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# SCANNER™ Appendix

ICWA Foundation (New Course)  
December - 2009

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Paper 1 — Organization & Management Fundamentals 1

## PAPER'S

### Paper - 1 : Organization & Management Fundamentals

#### Chapter-1 : Organization, Meaning, Structure and Process

2009 - Dec [2] (a) What are the steps involved in organisation function?  
(4 marks)

#### Chapter-2 : Bases of Organization- Departmentation, Delegation of Authority and Decentralization

2009 - Dec [3] (c) State any four bases of departmentation. (4 marks)

#### Chapter-3 : Formal & Informal Organization and Groups

2009 - Dec [6] (b) Distinguish between formal and informal organisations.  
(5 marks)

#### Chapter-4 : Organisation Theory

2009 - Dec [2] (b) State the four pillars of classical theory of organisation.  
(4 marks)

#### Chapter-5 : Behaviour in Organization

2009 - Dec [3] (b) Differentiate Organisation Theory and Organisation Behaviour. (4 marks)

#### Chapter-9 : Scientific Management

2009 - Dec [5] Explain the fundamental principles of Scientific Management, as propounded by F.W. Taylor. (9 marks)

#### Chapter-11 : Training and Development

2009 - Dec [8] Write notes on the following :  
(b) Advantages of training ; (3 marks)

#### Chapter-15 : Concept of Power, Authority and Responsibility

2009 - Dec [3] (a) State the main characteristics of authority. (4 marks)

2009 - Dec [7] (a) Describe the process of delegation. (4 marks)

**2009 - Dec [8]** Write notes on the following :

- (a) Unity of Command; (3 marks)

**Chapter-16 : Leadership**

**2009 - Dec [6]** (a) State the different types of leadership styles. (4 marks)

**Chapter-17 : Organizational Conflict**

**2009 - Dec [2]** (c) What are the methods to be adopted to resolve conflicts in an organisation ? (4 marks)

**Chapter-18 : Management of Change**

**2009 - Dec [7]** (b) What are the challenges before the future managers ? (5 marks)

**2009 - Dec [8]** Write notes on the following :

- (c) Any three reasons for resistance to change among employees; (3 marks)

**Chapter-20 : Concept of Public Sector and Privatisation**

**2009 - Dec [8]** Write notes on the following :

- (d) Disinvestment Policy ;  
(e) Kinds of Public Sector Undertakings. (3 marks each)

**Chapter-21 : Objective Questions**

**2009 - Dec [1] {C}** (a) Do you agree with the following Statements? Write 'Yes' or 'No' giving proper reasoning in support of your answer. No marks will be awarded if only 'Yes' or 'No' is mentioned.

- (a) Organisation is considered as an activity.  
(b) There is scalar chain in line organisation.  
(c) Informal organisation is a joint personal activity without conscious common purpose.  
(d) Without division of labour, a job would be so inclusive that its performance would be impossible.  
(e) 'Personality' refers to external appearance and behaviour only.  
(f) 'Attitude' refers to a mental status of readiness to do or not to do any activity.  
(g) The mission statement of an organisation refers to the target to be achieved during a period.  
(h) Formally goals are set by the entrepreneurs always.  
(i) Conflict refers to uncertainty in an organisation. (2 × 9 = 18 marks)

**2009 - Dec [4] {C}** (a) Match the statement in Column I with appropriate statement under Column II :

Column I	Column II
(i) Departmentation	(A) Bonus/Incentive
(ii) Informal group	(B) Communication Process
(iii) Elton Mayo	(C) Complement to Organisation Structure

- |  |                            |
|--|----------------------------|
| (iv) Intra-individual and inter-individual | (D) Productwise Division   |
| (v) Halsey's Plan                          | (E) Hawthorne Experiments  |
| (vi) Piece Rate System                     | (F) Conflicts              |
| (vii) Coding and Decoding                  | (G) C.P.M.                 |
| (viii) Public Sector Undertaking           | (H) Method of Wage Payment |
| (ix) Control Technique                     | (I) Directors              |
| (x) Board Meetings                         | (J) Service Motive         |
| (xi) Maslow                                | (K) Two-factor Theory      |
| (xii) Herzberg                             | (L) Hierarchy Theory       |

