# **UNIVERSITY GRANTS COMMISSION**

COMMERCE CODE: 08

UNIT - 6: BUSINESS MANAGEMENT AND HUMAN RESOURCE MANAGEMENT

**Section – 3: Key Facts and Figures** 

Sub Unit - 1:

### PRINCIPLES AND FUNCTIONS OF MANAGEMENT

Management is essential to any organization that wishes to be efficient and achieve its aims. Without someone in a position of authority there would be organizational anarchy with no structure and very little, if any focus. It has been said that management has four basic functions – planning, organizing, leading and controlling. Common sense dictates that without these principles of management being in place an organization would have trouble achieving its aims, or even coming up with aims in the first place! A classic theory on the principles of management was written by Henri Fayol. It seeks to divide management into 14 principles. We'll take a look at these basic principles of management and explain them in easy to understand terminology.

In the last century, organizations already had to deal with management in practice. In the early 1900s, large organizations, such as production factories, had to be managed too. At the time there were only few (external) management tools, models and methods available.

Thanks to scientists like <u>Henri Fayol</u> (1841-1925) the first foundations were laid for modern <u>scientific management</u>. These first concepts, also called principles of management are the

underlying factors for successful management. <u>Henri Fayol</u> explored this comprehensively and, as a result, he synthesized the 14 principles of management. <u>Henri Fayol</u> 's principles of management and research were published in the book '*General and Industrial Management*' (1916).

### 6.1.1 Fayol's 14 Principles of Management

14 principles of Management are statements that are based on a fundamental truth. These principles of management serve as a guideline for decision-making and management actions. They are drawn up by means of observations and analyses of events that managers encounter in practice. Henri Fayol was able to synthesize 14 principles of management after years of study.

**Division of Work:** In practice, employees are specialized in different areas and they have different skills. Different levels of expertise can be distinguished within the knowledge areas (from generalist to specialist). Personal and professional developments support this. According to <u>Henri Fayol</u> specialization promotes efficiency of the workforce and increases productivity. In addition, the specialization of the workforce increases their accuracy and speed. This management principle of the 14 principles of management is applicable to both technical and managerial activities.

**Authority and Responsibility:** In order to get things done in an organization, management has the authority to give orders to the employees. Of course with this authority comes responsibility. According to <u>Henri Fayol</u>, the accompanying power or authority gives the management the right to give orders to the subordinates. The responsibility can be traced back from performance and it is therefore necessary to make agreements about this. In other words, authority and responsibility go together and they are two sides of the same coin.

**Discipline:** This third principle of the 14 principles of management is about obedience. It is often a part of the core values of a <u>mission and vision</u> in the form of good conduct and respectful interactions. This management principle is essential and is seen as the oil to make the engine of an organization run smoothly.

Unity of Command: The management principle 'Unity of command' means that an individual employee should receive orders from one manager and that the employee is answerable to that manager. If tasks and related responsibilities are given to the employee by more than one manager, this may lead to confusion which may lead to possible conflicts for employees. By using this principle, the responsibility for mistakes can be established more easily.

Unity of Direction: This management principle of the 14 principles of management is all about focus and unity. All employees deliver the same activities that can be linked to the same objectives. All activities must be carried out by one group that forms a team. These activities must be described in a plan of action. The manager is ultimately responsible for this plan and he monitors the progress of the defined and planned activities. Focus areas are the efforts made by the employees and coordination.

**Subordination of Individual Interest:** There are always all kinds of interests in an organization. In order to have an organization function well, **Henri Fayol** indicated that personal interests are subordinate to the interests of the organization (ethics). The primary focus is on the organizational objectives and not on those of the individual. This applies to all levels of the entire organization, including the managers.

**Remuneration:** Motivation and productivity are close to one another as far as the smooth running of an organization is concerned. This management principle of the 14 principles of management argues that the remuneration should be sufficient to keep employees motivated and productive. There are two types of remuneration namely non-monetary (a compliment, more responsibilities, credits) and monetary (compensation, bonus or other financial compensation). Ultimately, it is about rewarding the efforts that have been made.

**The Degree of Centralization:** Management and authority for decision-making process must be properly balanced in an organization. This depends on the volume and size of an organization including its hierarchy. Centralization implies the concentration of decision making authority at the top management (executive board). Sharing of authorities for the decision-making process with lower levels (middle and lower management), is referred to as decentralization by **Henri Fayol. Henri Fayol** indicated that an organization should strive for a good balance in this.

