



Topic and Contents	Hours	Marks
3.1 Organization <ul style="list-style-type: none">• Definition• Steps in organization 3.2 Types of organization <ul style="list-style-type: none">• Line• Line & staff• Functional• Project 3.3 Departmentation <ul style="list-style-type: none">• By product• By process• By function 3.4 Principles of organization <ul style="list-style-type: none">• Authority & responsibility• Span of control• Effective delegation• Balance, stability and flexibility• Communication 3.5 Forms of ownership <ul style="list-style-type: none">• Proprietorship• Partnership• Joint stock• Co-operative society• Government sector	08	08



Q. Define organization

An organization is a group of persons united to achieve any task.

Organization may also be defined as a group of activities and resources to facilitate efforts to achieve the common aims and objectives.

e.g. any company, any Govt. dept, business unit, any institute, NGO, student organization etc.

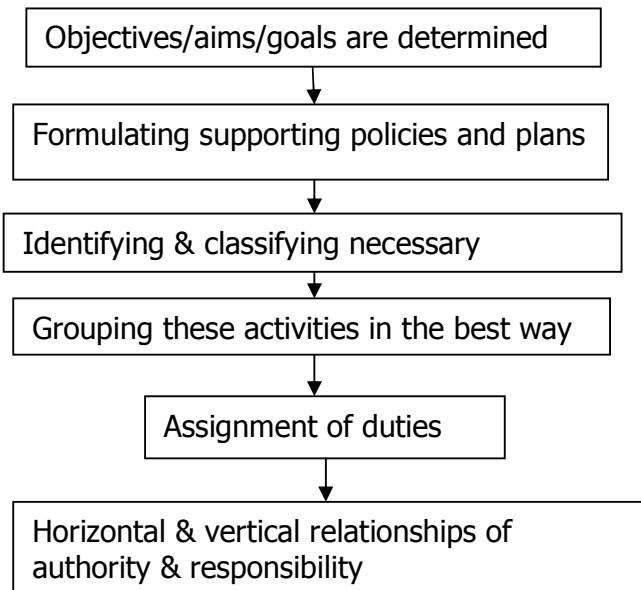
The aims of forming organization are:

1. Combined efforts
2. Ordered way of working
3. Everyone is responsible
4. Teamwork

Characteristics features of organization are:

1. It is a group of working people
2. It has a well defined structure
3. It has a set of authorities and responsibilities
4. It is a function of management
5. It has aim & objectives

Q. Describe the steps in organization.





1. Objectives/Aims/Goals are determined:
 - Before we start must know our goals.
 - This step in organization defines path of actions.
 - Due to this initial step, we get guidelines.
2. Formulating supporting policies and plans:
 - Skeleton of policies is necessary for satisfying goals.
 - Plans initiate actions in an organization
 - Support of policies and plans strengthens focus towards defined objectives.
3. Identifying and classifying necessary activities:
 - Numerous activities are listed down
 - To avoid variation and differentiation, their classification is necessary.
 - Activities can be considered as per their nature and scope.
4. Grouping these activities in the best way:
 - Identified and classified activities are sequentially arranged.
 - Grouping is done as per the resource availabilities, priority in work and importance as well.
 - Grouping helps to assign people on them.
5. Assignment of duties:
 - Activities/ duties are assigned to people with us.
 - Care is taken to satisfy both i.e. requirement of work and human needs.
 - Overlapping, underutilization and overloading are avoided while assigning duties.
6. Horizontal & vertical relationships of authority and responsibility:
 - Organization will never work without clear-cut identification of authority and responsibility.
 - For performing duty, authority is important.
 - To complete the function, responsibility is must.

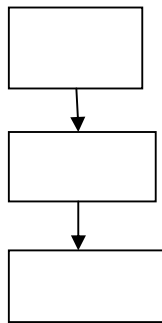
- When vertical and horizontal structure of authority and responsibility is final then assigned duties will be completed effectively.

Q. Explain types of organization

1. Line organization
2. Functional organization
3. Line and staff organization
4. Project organization

1. Line organization:

1. It is also called as scalar organization.
2. It is the vertical type of organization structure.
3. Also called as military type because similar form of organization in the military.
4. Line organization is the oldest and simplest type of organization form.
5. It has a chain of authorities, one above the other.



Advantages

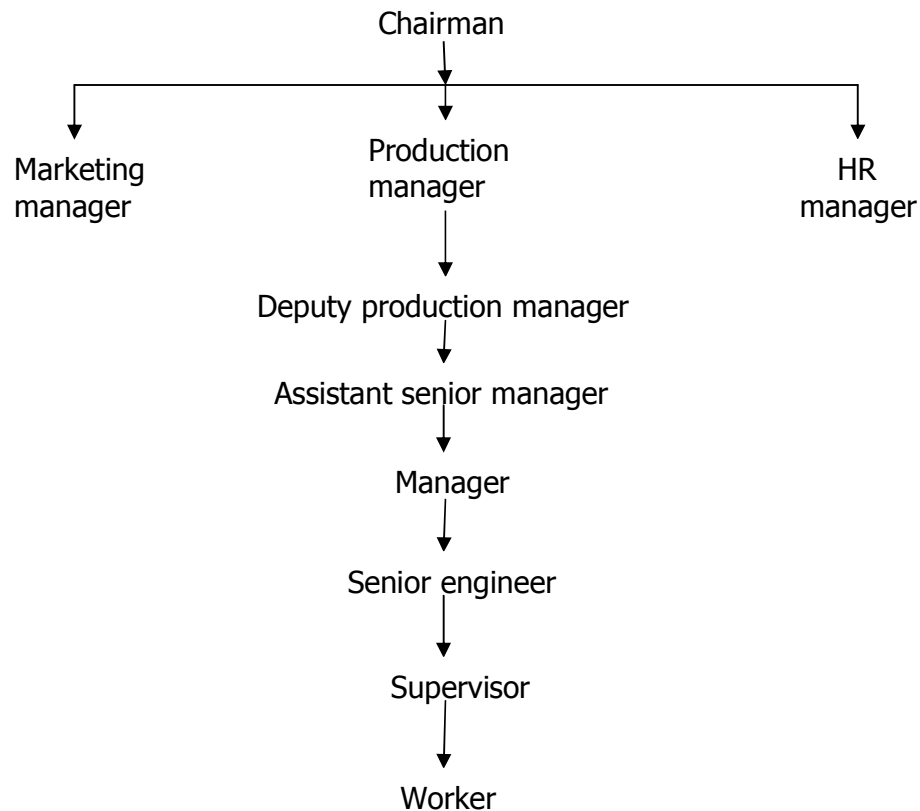
1. It is simple
2. Easy to understand
3. Decisions are quick
4. Confusion is less
5. High level of discipline.