(1 × 12 = 12 marks)

(b) Fill in the blanks :

- (i) \_\_\_\_\_ involves shifting of an employee from one job to another without changing the responsibility of the employee.
- (ii) Temporary removal of an employee from the payroll of an organisation by an employer due to uncontrollable reasons is known as \_\_\_\_\_.
- (iii) Golden handshake refers to \_\_\_\_\_ retirement.
- (iv) \_\_\_\_\_ is a systematic attempt to probe the future by inference from known facts.
- (v) \_\_\_\_\_ decisions are those that are repetitive and routine.
- (vi) MIS is the system of organising the \_\_\_\_\_ flow network within the organisation.
- (vii) Theory Y assumes that people are self motivated and was advocated by \_\_\_\_\_.
- (viii) \_\_\_\_\_ Power is based on the personality attributes or personal virtues of a person.
- (ix) Profit making public sector enterprises are referred to as \_\_\_\_\_.

(1 × 9 = 9 marks)

(c) State what the following abbreviations stand for :

- (i) MBO,
- (ii) SOBC Model,
- (iii) MIS,
- (iv) MOU,
- (v) BIRF,
- (vi) GST,
- (vii) CPM,
- (viii) GAIL.

(1 × 8 = 8 marks)

(d) Give the proper sequence among the following :

- (i) Scrutiny of Applications, Medical examination, Interview, Checking references.

- (ii) Establishment of Objectives, Problem Identification, Evaluating Alternatives, Developing Premises.
  - (iii) Social needs, Safety needs. Physiological needs. Esteem needs, Self-actualisation needs.
  - (iv) Selection, Placement, Manpower Planning, Training and Development.  
(1 × 4 = 4 marks)
- (e) Define, in just one sentence, the following :
- (i) Delegation of Authority ;
  - (ii) Lock out ;
  - (iii) Span of Control ;
  - (iv) Privatisation ;
  - (v) Statutory Meeting.  
(2 × 5 = 10 marks)

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**PAPER'S**

**Paper - 1 : Organization & Management Fundamentals**

**Chapter-1 : Organization, Meaning, Structure and Process**  
**2009 - June [3] (a)**

The following measures can be taken to improve the effectiveness of committees. The list is illustrative only and by no means should be treated as exhaustive.

- **Appropriate size** : Size must be commensurate with the task assigned to the committee. It should neither be too short or too large with respect to assignment entrusted to the committee.
- **Profile of members** : The members should have adequate knowledge, experience and expertise to handle the assignment.
- **Personality of chairperson** : Personality of chairperson of committee is very determinant factor in effectiveness or otherwise of the committee.
- **Well defined authority and scope** : The authority, powers, functions and accountability of the committee should be clearly and precisely defined.
- **Proper planning** : Planning is essential component of successful attainment of objectives. There should be proper agenda, time schedule, venue, modes operandi and logical procedure for the committee.
- **Cohesiveness** : The committee should appear, behave and act like a team. It should never be like an assembly of persons having diametrically opposite views and conflicting attitudes.
- **Appraisal of performance** : The functioning, performance and efficiency must be reviewed in regular and irregular intervals.

**2009 - June [3] (b)**

**Free Form Organization :** It is the organization which is built or created out of a necessity to complete some specific projects or accomplish specific missions. As it has some special objective its shape and structure are temporary and these undergo rapid changes according to the external situations. In many ways it is similar to project and matrix organizations.