**Scalar Chain:** Hierarchy presents itself in any given organization. This varies from senior management (executive board) to the lowest levels in the organization. **Henri Fayol**'s "hierarchy" management principle states that there should be a clear line in the area of authority (from top to bottom and all managers at all levels). This can be seen as a type of management structure. Each employee can contact a manager or a superior in an emergency situation without challenging the hierarchy. Especially, when it concerns reports about calamities to the immediate managers/superiors.

**Order:** According to this principle of the 14 principles of management, employees in an organization must have the right resources at their disposal so that they can function properly in an organization. In addition to social order (responsibility of the managers) the work environment must be safe, clean and tidy.

**Equity:** The management principle of equity often occurs in the core values of an organization. According to <u>Henri Fayol</u>, employees must be treated kindly and equally. Employees must be in the right place in the organization to do things right. Managers should supervise and monitor this process and they should treat employees fairly and impartially.

**Stability of Tenure of Personnel:** This management principle of the 14 principles of management represents deployment and managing of personnel and this should be in balance with the service that is provided from the organization. Management strives to minimize employee turnover and to have the right staff in the right place. Focus areas such as frequent change of position and sufficient development must be managed well.

**Initiative:** Henri Fayol argued that with this management principle employees should be allowed to express new ideas. This encourages interest and involvement and creates added value for the company. Employee initiatives are a source of strength for the organization according to Henri Fayol. This encourages the employees to be involved and interested.

**Esprit de Corps:** The management principle 'esprit de corps' of the 14 principles of management stands for striving for the involvement and unity of the employees. Managers are responsible for the development of morale in the workplace; individually and in the area of communication. Esprit de corps contributes to the development of the culture and creates an atmosphere of mutual trust and understanding.

The 14 principles of management can be used to manage organizations and are useful tools for forecasting, planning, process management, organization management, decision-making, coordination and control. Although they are obvious, many of these matters are still used based on common sense in current management practices in organizations. It remains a practical list with focus areas that are based on <u>Henri Fayol</u> 's research which still applies today due to a number of logical principles.

### **6.1.2** The Importance of the Principles of Management

Having a clear management structure in place is vital for any successful organization. Efficient and well intentioned management sets the tone for the rest of the staff. It is common for the attitude approach of managers to filter through the entire organization, so having managers working in an exemplary way is an excellent example for employees to follow.

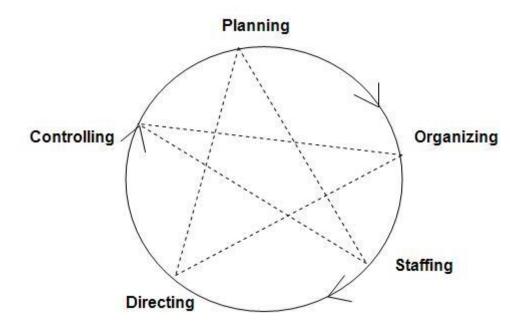
### **6.1.3 Functions of Management**

Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manger irrespective of his level or status.

Different experts have classified functions of management. According to *George & Jerry*, "There are four fundamental functions of management i.e. planning, organizing, actuating and controlling".

According to Henry Fayol, "To manage is to forecast and plan, to organize, to command, & to control". Whereas Luther Gullick has given a keyword 'POSDCORB' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting. But the most widely accepted are functions of management given by KOONTZ and O'DONNEL i.e. Planning, Organizing, Staffing, Directing and Controlling.

For theoretical purposes, it may be convenient to separate the function of management but practically these functions are overlapping in nature i.e. they are highly inseparable. Each function blends into the other & each affects the performance of others.



**Planning:** It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of predetermined goals. According to KOONTZ, "Planning is deciding in advance - what to do, when to do & how to do. It bridges the gap from where we are & where we want to be". A plan is a future course of actions. It is an exercise in problem solving & decision making. Planning is determination of courses of action to achieve desired goals. Thus, planning is a systematic thinking about ways & means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc

**Organizing**: It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals. According to Henry Fayol, "To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel's". To organize a business involves determining & providing human and non-human resources to the organizational structure. Organizing as a process involves:

- Identification of activities.
- Classification of grouping of activities.
- Assignment of duties.
- Delegation of authority and creation of responsibility.
- Coordinating authority and responsibility relationships.