Disadvantages

1. Authorities at top become dictators

2. Lack of specialization
3. Quick decision may be wrong
4. Overlapping of activities

Illustration of line organization:



Applications:

1. Military organization
2. Small firms
3. Process industries with automation.

2. Functional organization (Staff organization):

- It is also called as horizontal organization.
- There is grouping of activities as per functions.
- Specialization of function is the characteristics of this type of organization.

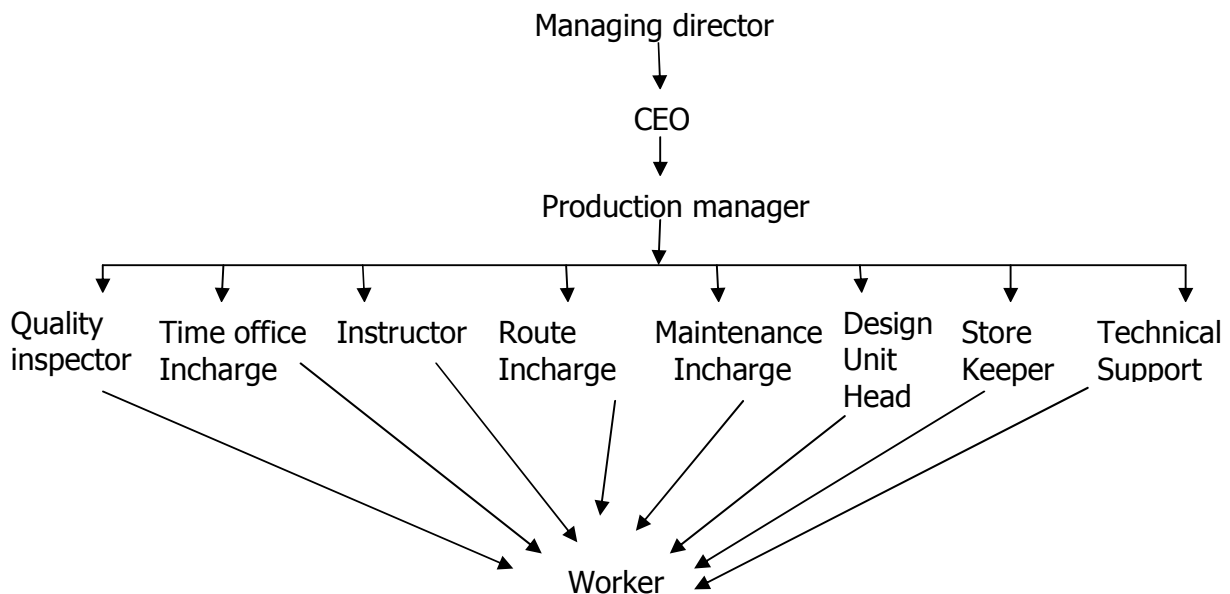
- Each group is performing a specific task. E.g. milling department is only performing milling operation, may be on different products. Function is the same and so the people are specialized in that.
- Also called as functional organization.

Advantages:

- a. Performance of work is better.
- b. Correct decisions are possible.
- c. Knowledge sharing helps to improve enrichment of expertise.
- d. Efficient utilization of people.

Disadvantages:

- Discipline is lacking.
- Everybody is smart, difficult to handle experts.
- Confusion among staff, as no single authority.
- Decisions are slow.

Illustration of functional organization (staff organization):**Applications:**

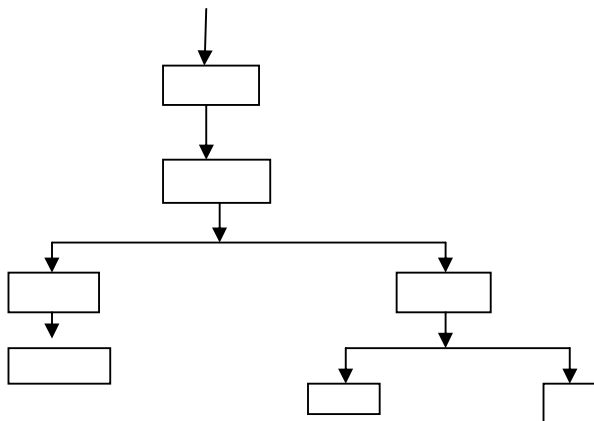
1. The functional organization is very rare in industrial sector.
2. R&D departments, some educational institutes, few specialized departments have functional organization structure.

Q. Give difference between line organization and functional organization.

Sr. No.	Line organization	Functional organization
1	Vertical type	Horizontal type
2	Oldest version	Developed version
3	Simple	Complex
4	Lack of specialization	Very specialized
5	Scalar organization	Staff organization

3. Line & staff organization:

- It is combination of line and functional organization.
- It is horizontal and vertical both in structure.
- Organization will be successful only when there is joint work of managers and executers.
- This form of organization shows characteristics of line type at certain places and it is also functional one wherever it is desired.