**Chapter-2 : Bases of Organization - Departmentation, Delegation of Authority and Decentralization**

**2009 - June [4] (d) (ii)**

**Delegation :** Delegation means assigning or transferring one's work, authority and power to someone else.

**Chapter-3 : Formal & Informal Organization and Groups**

**2009 - June [2] (a)**

There are fourteen principles of formal organization. These are also called features of a good organizational structure. Out of these fourteen, four principles are described below :

1. **Unity of objective :** The whole organization should be candid and clear about its objectives so as to allow every organ of it to devote to attainment of those objectives.
2. **Specialization or division of work :** One function one member should be basic principle of organization.
3. **Span of control :** Every manager should have a limited number of subordinates reporting to him directly for efficient coordination and control. The span refers to the number of subordinates which a manager can effectively control.
4. **Scalar principle :** Every member should know who are his subordinates and who are his superiors. There should be a clear chain of command from top to bottom.

**Chapter-4 : Organization Theory**

**2009 - June [3] (c)**

**Classical Organization Theory :** The methodical and organised learning of organisation begins with classical theory. It is mainly anatomical in nature and it views organization as a machine and human beings as different components of that machine. As the total performance of organisation is sum total of performances of the individuals working in it, therefore, the efficiency and output of the organisation can be improved and increased by making improvements in individual worker.

The main pillars or elements of classical OT are as follows :

1. **Division of Labour :** This is the most important pillar of classical organization theory or COT. The COT rests firmly on the assumption that more a particular job can be broken down into its simplest end-items, the

more specialised and skilled a worker becomes in his/her performance. Division of labour requires identification and differentiation of tasks and their sub-division into end-items. The division of labour is not restricted to production line jobs alone but it extends to all the functions up to the highest level.

2. **Departmentation :** Division of labour should be followed by assignment of work to individual responsible for its performance. This necessitates grouping of different activities and tasks into department at minimum cost and maximum administrative control. This is called departmentation and can be accomplished on different bases like purpose, process, place, performance and people etc.
3. **Coordination :** The COT suggests that division of labour and departmentation should have unity of control. There should be single nodal point of control in the organisation so that various jobs leading to final product can be coordinated. The harmony among diverse functions and performers is indispensable.
4. **Scalar and Functional processes :** Scalar processes refer to chain of command from top to bottom of organization. It consists of authority flowing down and accountability going up. It is based on unity of command which means each subordinate would report to one superior only.

The functional process is concerned with departmentation on the basis of similarity and compatibility. The line and staff organisation is an example of functional process.

5. **Structure :** Structure implies the logical arrangement of functions so as to attain the objective efficiently. The COT is based on two fundamental structures viz. the line and the staff. The line refers to primary chain of command relating to various functions like manufacture, finance and distribution of goods and services whereas the staff is an advisory body to suggest improvements in different functions.
6. **Span of control :** It deals with the limitations of superiors to guide and control the subordinates. This implies the number of subordinates that a manager can effectively supervise and control. Controlling is important and essential function of management. The span of control determines the shape of organisational structure, short span of control will require tall structure while wide open span gives way to flat structure.  
Every manager should have a limited number of subordinates reporting to him directly for efficient coordination and control. Generally speaking, the span should be narrow for complex task while it can be wide for common and routine task. Too wide or too narrow span should be avoided. A too wide span would make it hard for the superior to control

and supervise while a too narrow span would make the position of the superior unwanted.

Criticism of Classical Theory of Organisation : The COT is criticised on the following grounds :

1. It views the organization as a static entity whereas the macro and micro environment in and around the organization is dynamic and ever-changing. The organisation needs to adjust in accordance with vectors of environment.
2. This does not take into consideration the outside of the organization and views organization as a closed system which is unrealistic.
3. Human beings are considered as components of machine. In reality they are more than that having emotions, feelings and reactions to environment. The socio-psychological and motivational aspects are ignored in framing the theory.
4. In this theory, the role of individual personality, existence of informal groups, decision-making process and conflicts have gone almost unnoticed.

#### **Chapter-5 : Behaviour in Organization**

**2009 - June [5]**

Different scholars have defined attitude in different ways. As it is not a scientific term, the definition is subjective. In general the attitude may represent the way someone perceives something or somebody. It may be treated as a response to someone or something. According to Allport ‘’ Attitude is a mental state of readiness, organized through experience, exerting a specific influence upon a person’s response to people, object and situations with which it is related.’’ Attitude may be of an individual, or a group of individuals or a team or any mass of people. In our case the attitude of employees is to be measured for various reasons.