Staffing: It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. The main purpose o staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Kootz & O'Donell, "Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed under the structure". Staffing involves:

- <u>Manpower Planning</u> (estimating man power in terms of searching, choose the person and giving the right place).
- Recruitment, Selection & Placement.
- <u>Training & Development</u>.
- Remuneration.
- Performance Appraisal.
- Promotions & Transfer.

<u>Directing</u>: It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating subordinate for the achievement of organizational goals. Direction has following elements:

- Supervision
- Motivation
- <u>Leadership</u>
- Communication

**Supervision-** implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.

**Motivation-** means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.

**Leadership-** may be defined as a process by which manager guides and influences the work of subordinates in desired direction.

**Communications-** is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.

<u>Controlling</u>: It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals. The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur. According to *Theo Haimann*, "Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation". According to Koontz & O'Donell "Controlling is the measurement & correction of performance activities of

subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished". Therefore controlling has following steps:

- a. Establishment of standard performance.
- b. Measurement of actual performance.
- c. Comparison of actual performance with the standards and finding out deviation if any.
- d. Corrective action.

## **Previous Year Question Sept. – 2016 (Paper – II)**

- 1. According to Henry Fayol, which of the following qualities are required in a manager?
- (1) Physical, mental, moral, educational, technical and experience
- (2) Physical, mental, moral, administrative, technical and experience
- (3) Physical, mental, moral, conceptual, technical and experience
- (4) Physical, mental, moral, conceptual, technical and commercial

SL. NO.	QUESTION NO.	ANSWER	REFERENCE NO.
1.	21	1	6.1.1

COMMERCE

WWW.TEACHINNS.COM

## **Jan.** – **2017** (**Paper** – **II**)

1. Which of the following statements relating to Henry Fayol are correct?

 $\textbf{Statement I:} \ \, \textbf{Authority and responsibility are related and former arises from latter}.$ 

**Statement II :** Espirit de Corps is an extension of the principle of unity of command.

**Statement III :** Unity of command means only one command at a time.

**Statement IV:** There are fourteen basic principles identified by Henry Fayol.

#### Codes:

- (1) Statements I, II and IV
- (2) Statements II and III
- (3) Statements I and IV
- (4) Statements II and IV

SL. NO.	QUESTION NO.	ANSWER	REFERENCE NO.
1.	25	4	6.1.1

## $\underline{Nov.-2017\ (Paper-II)}$

**1.** Statement (I): Management is not just a creature of the economy; it is a creator as well. Statement (II): He who can manage, can manage anything.

### Code:

- (1) Statement (I) is correct but (II) is incorrect.
- (2) Statement (II) is correct but (I) is incorrect.
- (3) Both the statements (I) and (II) are incorrect.
- (4) Both the statements (I) and (II) are correct.

SL. NO.	QUESTION NO.	ANSWER	REFERENCE NO.
1.	22	4	6.1

## **June 2019**

- 1. Promoting team spirit, harmony and unity within the organization is the principle of
- (1) Order
- (2) Scalar Chain
- (3) Esprit de corps
- (4) Equity

SL. NO.	QUESTION NO.	ANSWER	REFERENCE NO.
1.	16	3	6.1.1

## Sub Unit - 2:

ORGANIZATION STRUCTURE: FORMAL AND INFORMAL ORGANIZATIONS; SPAN OF CONTROL

.....

**6.2.1 Meaning of Organizational Structure:** An organizational structure defines how activities such as <u>task allocation</u>, coordination, and supervision are directed toward the achievement of organizational aims.

Organizational structure affects organizational action and provides the foundation on which standard operating procedures and routines rest. It determines which individuals get to

participate in which decision-making processes, and thus to what extent their views shape the organization's actions. Organizational structure can also be considered as the viewing glass or perspective through which individuals see their organization and its environment.

Organizations are a variant of clustered entities.

An organization can be structured in many different ways, depending on its objectives. The structure of an organization will determine the modes in which it operates and performs. Organizational structure allows the expressed allocation of responsibilities for different functions and processes to different entities such as the <u>branch</u>, <u>department</u>, <u>workgroup</u>, and individual.