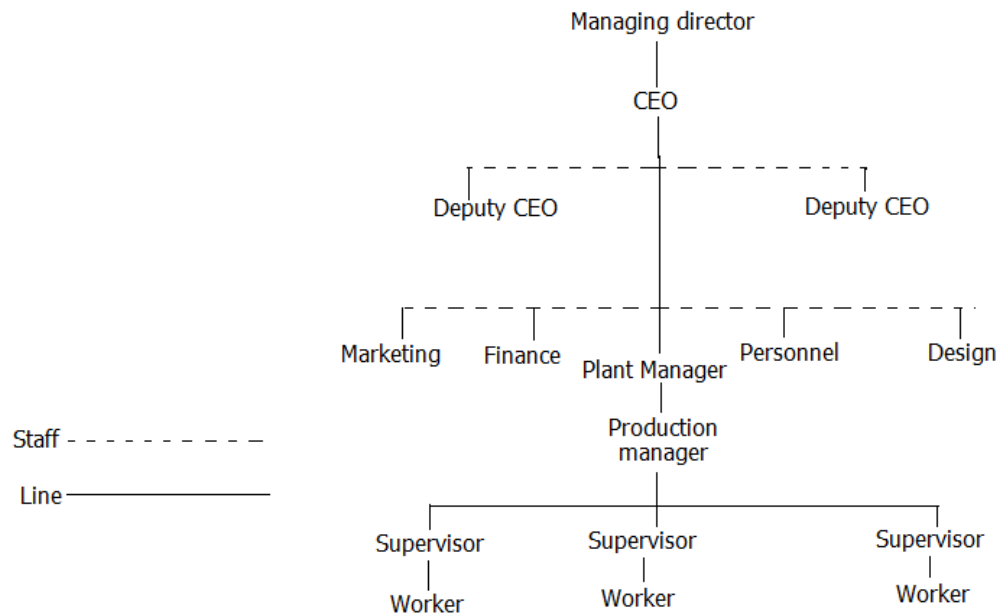
Advantages:

1. It is disciplined and specialized system.
2. Structure of organization is customized as per requirement.
3. Productivity is better compared to both other forms.
4. Decisions are quick and correct.
5. Teamwork is effective and systematic.

Disadvantages:

1. Cost of production is more due to good packages to staff.
2. System of work may be disturbed if confusions are more.
3. Sometimes injustice to line people.
4. Discipline is poor as compared to line organization.

Illustration of line and staff:



Applications:

1. Medium scale industries
2. Large scale industries
3. Manufacturing and Automobile sector.

4. Project organization:

1. It is an inter-organizational team pulled together for a specific purpose.
2. Team members are drawn from the organization's functional units to perform a specific task i.e. project.
3. The organization is temporary in nature.
4. It is formed for the project purpose only.
5. When such a team is organized, then in an original organization "matrix" type structure is formed.

6. Various forms of project organization:

- Functional organization
- Functional matrix
- Balanced matrix
- Project matrix
- Project team.

a) Functional organization: the project is divided up and assigned to relevant functional areas with co-ordination being carried out by functional and upper levels of management.

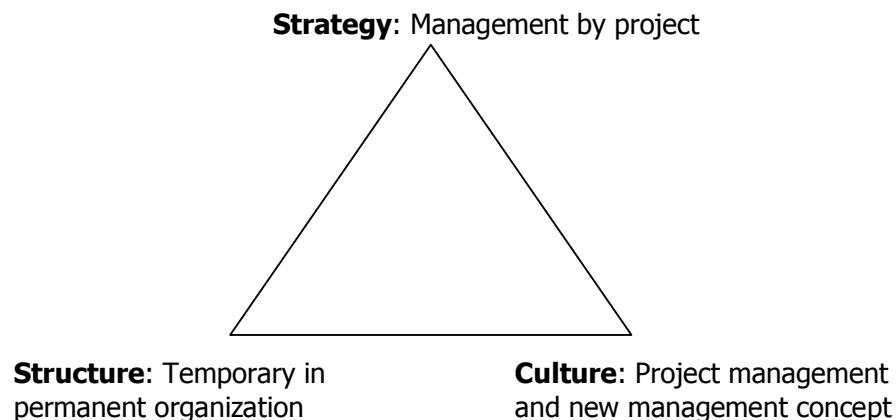
b) Functional matrix: A person is designated to oversee the project across different functional areas.

c) Balanced matrix: A person is assigned to oversee the project and interacts on an equal basis with functional managers.

d) Project matrix: A manager is put in charge of a core group of people from several functional areas. All are full time members.

7. Project oriented organization is one which:

- Defines management by projects as an organizational strategy.
- Adopts temporary organizations for the performance of complex processes.
- Has a special project management culture.

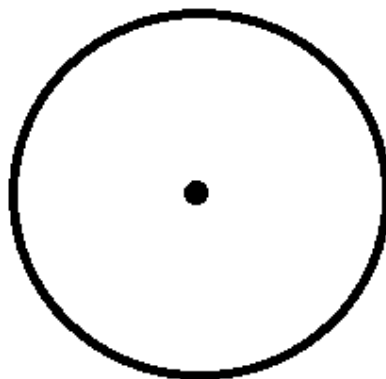


8. Objectives:

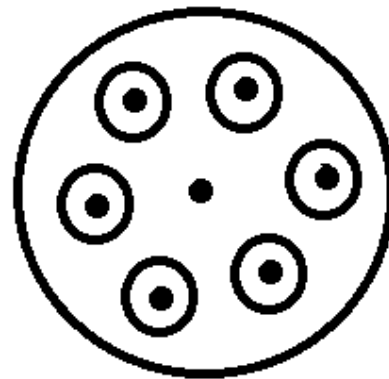
- Decentralization of responsibility
- Quality assurance by project team work.
- Goal orientation.

Q. Explain Departmentation and its types.

- It is the horizontal dimension of organization structure.
- When an organization grows in terms of number of employees, it is segmented into various departments, for better control and management. This process is called as Departmentation.
- Similar activities and related people are grouped together to form a department. Many departments are thus formed in an organization.
- e.g. marketing, production, design, R&D, stores, maintenance, software development etc various departments in any organization.