The following are some of techniques used to measure attitude :

**Thurstone attitude scale :** In this technique, the area for which attitude is to be measured is identified first. Several statements from many corners of the area are then collected regarding the attitude. The statements are categorized in different categories from most favourable attitude to most unfavourable attitude. People are asked to check those statements to which they agree. After that some statistical method is employed and the attitude is measured.

**Likert’s Scale :** It consists of five boxes ranging from strongly agree to strongly disagree. For each statement, the person is required to select one of the five boxes. Some statistical or mathematical method is employed to measure the attitude.



**Opinion Survey :** In this survey, as usual in any opinion survey, a questionnaire is prepared and the people in general and the employees in particular are required to furnish their replies in the form of yes or no to each question. Some statistical or mathematical method is employed to measure the attitude.

**Interviews :** Some consultant or agency may be hired to take interviews of a cross section of employees to judge and measure the attitude of the employees. It is no different from opinion survey except that the employees are contacted personally and their responses to pre-decided questions are collected personally.

**Chapter-6 : Organisation Purpose, Mission, Objective and Goal**  
**2009 - June [2] (c)**

**Differentiate between objective and goals:**

The terms objectives and goals are generally used interchangeably. One school of thought treats objectives as broad timeless statements of future positions or destinations which the organization seeks to achieve by its existence and operation. Under this notion, the objectives may be classified into two categories viz. (i) external institutional objectives and (ii) Internal objectives. This view treats goals as targets which the organization must achieve in order to remain on the path of attainment of its objectives.

The other school of thought runs just opposite to the above view and states that the goals are qualitative timeless statements of general guidelines for attainment of specific levels. This view treats objectives as end-results which are time bound and expressed in quantitative terms in pursuit of goals.

**Chapter-7 : Organizational Culture**

**2009 - June [8] (a)**

*Please see : Chapter 7 Organisation Culture.2006 June (3)*

**Chapter-8 : Human Resource Planning**

**2009 - June [4] (d)**

- (i) Layoff : Lay-off means temporary removal of an employee due to circumstances beyond the control of employer.

**Chapter-10 : Model of Human Behaviour and Motivation**

**2009 - June [4] (d)**

- (v) Theory X : It is autocratic theory of motivation.
- (vi) Stick and Carrot Approach : This relates to two opposite theories of motivation the first one is negative while the other one is positive.

**2009 - June [8] (c)**

**Contingency Approach :** Contingency approach as the name indicates is the approach designed to be adopted if some kind of contingency appears on the scene. It is a common sense approach and considers on what should be done if the results do not match the expectations. The effectiveness of any technique,

operation or planning is contingent (dependent) on the given situation. Contingency approach believes that there is no single best way applicable to all situations. Hence some kind of contingency arrangements must be ready if the situation does not turn out to be what was expected during planning.

It is common sense to have alternatives ready in case the planned proposal fails. No plan can be successfully implemented in all situations. The unknown and uncertain element always exists in all plans. Contingency approach guides to take action to deal with such elements.

### Chapter-11 : Training and Development

2009 - June [4] (d)

- (iv) Methods of training : There are two broad methods of training viz. On the job training and Off the job training.

2009 - June [7] (a)

Training implies providing necessary knowledge or skill to an employee to enable him to perform the assigned work, job or task. Training is an organised programme or activity for the purpose of sharpening the skill, ability and capacity of an employee to discharge his responsibility in a better manner. The basic purpose of training is to cover up the deficiency in ability and performance of an employee.

**According to Edwin Flippo :** "Training is the act of increasing the knowledge and skill of an employee for doing a particular job." According to Beach " Training is the organised procedure by which people learn knowledge and skill for definite purpose." In short, training makes a person suitable for the job for which he is selected.