Organizations need to be efficient, flexible, innovative and caring in order to achieve a sustainable competitive advantage.

**6.2.2 Formal Organization Structure:** The **Formal organizational structure** (also just **organizational structure**) is an officially codified hierarchical arrangement of relationships between different jobs within the <u>organizational units</u> and relationships between departments within the <u>organization</u>. It includes hierarchical relationships and assigns <u>competence</u>, ties and <u>responsibilities</u>. A formal organizational structure is necessary for the management of a bigger number of people, because it unites different business activities, processes and people and formalizes their relationships to achieve the common <u>objectives</u> of the organization. There is no optimal organizational structure. There are only organizational structures that optimize the deployment of management and staff to achieve the organization's goals.

The **formal organizational structure** of an organization is a type of a <u>social network</u>. Depending on the type and size, there are different typologies of formal organizational structures.

The formal organizational structure includes:

- Functional Organizational Structure
- Linear Organizational Structure
- Matrix Organizational Structure
- Staff & Line Organizational Structure

Features of Formal Organization:

- (1) The formal organizational structure is created intentionally by the process of organizing.
- (2) The purpose of formal organization structure is achievement of organizational goal.
- (3) In formal organizational structure each individual is assigned a specific job.
- (4) In formal organization every individual is assigned a fixed authority or decision-making power.
- (5) Formal organizational structure results in creation of superior-subordinate relations.
- (6) Formal organizational structure creates a scalar chain of communication in the organization. *Advantages of Formal Organization:*

**Systematic Working:** Formal organization structure results in systematic and smooth functioning of an organization.

**Achievement of Organizational Objectives:** Formal organizational structure is established to achieve organizational objectives.

**No Overlapping of Work:** In formal organization structure work is systematically divided among various departments and employees. So there is no chance of duplication or overlapping of work.

**Co-ordination:** Formal organizational structure results in coordinating the activities of various departments.

**Creation of Chain of Command:** Formal organizational structure clearly defines superior subordinate relationship, i.e., who reports to whom.

**More Emphasis on Work:** Formal organizational structure lays more emphasis on work than interpersonal relations.

Disadvantages of Formal Organization:

**Delay in Action:** While following scalar chain and chain of command actions get delayed in formal structure.

**Ignores Social Needs of Employees:** Formal organizational structure does not give importance to psychological and social need of employees which may lead to demotivation of employees.

**Emphasis on Work Only:** Formal organizational structure gives importance to work only; it ignores human relations, creativity, talents, etc.

**6.2.3 Informal Organization Structure:** An informal organization is the social structure of the organization, as opposed to the formal structure of an organization. It establishes how an organization functions from a practical standpoint. The informal organization can work in concurrence with the formal organizational structure, parallel with it, or against it.

It's primarily a social creature - made up of the sum total of social norms, relationships, and interactions that affect how an organization works. While a formal organization is cold and impersonal, an informal organization is intensely personal. It's all about social interactions and relationships between the members. Members of an informal organization can certainly hold official offices and have formal duties, but they also bring their own values, personal interests and assumptions into the equation of how they act. Members develop friendships, alliances, enemies, trusted sources of information, and preferences on how tasks should be performed.

These social influences may cause a member of the informal organization to work in conjunction with the organization, in parallel with it, or even against it. In some respects, you can think of an informal organization as:

- An organization within the formal organization working with it
- An organization *beside* the formal organization working towards the same goals but not necessarily together
- Or an organization working *outside* the formal organization and *against* it

The structure of an informal organization is usually quite different from its formal counterpart. Its structure is usually fluid and rather flat. Decisions are often made collectively rather than unilaterally by one leader. Cohesion is often established through trust and reciprocity between members. An informal organization is also able to be dynamic, responsive, and adaptable to change, because formal rules and hierarchy don't pin it down.

Features of informal Organization:

- (1) Informal organizational structure gets created automatically without any intended efforts of managers.
- (2) Informal organizational structure is formed by the employees to get psychological satisfaction.
- (3) Informal organizational structure does not follow any fixed path of flow of authority or communication.
- (4) Source of information cannot be known under informal structure as any person can communicate with anyone in the organization.
- (5) The existence of informal organizational structure depends on the formal organization structure.