(a) Organization before departmentation



(b) Organization with various departments

Advantages of departmentation:

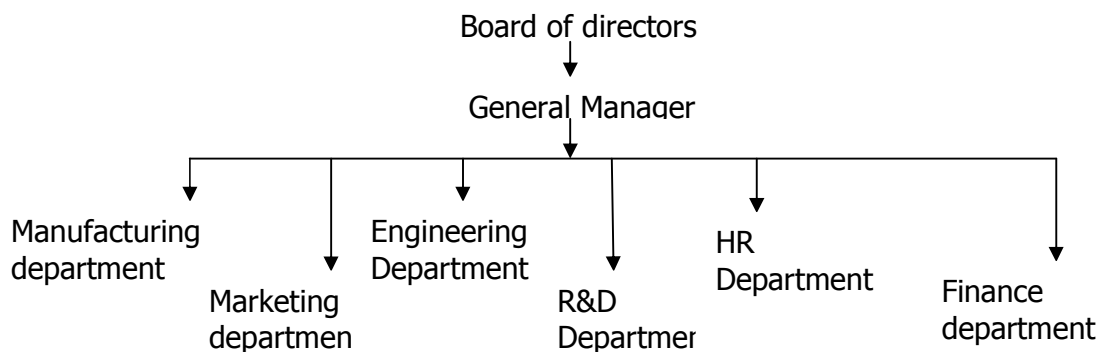
1. Master work is divided into many tasks as per specialization.
2. More concentration is possible on the specific work.
3. Control in department is easier.
4. People become expert after working on similar functions for a long time. This expertise is an asset of any organization.
5. Confusion, overlapping of work is less.

Methods of Departmentation:

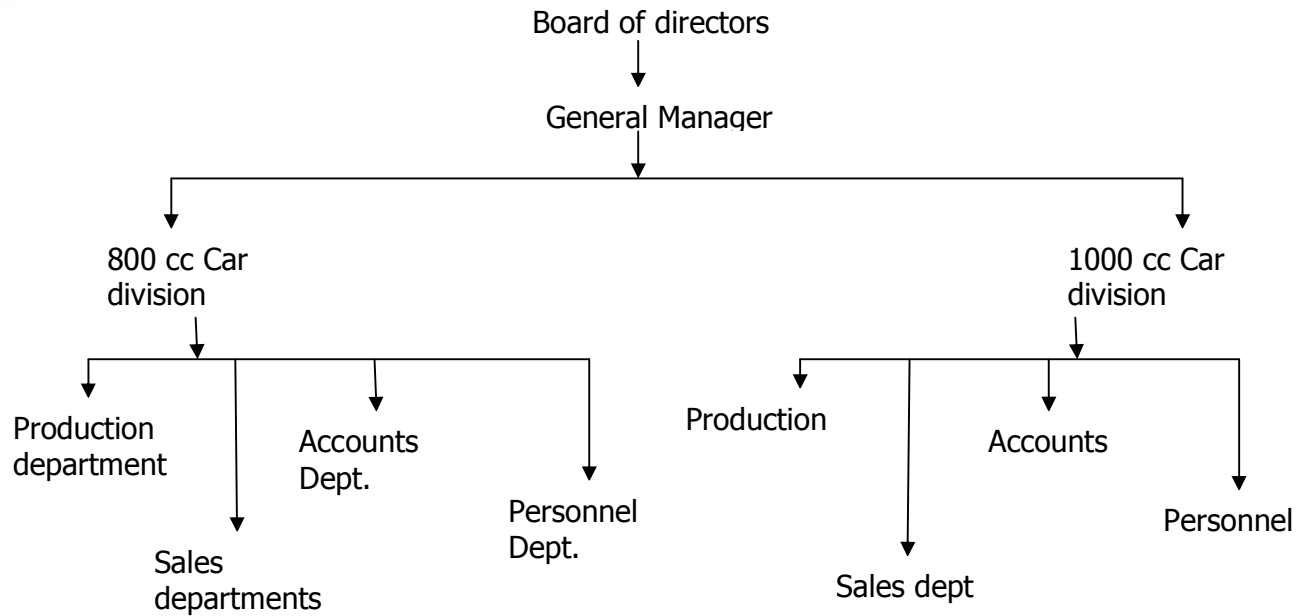
Departmentation is the process which is used to group the activities of the enterprise into various divisions for the purpose of efficient management. Different methods of creating departments in an enterprise are discussed below:

- a) **By Function:** In departmentalization by function, the activities of the organization are divided into the primary functions to be performed- manufacturing, marketing, engineering, research and development, employee relations and finance.

This arrangement has the advantage of the specialization and concentration of similar activities within a department unit. It is the most prevalent form of departmentalization and is seen not only in business enterprises but in hospitals, government agencies and many other kinds of organizations.



- b) **By product:** product departmentalization has become increasingly important, especially for large, complex organizations. Under this category, large organizations have major product divisions with substantial autonomy. In departmentalization by product, product lines are segregated and each product line has its own manager, its own manufacturing, selling etc. An automobile industry, for example, may departmentalize its activities as follows:



Advantages of departmentalization by product:

- 1) Each product division could be considered as a viable profit centre for accountability purpose.
- 2) The problem of coordination as present in Departmentation by function is removed here.

Defects of Departmentation by product: It increases management cost, duplicate service functions are required both at the top and operating levels of management.

c) **By process:** the manufacturing activities may be sub-divided on the basis of their process of production. Similar machines such as all lathes, all drilling machines, all shapers etc., are grouped into separate sections, each kept at one place and used for a distinct operation on the job. This arrangement works for job order work and is unsuitable for mass production.



Q. Explain principles of organization.

A few common principles of organization have been listed and explained below:

1. Consideration of objectives.
2. Relationship of basic components of the organization.
3. Responsibility and authority.
4. Span of control
5. Dividing and grouping work.
6. Effective delegation
7. Communication
8. Line and staff relationships.

Authority and responsibility: Authority means right and power to act. Responsibility may be considered as the obligation of a subordinate to his boss to do a work given to him. Since the top man in the organization cannot do each and everything himself alone, a definite chain of responsibility and authority is provided from the top executive to each employee, of course through several levels or layers in between.

- ✓ Authority is the power to settle issues.
- ✓ It is the right to control the things.
- ✓ Authority gives weightage to information.
- ✓ Authority is imposed by superiors.

