A Steel Manufacturing Company has the following main jobs:

1. Which type of organizational structure will you choose for this type of a company and why?

2. State any six advantages that this structure offers to an organization. (4 marks)

Ans.

1. Functional structure; because the company has diversified activities and operations require a high degree of specialization.

2. Advantages of functional structure:
   1. Functional structure leads to occupational specialization.
   2. It promotes control and coordination within the department.
   3. It helps in increasing managerial and operational efficiency and this results in an increase in profits.
   4. It leads to minimum duplication of effort.
   5. It makes training of employees easier.
   6. It ensures that different functions get due attention.

Q. 13. Identify and state the type of organization structure that should be followed by the company in each case:

1. Vrinda Ltd. grows, so it needs to add more employees, create new departments and introduce new levels of management.

2. Shreya Ltd. is a large organization having diversified activities and operations requires a high degree of specialization: (3 marks)

Ans.

1. Divisional structure

It is an organization structure comprising of separate business units or divisions, created on a certain basis, e.g. product lines.

   1. Functional structure

It is an organization structure formed by grouping of jobs of similar nature under functions and organizing these functions as separate departments like production, finance, marketing, etc.

Q. 14. Kiran Industries is a company manufacturing office furniture. The company chose to diversify its operations to improve its growth potential and increase market share. As the
project was important many alternatives were generated for the purpose and were thoroughly discussed amongst the members of the organization. After evaluating the various alternatives Sukhinder, the Managing Director of the company decided that they should add 'Home Interiors and Furnishings' as a new line of business activity.

1. Name the framework, which the diversified organization should adopt, to enable it to cope with the emerging complexity? Give one reason in support of your answer.
2. State any two limitations of this framework. (4 marks)

Ans.

1. Divisional Structure

Reason in support of the answer (any one)

1. Product Specialization helps in the development of varied skills in a divisional head and this prepares him for higher positions.
2. Divisional heads are accountable for profits, as revenues and costs related to different departments can be easily identified and assigned to them.
3. It promotes flexibility and initiative because each division functions as an autonomous unit which leads to faster decision making.
4. It facilitates expansion and growth as new divisions can be added without interrupting existing operations by merely adding another divisional head and staff for the new product line.

1. Limitations of the Divisional Structure: (Any two)
1. Conflict may arise among different divisions with reference to allocation of funds.
2. It may lead to increase in costs since there may be a duplication of activities across products.
3. Divisional interests may supersede organizational interests.

Q. 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 the decisions for the company had to selectively disperse the authority. He believed that subordinates are competent, capable and resourceful and can 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.
1. Identify the concept use by Samir Gupta through which he was able to steer his company to greater heights.
2. Also explain any three points of importance of this concept. (4 marks)

Ans.

1. Decentralization
2. Importance of Decentralization
3. Relief to top management:
4. Develops initiative amongst subordinates:
5. Develops managerial talent for the future:

Q. 16. ‘Himalaya Ltd.’, is engaged in manufacturing of washing machines. The target of the organization is to manufacture 500 washing machines in a day. There is an occupational specialization in the organization which promotes efficiency of employees. There is no duplication of efforts in such type or organization structure.

Identify the type of organization structure described above. (1 mark)

Ans. Functional structure.

Q. 17. Steelo Ltd. decided to set-up its steel manufacturing factory in the backward area of Orissa where very less job opportunities were available. People of that area welcomed this effort of Steelo Ltd. To attract people to work in its factory, it also decided to provide many other facilities like a school, hospital, market, etc. in the factory premises.

Steelo Ltd. started earning huge profits. Another competing company asked its production manager Aslam to investigate the reasons of earning huge profits by Steelo Ltd.

Aslam found that in both the companies, there was systematic coordination among the various activities to achieve the 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 Steelo Ltd. was allowing the flow of communication in all the directions as per the requirement which led to faster spread of information as well as quick feedback.

1. Identify the type of organization which permits Steelo Ltd. the flow of communication in all the directions.
2. State another advantage of the type of organization identified in part (a) above.
3. State any two values which Steelo Ltd. wanted to communicate to society.
Ans.

1. An informal organization permits the flow of communication in all the directions in My Car Ltd.
2. Another advantage of informal organization is that it helps to fulfill the social needs of the members by giving them a sense of belongingness in the organization and enhances their job satisfaction.
3. The two values that My Car Ltd. wants to communicate to the society are:
   1. Trust
   2. Social Responsibility

Q. 18. A company is manufacturing washing machines. There is a well-defined system of jobs with a clear and definite authority, responsibility and accountability in the company. But people are not allowed to interact beyond their officially defined roles. As a result, the company is not able to adapt to the changing business environment. The workforce is also not motivated due to lack of social interaction. The company is facing problems of procedural delays and inadequate recognition of creative talents.