Advantages of Informal Organization:

**Fast Communication:** Informal structure does not follow scalar chain so there can be faster spread of communication.

**Fulfills Social Needs:** Informal communication gives due importance to psychological and social need of employees which motivate the employees.

**Correct Feedback:** Through informal structure the top level managers can know the real feedback of employees on various policies and plans.

Strategic Use of Informal Organization. Informal organization can be used to get benefits in the formal organization in the following way:

- 1. The knowledge of informal group can be used to gather support of employees and improve their performance.
- 2. Through grapevine important information can be transmitted quickly.
- 3. By cooperating with the informal groups the managers can skillfully take the advantage of both formal and informal organisations.

Disadvantages of Informal Organization:

**Spread Rumours:** According to a survey 70% of information spread through informal organizational structure is rumors which may mislead the employees.

**No Systematic Working:** Informal structure does not form a structure for smooth working of an organization.

**May Bring Negative Results:** If informal organization opposes the policies and changes of management, then it becomes very difficult to implement them in organization.

**More Emphasis to Individual Interest:** Informal structure gives more importance to satisfaction of individual interest as compared to organizational interest.

**6.2.4 Span of Control:** The Span of Control (also known as span of management) is the number of employees a manager can supervise as effectively as possible. The addition of new hierarchical layers makes the organizational structure steeper.

A large Span of Control leads to a flatter organizational structure, which results in lower costs. A small span of control creates a steeper organizational structure, which requires more

managers and which will consequently be more expensive for the organization. It is therefore useful for an organization if its managers have a large span of control.

The Span of Control always involves two dimensions:

*Horizontal dimension:* This is the number of direct subordinates a manager actually supervises. This is also referred to as Span of Control.

**Vertical dimension:** This is the number of levels that are (in) directly managed. It refers to the extent to which the manager's wishes trickle down to the lowest levels of the organization. This is also known as Depth of Control. It is mainly aimed at the extent of communication between a manager and his subordinates in the levels he is responsible for. Without a good leader, downward communication can be impaired.

**Graicunas Theory of Span of Control:** V.A. Graicunas a French management Consultant, made a study on superior-subordinate relationship, however, not based on empirical observations. He developed a mathematical formula to analyse this relationship. He suggested that the number of possible relationships increases with the number in the number of subordinates.

Graicemas has identified three specific kinds of superior-subordinate relationships in every organisation and leading to the question as to the number of subordinates which a superior can effectively manage.

### They are:

- **1. Direct Single Relationship:** This refers to relationships that are easily and clearly recognized by the individuals who are his immediate subordinates. They are equal to the number of subordinates supervised. For example, if A has three subordinates, there would be three direct single relationships. This has been identified as Number of direct relationships = n
- **2. Direct Group Relationships:** This means the group relationships between the superior and each possible combination of subordinates. A manager has occasions to consult, confer, advise, inform or discuss with every subordinate or any number of them or all of them in attendance. This type of relationship arises between the superior and his group of subordinates in all possible combinations.

**Example:** A manager having three subordinates would have three direct group relationships. Formula =  $n (2^{n-1} - 1)$  where n represents the number of subordinates.

**3. Cross Relationship:** Cross relationships are mutual relationships among subordinates necessary for working under the same superior. This result from the need of the subordinates of a common superior to consult with one another.

Resulting from the above analysis of the three kinds of relationships, Graicunas developed the following formula to give the total number of all the three kinds of relationships where n = number of subordinates.

$$n(2^{n/2} + n + 1)$$

The significance of Graicunas contribution is that he initiated the principle of restriction of the span of delegated authority on account of maximum limit to the potential burdens set up simply

by innate limitations of the capacity of human mind. From this analysis he deduced a 'reasonable span' restricted to five or six subordinates. Thus he stimulated thinking on this aspect of organization structure which, later on, became the subject of much discussion in management literature.

# Though Graicunas gave mathematical formula for finding out the number of relationships, his approach suffers from the following shortcomings:

- (a) Mathematical precision of the formula is debatable. Relationships increase with the increase hi the number of subordinates but not in a precise formula.
- (b) Graicunas has ignored the frequency of relationships and the strain they generate.
- (c) He has left out certain possible relationships.
- (d) He has failed to identify the factors which govern or determine the span of management. Span of control refers to the number of subordinates an executive can supervise. The concept is the central theme of the classical theory. Proper span of control is considered necessary for effective co-ordination. The classical theory has advocated a narrow span than a large one because an executive must have intimate and direct contact with his subordinates. The ideal ratio may be 15 to 25 subordinates for the first level supervision and 5 to 8 subordinates in executive spans.