Development is related to all well rounded growth of employees. By development, executives acquire skills in their ongoing jobs and also capabilities for future jobs. The purpose of development is to impart competence and latest knowledge to the employee so as to equip them for future challenges. Training is not development but a part of development. Development is not training although it may be caused by training to some extent. Training intends to revise and improve the skills for a particular purpose and in specific direction. Training results in development of employees but these are not synonymous. The attitude and education of the employee play important role in his development.

#### Difference between Training and Development

	Basis	Training	Development
1	Scope	Related to improve skills for performing a job.	Related to all-round growth of employee.
2	Purpose	Job oriented	Career oriented

3	Applicability	To operative employee	To the executives
4	Role	The quality depends on trainer	Depends on the employee himself.
5	Meaning	Process of increasing the knowledge, skill and attitude of an employee on a particular job.	Process of learning and growth which is helpful in overall growth of employee.
6	Time	Related to present relationship period	Related to present as well as future period.

**Chapter-12 : Process of Management**

**2009 - June [7] (b)**

**Difference between PERT and CPM**

PERT	CPM
Considers three time estimates to reduce uncertainty.	Considers only one time dimension i.e. normal time of completion.
Pays more attention to the time dimension of planning and control.	Pays more attention to cost dimension of activities.
Considers Event as primary factor	Considers Activity as primary factor

These differences between the two techniques are only of historical importance, and today, CPM and PERT are used as one technique of project scheduling.

**2009 - June [8] (b)**

**Operational Planning :** The strategic planning is done at top level of management while the methods to convert planning into results are detailed by middle level management and the bottom level management or operation level management decides what actions and operations are necessary to accomplish the objectives set at strategic planning. Operation planning is also called action planning because it is related to actions required to achieve the desired targets and goals, it also called tactical planning because it considers various tactics required to conduct operations.

As the operational planning is related to direct actions and operations, it is short range in nature covering normally a year or part thereof. It is more specific, targeted and quantitative. It refers to translate the long range plans into actionable plans and it is related with producing end results.

**Chapter-16 : Leadership**

**2009 - June [6]**

*Please see 2004 June (4) Chapter 16: Leadership*

**Chapter-17 : Organizational Conflict**

**2009 - June [2] (b)**

Implementation of strategy for the management of conflict :

According to Katz, the implementation of strategy to handle the conflict may involve one or more of the following steps :

- (j) **Making the system work** : The basic system is not altered, changed or modified but some elements in it are modified so as to remove the cause of conflict and making the current arrangement more efficient and effective resulting in better performance.
- (ii) **Developing additional machinery**: The other alternative is to develop the system by introducing some additional machinery or replacing the non functional machinery of the system. In this arrangement some basic changes in the existing system become essential.
- (iii) **Changing institutional structure to eliminate the cause of the conflict** : If the modification of the system is not sufficient to cater to the need of the hour, and the conflict is not reduced it calls for some major surgery of the system.

The above three steps represent the overall mechanism for reducing conflicts in organization. Some conflicts may be handled by step one while some may require a combination of the above steps.

**Chapter-18 : Management of Change**

**2009 - June [4] (d)**

- (iii) **Unfreezing** : It implies that the conventional methods should be changed.

**Chapter-20 : Concept of Public Sector and Privatisation**

**2009 - June [4] (d)**

- (vii) **Privatisation** : It is sale of government owned business to private organization.

**2009 - June [8] (d)**

**Disinvestment of Shares** : In 1991—92, the GOI declared its new economic policy and decided to dilute its role in selected public enterprises or Public Sector Undertakings or PSUs. The main idea behind disinvestment plan was to arrange finance for the ensuing budget. Today GOI has withdrawn partially or fully from many industrial units in order to raise funds to be used in other development works.

When the GOI found that the actual realization from the disinvestment programme has been considerably below the expected value, it decided to set

up Disinvestment Commission in 1993. The commission was asked to determine the extent of disinvestment in each PSU, the methods of disinvestment and the order in which the process was to be carried out. Apart from this, the GOI has set up Department of Disinvestment in 1999 for expediting the process of disinvestment in PSU, (The word disinvestment has appeared several times, it is a long word, the students are advised to use some short form of this word to save time in the examination.)