1. Suggest how the organization can overcome the problems faced by it.
2. Give any two benefits it will derive from your suggestions.

Ans.

1. The organization can overcome the problem faced by it by adopting informal organization. Informal organization emerges from within the formal organization when people interact beyond their officially defined roles.
2. The two benefits of informal organization are as follows:
   1. It helps to fulfill the social needs of the members by giving them a sense of belongingness in the organization and enhances their job satisfaction.
   2. It contributes towards the fulfillment of organizational objectives by compensating for inadequacies in the formal organization.

Q. 19. After completing a course in travel and tourism, Karan started his own travel agency. In order to ensure smooth functioning of his business, he decided to create fourteen job positions divided into four departments on the basis of functions namely, front office department including online queries, reservations department for airways, railways and roadways, accommodation booking department, and securing payments department. In
order to avoid any interdepartmental conflicts he decides to specify clearly the lines of authority and areas of responsibility for each job position.

In the context of the above case:

1. Which function of management is being described in the above lines?
2. Identify the framework created by Karan within which all managerial and operating tasks are to be performed in his organization.
3. Name the type of the framework as identified in part (a) of the question. Also, give any two of its advantages.

Ans.

1. The Organizational function of management is being described in the above lines.
2. Organizational structure is the framework created by Karan within which all managerial and operating task are to be performed in his organization.
3. Karan has created a functional structure as job positions are divided into four departments on the basis of functions namely, front office department including online queries, reservation department for airways, railways and roadways, accommodation booking department, and securing payments department.

The two advantages of functional structure

Q. 20. Atul joins as a Regional Sales Head in the export division of a FMCG (fast moving consumer goods) company. In a departmental meeting, he asks one of this subordinates, Manik, to take charge of the company’s new office in Dubai. He allocates the work to him and grants the necessary authority. However, within a month by seeking regular feedback on the extent of work accomplished for Manik, Atul realizes that Manik is not doing the work as per his expectations. So he takes away the authority delegated to him and re-delegates the work to Prakrit. Due to the time wasted in this switch over, the work at the Dubai office suffers tremendously and the company is not able to meet its desired goals.

In context of the above case:

1. Why is Manik supposed to give regular feedback about work to Atul?
2. Can the authority granted to a subordinate be taken back and re-delegated to another person?
3. Can Manik be held responsible for not meeting the work related expectations of Atul? Give a suitable reason in support of your answer.
4. Differentiate between authority, responsibility and accountability on the basis of origin and flow.
1. Manik is supposed to give regular feedback about work to Atul as he has been granted authority and entrusted responsibility, so he remains answerable for the outcome.
2. Yes, the authority granted to a subordinate can be taken back and re-delegated to another person.
3. Yes, Manik can be held responsible for not meeting the work related expectations of Atul as it is the obligation of subordinate to perform the assigned duty to the best of his ability and skill.

Q. 21. Rakesh joins as a Head Librarian of a newly constructed medical college in Pune. A team of four librarians is placed under him for the smooth functioning of the library. Besides, he has been assigned eight people as support service staff. On the second day of his joining, he is told to get a shipment of new books unloaded, stock the bookshelves, and then get all waste (packaging, paper etc.) disposed off within a weeks time. In order to ensure orderliness and speed in the process of setting up of the library, he makes each of the four librarians in charge of five different subjects. Keeping in mind their competence and experience he decides to give them more authority so that they can make autonomous plans and assume the responsibility for the effective implementation of their decisions.

In context of the above case:

1. Identify and explain the concept used by Rakesh keeping in mind the competence and experience of the other librarians.
2. Describe briefly and three advantages of using the concept as identified in part (a) of the question.

Ans.

1. Rakesh has used the concept of decentralization keeping in mind the competence and experience of the other librarians.
2. The three advantages of using decentralization are as follows:
   1. Decentralization helps to promote self-reliance and confidence amongst the subordinates:
   2. Relief to top management:
   3. Quick decision making:
Q. 22. A truck manufacturing company has its registered office in Delhi, manufacturing unit at Gurgaon and marketing department is located at Faridabad. The company manufactures different types of trucks. Which type of organizational structure should it adopt to achieve its target? Give reasons. State any four any advantages of this organization structure. (6)

Ans. The company should adopt ‘Functional Structure’ since it manufactures trucks only (a single product). The company has separate departments like manufacturing unit (Gurgaon), marketing and sales department (Faridabad), etc. That means, the size of the organization is large, it has diversified activities and operations require a high degree of specialization. So, it should adopt functional structure.