Types of authority:

- ✓ Coercive: use of punishment
- ✓ Expert: use of skill
- ✓ Referent: use of influence
- ✓ Reward: use of award

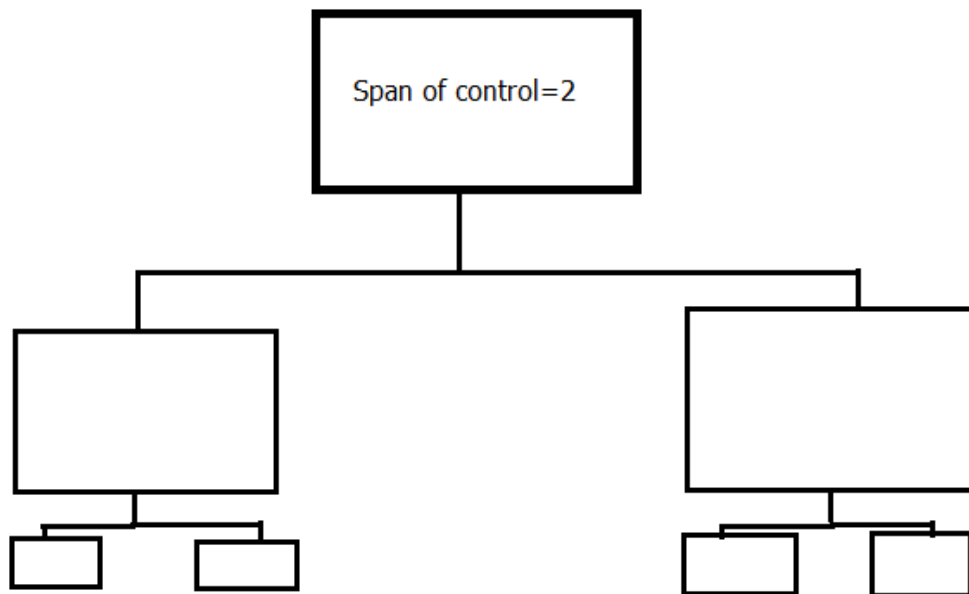
Responsibility is the state of being responsible. It is the compulsion to carry forward a given task. Every position has some responsibility. Responsibility is the duty, assignments and accountability for results. Responsibility can be delegated but not shared.

Effective delegation: when work is complicated, huge and difficult, it must be divided among the different teams. Due to division of work, people get less variation in work. Skilled people make effective concentration on their allotted work. Extra pressure of work on 'very few' is avoided. This divided work gets completed in time with better quality. So for effective management, division of work is very essential principle.

Advantages of delegation:

1. Work load is reduced down to minimum.
2. Time is available for thinking, planning and in such work where brain effort is required.
3. Work completion within time is possible.

Span of control: It is the term related to the delegation only. Span of control means "number of subordinates can be handled by one manager effectively." There is limitation to this number. i.e. span of control of any manager is limited number, to say maximum 20 subordinates at a time. It is not possible to directly control large number of subordinates.



Narrow span: It results into underutilization of manager's capacity.

Wide span: It results into overloading of manager's work.

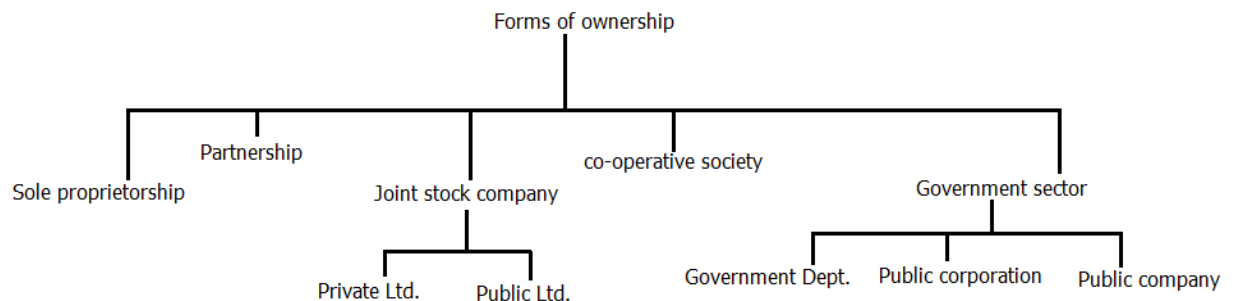
Handling and controlling efficiency goes down when more number of subordinates, than limit are given to you.

Limitations of Span of control:

1. Extra and unnecessary level for control increases the cost of organization.
2. Interference increases.
3. Conflicts are possible due to overlapping of span.
4. Execution of plans becomes difficult.
5. Ego problems arise.

Q. which are the various forms of ownership?

Growth of numerous industries in India after independence helped to make Indian Economy stronger and stronger. Indian industries can be classified on the basis of ownership. In India industries are owned by a single person, by a group of people, or may be the government.



Factors considered in selection of type of ownership are:

1. Size of business
2. Type of product
3. Capital in flow
4. Government policy
5. Motive of business
6. Scope of business

Sole proprietorship (Single ownership):

A business run by a single person is called as sole proprietorship. The single owner is whole and sole authority. He/she carries all the responsibility. Investment, market study, product finalization, procurement of all resources, land availability, legal documents etc. all functions are done by that entrepreneur only. The owner is responsible for profit or loss of the business. It is the oldest type of business.



Characteristics:

1. Owner is a single person.
2. Owner is the supreme authority.
3. Oldest and simplest form of business.
4. For everything good or bad, owner is responsible.
5. Formation of business is quick and easy.

Advantages:

1. Easy to form a business.
2. More flexibility in business
3. Decisions are quick and not dependent on others.
4. Own ideas and innovations can be utilized.
5. Experimentation can be possible.
6. No sharing in profits.

Limitations:

1. Unlimited liability i.e. in case of business failure or financial losses creditors can take owner's personal property as compensation.
2. No sharing of losses by others.
3. Highest responsibility for everything.
4. Business is restricted to small scale activities.
5. Limitations for capital investment.
6. Limited resources are available.

Applications:

1. Small manufacturing units
2. Press shop
3. Hardware enterprise
4. Fabrication shop
5. Auto repair shop
6. Software company etc
7. Service center
8. Construction business
9. Maintenance shop



Proprietorship: every individual can start his/her enterprise or proprietary business by completing the following formalities:

- Apply for shop act license
- Apply for PAN card
- Apply for service tax registration (if required)

Partnership:

It is the relationship between persons who have agreed to share the profits of a business carried on by all or any of them acting for all.