### **Factors affecting Span of Control:** The factors affecting span of control are as follows:

- 1. Geographical dispersion, if the branches of a business are widely dispersed, then the manager will find it difficult to supervise each of them, as such the span of control will be smaller.
- 2. Capability of employees: if employees are highly capable, need little supervision, and can be left on their own, e.g., Theory Y type of people, they need not be supervised closely as they are motivated and take initiative to work; as such, the span of control may be broader.
- 3. Capability of managers, an experienced manager with good understanding of the tasks, good knowledge of the workers and good relationships with the workers, will be able to supervise more workers
- 4. Value-add of the manager: a manager that is adding value by training and developing new skills in the workers will need a more narrow span of control than one who is focused only on performance management (this is the reverse of the capability of workers point above)
- 5. Similarity of task: if the tasks that the subordinates are performing are similar, then the span of control can be wider, as the manager can supervise them all at the same time.
- 6. Volume of other tasks: if the manager has other responsibilities, such as membership of committees, involvement in other projects, liaising with stakeholders, the number of direct reports will need to be smaller
- 7. Required administrative tasks: if the manager is required to have regular face-to-face meetings, complete appraisal and development plans, discuss remuneration benefits,

- write job descriptions and employment contracts, explain employment policy changes, and other administrative task:, span of control may be reduced.
- 8. Business process streamlining, effectiveness, and efficiency can reduce the span of control.

# **Previous Year Question**

<u>June – 2015 (Paper – II)</u>

1. Areas of establishing objectives under MBO are:

i. Market standing

iv. Public accountability

ii. Innovation

v. Productivity

iii. Industrial relations

vi. Industrial policy

### **Codes:**

1. iii, iv, v, and vi

3. i, ii, v, and vi

2. i, ii, iv, and v

COMMERCE

WWW.TEACHINNS.COM

4. ii, iii, iv, and v

SL. NO.	QUESTION NO.	ANSWER	REFERENCE NO.
1.	23	2	6.2

## <u>Dec. – 2015 (Paper – III)</u>

- **1.** Matrix organization structure is essentially a violation of the principle of:
- 1. Unity of command
- 2. Scalar chain
- 3. Unity of direction
- 4. Division of labour

SL. NO.	QUESTION NO.	ANSWER	REFERENCE NO.
1.	25	1	6.2

## <u>Sept. – 2016 (Paper – II)</u>

1. Match List – I and List – II on the basis of Graicuna's formulae of relationships, if the number of subordinates is 'n':

List – I

List – II

- a. Direct single relationship
- i. n
- b. Cross relationships
- ii. n(n-1)
- c. Direct Group relationships
- iii.  $n(2^{n-1}-1)$
- d. Total relationships
- iv. n  $(2^n \div 2)$

- Codes: a b c d
  - i iv ii iii
  - (1)
  - i ii iii iv (2)
- i iv iii ii (3)

WWW.TEACHINNS.COM

### COMMERCE

(4) i iii ii iv

SL. NO.	QUESTION NO.	ANSWER	REFERENCE NO.
1.	23	2	6.2.4

COMMERCE

WWW.TEACHINNS.COM

## December 2018

**1.** Choose the correct code for the following statements correct or incorrect.

Statement I: An identifiable group of people contributing their efforts towards attainment of goals is called organization.

Statement II: In its broadest sense, organization refers to the relationship between the various factors present in a given Endeavour.

### Code:

Options:-

- 1. Statement II is correct, but I is incorrect.
- 2. Statement I is correct, but II is incorrect.
- 3. Both the statements I and II are correct.
- 4. Both the statements I and II are incorrect.

SL. NO.	QUESTION NO.	ANSWER	REFERENCE NO.
1.	5	3	6.2



WWW.TEACHINNS.COM

## **December 2019**

- The informal group's communication system is called
  Group Dynamics
  Grapevine
  Exchange

- 4. Interaction

SL. NO.	QUESTION NO.	ANSWER	REFERENCE NO.
1.	9	2	6.2.3