By adopting functional structure, the company gets the following advantages:

1. Each functional area of business (production, marketing, finance and personnel) will be controlled by an expert / specialist. It will lead to specialization.
2. It will lead to minimum duplication of efforts. This results in lower costs.
3. It helps in increasing managerial and operational efficiency and this results in increased profit.
4. It ensures that different functions (production, marketing, finance, etc.) get due attention.

Q. 23. A company is manufacturing washing machines. There is a well defined system of jobs with a clear and definite authority, responsibility and accountability in the company. But people are not allowed to interact beyond their officially defined roles. As a result the company is not able to adapt to the changing business environment. The workforce is also not motivated due to lack of social interaction. The company is facing problems of procedural delays and inadequate recognition of creative talents.

1. Suggestion how the organization can overcome the problems faced by it.
2. Give any two benefits it will derive from your suggestion. (5)

Ans.

1. Introduction of informal organization
2. Two benefits the firm will derive are:
   1. Faster spread of communication and quick feedback.
   2. It helps to fulfill the social needs of the members and enhances their job satisfaction.
Q. 24. The Employees of Manik Ltd., a software company, have formed a dramatic group for their recreation. Name the type of organization so formed and state its four features. (4)

Ans. The type of organization formed by employees of Manik Ltd. is informal organization.

Features of Informal Organization:

1. An informal organization originates from within the formal organization as a result of personal interaction among employees.
2. The standards of behavior evolve form group norms rather than officially laid down rules.
3. Independent channels of communication without specified direction of flow of information are developed by group members.
4. It emerges spontaneously and is not deliberately created by the management.

Q. 25. Ravi runs a locks manufacturing factory. He manufactures locks used in houses. He wants to expand his business. For this, he wants to enter into the manufacturing of locks for cars and motorcycles.

Which type of organizational structure will he choose for his factory and why? (1 mark)

Ans. Functional structure; because the company produces a single product (locks used in houses) or a small number of related products (locks for cars and motorcycles).

Q. 26. Neeta Ltd. is engaged in the production of marble articles. The members of the organization have friendly relationships among them. What type of organization is Neeta Ltd.? (1 mark)

Ans. Informal organization

Q. 27. Sherya Ltd. has been awarded recently with the ‘Best Employer of the Year Award’. The company has believed in the ideas and suggestions of its employees. There is systematic dispersal of decision making at all levels. There is no delay in delivery of orders to customers due to prompt decisions taken by employees.

1. Identify and state the concept of management followed by the company.
2. State any two values responsible for the success of the organization. (4 marks)

Ans.

1. Decentralization

It refers to systematic delegation of authority through all the levels of management and in all the departments except that which can be exercised only at central points.

1. Values:
   - Confidence / faith in the abilities of the subordinates
   - Initiative by subordinates
   - Respect towards others’ opinion
   - Acceptance

Q. 28. An electronic company manufacturing TV and Refrigerators wants to bring two new Washing machines and ACs in the market. For each product separate division is to be set up. In charge of washing machine division and ACs division will be females and disabled person respectively.

1. What type of organizational structure is suitable for this company? Give reason.
2. State any one value which has been considered by the company. (3 marks)

Ans.

1. Divisional structure; because it is a large company having multiple products with distinctive characteristics.
2. Values:
   - Women Empowerment
   - Promotion of equality

Q. 29. A manager has kept all right of decision making with himself. Each and every employee has to come to him for orders again and again.

1. Identify and state the concept of management not followed by the manager.
2. Which values are being violated here? (4 marks)

Ans.
1. Delegation of authority

It means transfer of authority from a superior to a subordinate to operate within the prescribed limits. It has three elements – authority, responsibility and accountability.

1. Values:
   ● Wastage of time and resources
   ● Lack of employee development without delegation of authority
   ● Frustration in employees (any two)

Q. 30. At Alpha Ltd. all expenses bills of employees are processed by general manager himself. He feels quite overburdened. He decided to delegate this work to deputy general manager. But after sometime the deputy general manager, dispenses this authority to various levels throughout the organization. Now all bills for travelling are processed through respective department supervisor;

Name the concept of management highlighted in above case before and after delegating the authority.

Ans. Before delegation of authority-centralization.

After delegating of authority-decentralization.

   By sumit shukla..........................