Sole proprietorship has limitations to grow the business. This limitation due to single owner is overcome by forming partnership for running a business. Partnership comes into existence when two or more persons come together for business motive. Members of partnership are called partners.

Types of partners:

- a) Active partners
- b) General partners
- c) Sleeping partners
- d) Nominal partners
- e) Secret partners
- f) Minor partners

Active partner:

- Also called as working partners.
- Take active part in management
- Active in day-to-day activities
- Share profit and loss

General partner:

- All partners who are in partnership are called as general partners.

Sleeping partners:

- Do not take active part in business activities.
- Also called as silent partners.
- They only invest money.
- Share profit and loss.

**Nominal partner:**

- Do not take part in business activities.
- Also do not invest in the business.
- They allow using their names in business.
- Famous personalities, status symbols, celebrity, media appreciated people, successful, we known and well reputed people may become nominal partners in the business.
- Shares profit or receives predefined financial income.

Secret partners:

- Opposite to nominal partners
- Involve in the functioning secretly.
- Names are confidential.

Minor partners:

- Partners below age 18 years.
- Consent of non-minor partners is essential in all decisions.
- Their liability is limited.

Duties of partners:

1. Everybody has to perform his/her own responsibility.
2. Should not interfere in other's activities unnecessarily.
3. Business secrecy must be maintained.
4. Honesty and sincerity towards business goals.
5. Must be cooperative and helpful.
6. Should not be selfish.
7. Relationship must be friendly, cordial and professional.
8. Must respect views of others.

Types of partnerships:**A. General partnership:**

- Partnership is general
- All partners have the same status
- Each partner has unlimited liabilities.
- Everybody has chance to attend meetings.
- Everybody can vote at the time of decision making.



B. Limited partnership:

- Partnership is limited
- Liability is limited
- Very few have chance to participate/ vote in meetings
- Interference is less
- Mistake of single partner is limited to the same person.

Partnership deed (Agreement):

The document regarding terms and conditions in partnership formation is called as partnership deed. It is the agreement between the partners of that business. Contribution of every partner may not be the same. Similarly, returns to partners may vary as per responsibility and inputs. One cannot rely on word in business. Partnership deed covers everything.

- Name of the firm
- Names of partners
- Investment share of each partner
- Responsibilities of all partners
- Rules and regulations
- Type of product
- Type of business activity
- Location of work
- Starting date of partnership
- Approximate duration of partnership
- Penalty provisions
- Share of profit and loss among partners.
- Details of each partners and so on

Characteristics of partnership:

- 1) It is a joint business of many individuals
- 2) Minimum partners are two.
- 3) Maximum partners are fifty.
- 4) Unlimited liability.
- 5) Work is divided among the partners.
- 6) Sharing of profit and loss.

**Advantages:**

- 1) No overloading of a single person due to responsibilities. Work is divided.
- 2) Resources arrangement is easier than sole proprietorship.
- 3) Decision making is more perfect as compared to single ownership.
- 4) Decision making is faster as compared to public sector.
- 5) Specialized efforts help in business success.
- 6) Less corruption as compared to co-operatives.
- 7) Loss is shared by all partners.
- 8) Formation is easier as compared to joint stock companies.

Limitations:

- 1) Business secrecy is less as compared to sole proprietorship.
- 2) Business life is less as compared to public sector, co-operative society etc.
- 3) Unlimited liability.
- 4) Difficult to maintain relations in partnership.
- 5) Decisions are delayed as compared to sole proprietorship.
- 6) Flexibility is less.

Applications:

- 1) Medium scale business.
- 2) Fabrication firm
- 3) Supplier's firm to large scale industries
- 4) Malls, hospitals, service centers, Software Company and civil construction firm.

Joint stock companies:

Investment in terms of shares is one of the sources of finance for the business. This money is also called as stock. When the ownership is jointly enjoyed by those who have their shares in the business, then that business is called as Joint Stock Company. Thus Joint Stock Company is an association of individuals, called as shareholders.



For huge size business, it is always preferred to have such ownership as compared to sole proprietorship or partnership. Normally, when we term any business as a company then it may be nothing but Joint Stock Company.

Types of joint stock companies:

- Private limited company
- Public limited company

Private limited company:

- 1) In this company, shareholders are private members.
- 2) It is a limited company because liability is limited.
- 3) Minimum members are **two** and maximum members are **fifty**.
- 4) Maximum number of directors is two.
- 5) Shares are transferrable among private members.
- 6) Documentation is less as compared to public limited company.
- 7) Financial budget is also compulsory.

Public limited company:

- 1) Shareholders are members of society i.e. general public.
- 2) It is a limited company because liability is limited.
- 3) Minimum members are **seven** and maximum members are **unlimited**.
- 4) Minimum number of directors is three.
- 5) Shares are called from public i.e. capital is raised through general public.
- 6) Public limited companies are suitable for heavy investment business.

Advantages:

- 1) Large capital can be generated.
- 2) Business growth is faster.
- 3) Liability is limited.
- 4) Funds are available for purchasing new and updated technology.
- 5) Specialized people can be hired for effective functioning.
- 6) No autocratic decisions.
- 7) Fewer restrictions for business expansions.
- 8) Effective division of work.

**Disadvantages:**

- 1) Formation is lengthy process.
- 2) More documentation as compared to partnership.
- 3) Complicated legal formalities.
- 4) Government support is less as compared to public sector.
- 5) Monopoly of big shareholders is possible.
- 6) Corruption at high levels is possible.
- 7) Very professional and profit oriented.
- 8) Heavy cost of management.

Applications:

- 1) Automobile companies
- 2) Forging units
- 3) Electronics goods companies.
- 4) Chemical factories.
- 5) Electrical equipment companies.

Co-operative society:

An enterprise in which few members come together, extend their co-operation to start a business in which they can serve for the members as well as society is called as co-operative society.