**2009 - June [8] (e)**

Economic Objectives of Public Enterprises are as follows :

1. Planned economic development
2. Balanced regional Development
3. Generation of additional funds for various plans.
4. to make available economical commodities of better quality
5. to create more and more employment opportunities
6. to achieve maximum economic welfare and development
7. to reduce economic disparities in the society
8. to support proper distribution of wealth.

**Chapter-21 : Objective Questions**

**2009 - June [1]**

- (a) **No.** Organization cannot be created automatically, someone has to create it. The formal organization is created deliberately by the management to help achieve its objectives. The formal organization is a pattern of activities, processes, human relationships and roles planned and structured with a view to accomplish organizational goals and objectives. The informal organization arises automatically.
- (b) **Yes.** Informal groups are formed at the work place of any formal organization due to many reasons. Common language, common habits or hobby, similarity of work, same age group, status, timing of duty etc are the general reasons behind forming an informal group of people in any formal organization.
- (c) **Yes.** In resignation, the employee resigns from the organization and leaves it for the reasons best known to him. Retrenchment implies permanent termination of the services of an employee because the organization is not able to afford his services any more. Redundancy is the case of some employees becoming surplus or redundant due to reduction in the capacity, size or scale of operations.
- (d) **No.** Recruitment is encouraging the job seekers to apply for the vacancy available in the organization. From the pool of these job seekers, suitable candidates for the vacancies can be selected. Recruitment is intended to create a pool of available manpower so as to use it as and when needed.

- (e) **Yes.** As the name indicates, decentralisation is the process in which the centralisation is gradually diluted. Decentralisation is a systematic process of transferring powers and authority to lower levels through delegation. Delegation is the central concept of decentralisation.
- (f) **Yes.** In this process the inputs received by the perceiver are examined through selection and interpretation. It is the angle from which the people interpret the environment and reality.
- (g) **No.** Programmed decisions are those decisions which are programmed for known situations. These are repetitive, routine and regular type of decisions which are aimed at solving day-to-day problems. These are made by lower level management because the risk involved is not high. Programmed decisions are taken for routine and structured problems, when the market and technology is stable and environment is not turbulent.
- (h) **Yes.** The information may be filtered deliberately by the communicator to convey some misleading facts to the receiver. Filtering alters the information in the favour of communicator at the cost of real message. Filtering the message is a powerful barrier to communication.
- (i) **Yes.** Break even analysis is also called as cost volume profit analysis. It is related with behaviour of revenues with respect to costs at different levels of activities.

**2009 - June [4] (a)**

Scientific management. Human relations, Organizational behaviour, Physiological needs, safety needs, Social needs, esteem needs. Self actualization needs identifying the work, Division of work, Grouping of work. Assignment of duties, Line organization ; Staff organization

**2009 - June [4] (b)**

(i) Motivation (ii) Coercion (iii) Development (iv) Net working (v) Net working (vi) Role (vii) Vertical (viii) Conflict resolution (ix) Any number of

**2009 - June [4] (c)**

State what the following abbreviations stand for :

CSF : Critical Success Factor (ii) OPEC : Organization of Petroleum Exporting Countries (iii) Institute of Company Secretaries of India (iv) AD in 'Registered AD' : Acknowledgement Due (v) VRS : Voluntary Retirement Scheme (vi) MOU : Memorandum Of Understanding (vii) BALCO : Bharat Aluminum Company

2009 - June [4] (e)

Match the Columns :

Columns I	Columns II
(i) Globalisation	(h) Think globally Act locally
(ii) PSU's	(e) State owned enterprises
(iii) Contingency Theory	(g) Theory of organization
(iv) Strategic Management	(b) Top Management
(v) Mission	(d) What business we are in
(vi) Vision	(c) Where we want to go
(vii) Voluntary Retirement Scheme	(a) Golden Handshake
(viii) Functions of management	(f) Henry Fayol

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