

# VIDYA BHAWAN BALIKA VIDYA PITH

## शक्ति उत्थान आश्रम लखीसराय बिहार

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Case Studies In Business Studies(ORGANISING)

### Question 4.

The activities and employees in 'Elegance Pvt. Ltd.', a footwear manufacturing company, can be broadly grouped into five departments namely; production, purchase, marketing, accounts and personnel. Over the years the company has grown and expanded its operations manifolds. The company now intends to diversify into leather bags segment. So its management has decided to restructure its operations. They plan to create separate product divisions for each product line wherein the functioning of each division will be further divided into five departments namely; production, purchase, marketing, accounts and personnel.

In context of the above case:

How is the company's future organisational structures likely to be different from the existing one? State any three points of differences between the two types of organisational structures.

### Answer:

At present, the company is following functional structure and it intends to adopt a divisional structure in future.

The difference between Functional organisational structure and Divisional organisational structure is as follows:

S.No.	Basis	Functional Structure	Divisional Structure
1.	Formation	It is based on functions.	It is based on product lines and is supported by functions.
2.	Responsibility	It is difficult to fix responsibility on a department.	It is easy to fix responsibility for performance.
3.	Specialisation	Functional specialisation	Product specialisation.

### Question 5.

Rahunath works as a human resource manager in 'Vanshika Housing Ltd.' a company engaged in the real estate business. He suggests to the Managing Director of the company to start a sports club in the office where friendly indoor matches can be organised amongst the employees on every Saturday.

In context of the above case:

1. Identify the type of organisation that Rahunath is desirous of promoting in the company.
2. State any three advantages of the type of organisation as identified in part (a) of the question.

### Answer:

1. Informal organisation is the type of organisation that Rahunath is desirous of promoting in the company.
2. The three advantages of informal organisation are stated below:
  - It leads to faster spread of information as well as facilitates quick feedback.
  - It helps to fulfill the social needs of the members by giving them a sense of belongingness in the organisation and enhances their job satisfaction.
  - It contributes towards the fulfillment of organisational objectives by compensating for inadequacies in the formal organisation.

### Question 6.

Smriti works as a marketing manager in a small company. The company has recently launched a new brand of room fresheners through aggressive promotion. However, the product is less in demand and its sales are low. Smriti decides to study the reasons for the poor likability of the product through a market research. Keeping in view the volume of work, she knows it will be impractical for her to handle it all by herself. In order to share her work, she deploys a team of executives. She gives them the necessary authority and assigns them the responsibility to conduct the research and report back to her so that she can make the decisions.

In the context of the above case:

Identify and explain the concept used by Smriti to share her work and authority with her subordinates.

### Answer:

The concept used by Smriti to share her work and authority with her subordinates is Delegation of authority.

Delegation of authority merely means the granting of authority to subordinates to operate within prescribed limits.

### Question 7.

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 from Manik, Atul realises 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.

### Answer:

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 a subordinate to perform the assigned duty to the best of his ability and skill.
- 4.

S.No.	Basis	Authority	Responsibility	Accountability
1.	Origin	Arises from formal position in the organisation.	Arises from delegated authority.	Arises from responsibility.
2.	Flow	Flows downward from superior to subordinate.	Flows upward from subordinate to superior.	Flows upward from subordinate to superior.

### Question 8.

Srijan is working as a sales manager in a publishing house. In order to promote the new series of encyclopaedias, the company decides to undertake door to door selling in the city. As the sales manager, Srijan is given the target of selling 5000 units in one month. He

appoints a team of five salesmen for the purpose. Each salesman is given the target of selling 1000 units. At the end of the month only 4800 units are sold as one of the salesman, Bobby, falls ill during the last week and is able to sell only 800 units.

In the context of the above case:

Will Srijan be still accountable for the performance of the assigned tasks to Bobby? Why or why not? Give a suitable reason to support your answer.

**Answer:**

Yes, Srijan will still be accountable for the performance of the assigned tasks to Bobby because only the responsibility for the work assigned can be delegated. The ultimate responsibility of a superior is absolute and cannot be delegated. Thus, irrespective of the extent of delegated authority, the manager shall still be accountable to the same extent as before delegation.

**Question 9.**

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 organisational 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 organisation.

In the context of the case:

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

**Answer:**

1. Formal organisation and Informal organisation are the two types of organisations which have been discussed.  
Formal organisation is the structure of authority relationships created deliberately by the management to achieve its objectives.  
Informal organisation is a network of social relationships arising out of the interaction among employees within an organisation.
2. The difference between Formal organisation and Informal organisation is as follows:

S.No.	Basis	Formal Organisation	Informal Organisation
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1.	Origin	It arises as a result of company rules and policies.	It arises as a result of social interaction.
2.	Authority	It arises by the virtue of position in the organisation.	It arises out of personal qualities of the members.
3.	Behaviour	It is directed by rules of the organisation.	There is no set behaviour pattern for the members.

### Question 10.

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 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 any three advantages of using the concept as identified in part (a) of the question.

### Answer:

1. Rakesh has used the concept of decentralisation keeping in mind the competence and experience of the other librarians.
2. The three advantages of using decentralisation are as follows:
  - o Decentralisation helps to promote self-reliance and confidence amongst the subordinates: When the subordinates are given freedom to take their own decisions, they learn to depend on their own judgment and develop solutions for the various problems they encounter. Moreover, a decentralisation policy helps to

identify those executives who have the necessary potential to become dynamic leaders.

- Relief to top management: Decentralisation reduces the need of direct supervision and helps to save the time of top management for pursuing other important work.
- Quick decision making: In a decentralised organisation managers at all levels are allowed to take such decisions independently which lie within their area of jurisdiction. This makes the process of decision making much faster.