Characteristics:

- 1) It is a form of private ownership.
- 2) Service is the main motive. Profit is not the top priority.
- 3) Ownership is directly in the hands of members.
- 4) India found better stroke of success in co-operative movement, especially in Maharashtra.
- 5) Rural people are more attached and associated with co-operative societies.
- 6) It works on the principles of democracy.
- 7) There are periodic meetings of shareholders.
- 8) Minimum members=10 and maximum members= No limit
- 9) Members are free to terminate their membership.
- 10) Members buy shares and gets profit periodically.



Advantages:

- 1) Co-operatives strengthen rural economy.
- 2) Beneficial to common man.
- 3) Respect is given to views of all members.
- 4) Formation is easy as compared to Joint Stock Companies.
- 5) It is by the members, for the members.

Limitations:

- 1) Political interference is more.
- 2) Productivity is less.
- 3) Professionalism is very poor.
- 4) Decision making is slow.
- 5) Corruption is unlimited.
- 6) All co-operatives are not successful.

Applications:

- 1) Producers co-operative society e.g. sugar, paper etc.
- 2) Housing co-operative society.
- 3) Consumer's co-operative society.
- 4) Marketing co-operative society.
- 5) co-operative credit society

Government sector (Public sector):

1. It is also called as 'state enterprises'.
2. Government is involved completely or partially.
3. Central government or state government or both at a time have privilege in ownership.
4. Government is representation of public. So the ownership is also called as public sector.
5. Its basic aim is providing service to society. Earning profit is not the priority issue.
6. Capital required is available through government budget.
7. Profit is directly given to the government.
8. It is necessary to have government ownership in few areas.

**Objectives of public sector:**

1. To have equal distribution of wealth.
2. Public welfare.
3. Development of overall nation.
4. Employment opportunities.
5. Products availability to people at lower rates.
6. Balanced regional growth.

Types of government sector:

1. Government department
2. Public corporation
3. Public company.

(I) Government department: all government departments come directly under cabinet and state ministers. Policy making is done in parliament or state assembly. These policies and laws prescribed are guidelines for working of departments. Administration heads are civil servants e.g. I.A.S., I.R.S. etc. recruitment is done through government processes. Funds are made available by the government itself.

Indian railways: today Indian railway is the second largest profit making public sector undertaking after ONGC. The fund balance is more than 1200 crores and investment plan is of 3, 50,000 crores in the next 6 years.

Many developmental programs are conducted through the government departments. Service is the only motive e.g. Railway, defence, technical and higher education, PWD etc.

(II) Public corporation: A segment of government dedicated for particular function.

1. Less government control as compared to Government department.
2. Lower level recruitment is through private agencies.
3. Professional approach is more as compared to Government departments.
4. Long term policies, rules regulations, import decisions



5. Service and profit both are motives.

e.g. LIC, ONGC, Krishna valley corporation etc.

Public corporation in India:

- Delhi Metro Rail Corporation limited.
- Stock holding corporation of India limited
- Tehri hydro development corporation.

(III) Government company:

1. Major shares are with government.
2. Only basic policies and vision-mission are decided by parliament/ state assembly. More freedom is given to executive authorities.
3. Except few higher posts, recruitment is done by private agencies.
4. Earning profit and providing service both are the motives.
5. High level of professionalism compared to government department and corporation.
e.g. HMT, BHEL, BEL, BSNL, Bharat petroleum, GAIL etc.

Sr. no.		Government department	Public corporation	Government company
1	Government control	Highest	Medium	Minimum
2	Freedom in decision making	Minimum	Medium	Maximum
3	Recruitment by government	All post	Many post	Few post
4	Efficiency	Less	Average	Good
5	Motive	Service	Service & profit	Profit & service

Advantages of Public Sector (Government sector):

1. Huge capital can be raised.
2. Every action is as per constitution of India's guidelines.
3. Service to the nation is main objective.
4. Equal distribution of wealth.
5. Completely supported by Government.
6. Very large scale employment opportunities.
7. Job security.
8. Owned by public, so feelings of closeness.



Limitations of public sector (Government sector):

1. Productivity is less
2. More political interference.
3. Corruption is more.
4. Under utilization of man power.
5. Poor and traditional management.

Q. Distinguish between private and public sector.

Sr. no.	Private sector	Public sector
1	Ownership is with the private concerns	Ownership is with the government
2	Profit is the main objective	Service to the nation is the main objective
3	Flexibility is more in business	Rules and methodology of management is rigid
4	Exploitation of employees is possible	Government takes care of employees to avoid exploitation.
5	Documentation is less	Documentation is more.

Q. Distinguish between Co-operative society and Joint Stock Company.

Sr. No.	Co-operative society	Joint Stock Company
1	Ownership is with members generally from ordinary income group	Ownership is with shareholders.
2	Working structure is democratic in nature	Autocracy is possible, capitalism is more prevalent.
3	Size of business is limited.	Large size businesses are possible.
4	Investment of large amount is difficult	Investment of large amount is possible
5	Efficiency and productivity is less	Efficiency and productivity is more

**Q. Distinguish between partnership and Joint Stock Company.**

Sr. no.	Partnership	Joint Stock Company
1	Liability is unlimited	Liability is limited
2	Huge investment is not possible	Huge investment is possible.
3	Ownership is with partners	Ownership is with shareholders.
4	Size of business is limited	Large size business is possible.
5	Growth rate is slow	Growth rate is very high.

Q. Distinguish between Joint Stock public limited company and public undertaking company.

Sr. no.	Joint Stock public limited company	Public undertaking company
1	Ownership is with public share holders	Major share of ownership is with the government.
2	Productivity is more	Productivity is comparatively less.
3	Document is less	Documentation is more
4	Earning profit is motive	Earning profit and providing service both are motives.
5	Political interference is negligible	Political interference is more.

Q. Distinguish between private limited company and public limited company.

Sr. no.	Private limited company (Joint Stock Company)	Public limited company (Joint Stock Company)
1	Shareholders are private members	Shareholders are from general public
2	Minimum members=20	Minimum members=07
3	Maximum members=50	Maximum members=No limit
4	Maximum no. of directors=02	Maximum no. of directors=03
5	Less funds can be raised	Funds raising capacity is tremendous.



HELPFUL LINES FOR ONLINE EXAM

1. **Profit** is unimportant word in the definition of organization.
2. **Teamwork, combined efforts and responsibility** are the aims of forming organization.
3. **Which statement is wrong?**
 - a. Organization is a group of working people
 - b. It has aims and objectives
 - c. **Organization has no boundaries**
 - d. Organization is a system
4. **Determining the aims** is the first step in organization forming.
5. Structure of organization is represented by **organization chart**.
6. The structure of organization depends on **scope of functions, span of control and number of employees**.
7. The structure of organization is not dependent on **profit margin**.
8. **Organizational chart, delegation and integration** are the essentials of organization.
9. **Type of product, specialization and functions** are the important factors in deciding structure of organization.
10. Vertical dimension of organization structure defines **hierarchy**.
11. Scalar organization is also known as **line organization**.
12. Line organization is of **vertical** type.
13. Military type organization is seen in **line organization**.
14. Decisions are very quick in **line organization**.
15. Which is not the correct advantage of line organization?
 - a. It is simple
 - b. Confusion is less
 - c. **Specialized**
 - d. Easy to understand
16. Line organization is not possible at **Government Company**.
17. Line organization is applicable at **workshops, small firms and small process industries with automation**.



18. Which is not the correct disadvantage of line organization?
- a. Poor performance
 - b. Lack of specialization
 - c. Overlapping of activities
 - d. **Nobody is overloaded**
19. Functional organization is also called as **staff organization**.
20. Functional organization is **horizontal**.
21. **Performance better than line, standardization in process and more productivity than line** are the advantages of staff organization.
22. Which is not the correct disadvantage of staff organization?
- a. Discipline is lacking
 - b. **Lack of specializations**
 - c. Ego of specialty
 - d. Difficult to handle experts
23. Line and staff organization is **both horizontal and vertical**.
24. **Project** organization is temporary in nature.
25. **Balanced matrix, project matrix and functional matrix** are few forms of project organization.
26. **Departmentation** is a process of dividing large organization into small and flexible administrative units.
27. Which is not the type of Departmentation?
- a. By product
 - b. By function
 - c. By process
 - d. **By material pattern**
28. 'Car division' in Tata Motors is example of **Departmentation by product**.
29. **Authority & responsibility, span of control and delegation** are the principles of organization.
30. Number of subordinates handled by one manager effectively is called as **span of control**.
31. **Authority** check the result, **responsibility** shows the result.



32. Ability to adjust, change and bend is **flexibility**.
33. Following is not the type of communication.
- a. Oral
 - b. Written
 - c. Horizontal
 - d. **Clear**
34. Instruction is the **downward** communication.
35. Meeting is the **formal** communication.
36. Request is the **upward** communication.
37. Which is the factor responsible in the selection of type ownership?
- a. Capital required
 - b. Scope of business
 - c. Types of business
 - d. **All**
38. Which is not the limitation of sole proprietorship?
- a. Decision may wrong
 - b. Growth rate is small
 - c. **Corruption is more**
 - d. Limited resources are available
39. Following business is not coming under sole proprietorship?
- a. Service center
 - b. Press shop
 - c. Hardware unit
 - d. **Insurance corporation**
40. How many partners can be eligible for partnership?
- a. 2
 - b. 2 to 5
 - c. 2 to 10
 - d. **All are correct**
41. Which is incorrect type of partner?
- a. Active



- b. **Perfect**
 - c. Nominal
 - d. Sleeping
42. About 'sleeping partners' which statement is wrong?
- a. Also called as silent partners
 - b. They do investment
 - c. Do not active in daily work
 - d. **Do not share profit/loss**
43. Which is the type of partnership?
- a. General
 - b. Limited
 - c. Private
 - d. **Both (a) and (b)**
44. Achievement due to one will be shared by all others. This happens in **general partnership**.
45. All partners have the same status in **general partnership**.
46. **Name of the firm, location of work and name of partners** are included in the partnership deed.
47. Agreement between partners is called as **partnership deed**.
48. Highest business secrecy is in **sole proprietorship**.
49. Unlimited liability is there in **proprietorship and partnership**.
50. Which is not the type of Joint Stock Company?
- a. Private limited company
 - b. Public limited company
 - c. **Public sector**
 - d. (a) & (b)
51. Maximum members in private limited company are **50**.
52. Minimum members in private limited company are **2**.
53. Minimum no. of directors in public limited company is **3**.
54. Maximum shareholders in public limited company are **no limit**.
55. Minimum shareholders in public limited company are **07**.



56. Which is not the advantage of Joint Stock Company?
- a. Business life is longer
 - b. **Easy to form**
 - c. No autocracy
 - d. Effective division of work
57. Maximum members in cooperative society are **no limit.**
58. Which statement about cooperative society is wrong
- a. Works on democratic principles
 - b. Membership is voluntary
 - c. **Ownership is in the hands of government**
 - d. It is private ownership
59. Which is not the advantage of cooperative society?
- a. Beneficial to common man
 - b. **Business growth is faster**
 - c. Members are involved in decision making
 - d. Strengthens rural economy
60. Which is not the limitation of cooperative society?
- a. Political interference is more
 - b. Professionalism is very poor
 - c. Decision making is slow
 - d. **Government support is less**
61. Government sector is also called as **public sector.**
62. The basic aim of the government sector is **providing service to society.**
63. **Public welfare, employment opportunities and balanced regional growth** are the objectives of public sector.
64. Which is not the type of public sector?
- a. Government department
 - b. **Public limited company**
 - c. Public corporation
 - d. Public company



65. Highest control of government is there in **government department.**
66. Which is not the advantage of public sector?
- a. Liability is more
 - b. **Secrecy is more**
 - c. Job security
 - d. Huge capital can be raised
67. Which is not the limitation of public sector?
- a. Productivity is less
 - b. Decision making is slow
 - c. More political interference
 - d. **Unlimited liability**
68. Document is less in **sole proprietorship.**
69. Maximum security of job is in **public sector.**
70. Secrecy is least in **public sector.**