

1. The size of assets, the profitability and competitiveness are affected by one of the financial decisions. Name and state the decision.

Ans. The decision mentioned is INVESTMENT DECISION, and the type is CAPITAL BUDGETING DECISION.

Investment Decision - it helps to decide how the funds will be invested in different assets.

Proper explanation given

Capital Budgeting Decision - it ~~determines~~ involves committing the finance on a long term basis i.e. in long-term fixed assets.

2. Name the marketing function which is concerned with informing the customers about the firm's products.

Ans. The marketing function concerned is PROMOTION.

3. Radhika and Vani who are young fashion designers left their job with a famous fashion designer chain to set-up a company 'Fashionate Pvt. Ltd.' They decided to run a boutique during the day and coaching classes for entrance examination of National Institute of Fashion Designing in the evening. For the coaching centre they hired the first floor of a nearby building. Their major expense was money spent on photocopying of notes for their students. They thought of buying a photocopier knowing fully that their scale of operations was not sufficient to make full use of the photocopier. In the basement of the building of 'Fashionate Pvt. Ltd.' Praveen and Ramesh were carrying on a printing and stationery business in the name of 'Neo Prints Pvt. Ltd.' Radhika approached Praveen with the proposal to buy a photocopier jointly which could be used by both of them without making separate investment. Praveen agreed to this. Identify the factor affecting fixed capital requirements of 'Fashionate Pvt. Ltd.'

Ans. The factor mentioned is LEVEL OF COLLABORATION.

4. Name the type of 'organisational structure' which promotes efficiency in utilisation of manpower.

Ans. FUNCTIONAL ~~Organisational~~ Organisation promotes efficiency in utilisation of manpower.

5. 'Management is the process of getting things done.' State the meaning of the term 'process' used in this statement.

Ans. Process includes all those activities or primary functions that the management has to perform in order to get things done and achieve organisational goals. It includes planning, organising, staffing, directing and controlling.

6. Manuj bought a packet of chips from a local shopkeeper and found that the ingredients given on the label were not legible. He complained about it to the company. The company sent a written apology stating that they will make sure that existing packets are withdrawn from the market and new packets with legible labels are soon made available. State the consumer right which Manuj exercised.

To the point answers given

Ans. Manoj exercised RIGHT TO BE HEARD since he was dissatisfied with the product and wanted to be heard and for hence filed a complaint.

Key words of the answer highlighted

7. Give the meaning of 'responsibility' as an element of delegation.

Ans. As an element of delegation, responsibility means the obligation to perform work due to delegated authority and because of superior-subordinate relationship.  
A subordinate is responsible to his superior for work performance and must obey orders.

8. State the role of 'speed boss' in functional foremanship.

Ans. In functional foremanship, speed boss ensures that work is completed timely, effectively and efficiently. He works under the production manager and is concerned with execution of work.

9. State any three functions performed by non-governmental organisations for consumer protection.

Ans. Functions performed by NGOs for consumer protection are:

(1) Carrying out comparative testing of product samples in accredited laboratories and publishing results for the benefit of all to inform about relative qualities.

Each point properly explained

(2) Publishing journals, articles etc informing about common consumer problems, solutions, hence creating awareness

(3) Providing consumers legal aid, assistance etc while filing complaints in consumer courts.

10. Mr. Sanjay Nehra was the Chairman of 'Taran Bank.' The bank was earning good profits. Shareholders were happy as the bank was paying regular dividends. The market price of their shares was also steadily rising. The bank was about to announce taking over of 'Vena Bank.' Mr. Sanjay Nehra knew that the share price of 'Taran Bank' would rise on this announcement. Being a part of the bank, he was not allowed to buy shares of the bank. He called one of his rich friends Sudhir and asked him to invest ₹ 5 crores in shares of his bank promising him the capital gains.

As expected the share prices went up by 40% and the market price of Sudhir's shares was now ₹ 7 crores. He earned a profit of ₹ 2 crores. He gave ₹ 1 crore to Mr. Sanjay Nehra and kept ₹ 1 crore

with himself. On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity. The SEBI imposed a heavy penalty on Mr. Sanjay Nehra.

By quoting the lines from the above para identify and state any two functions that were performed by SEBI in the above case.

Ans. Functions performed by SEBI -

① REGULATORY FUNCTION

calling for information by conducting <sup>enquiries</sup> ~~enquiries~~, inspection and audits

line - "on regular inspection and by conducting enquiries of the brokers involved"

② PROTECTIVE FUNCTION

Controlling insider trading and imposing penalty on violation

line - "The SEBI imposed a heavy penalty on Mr. Sanjay Nehra"

11. Mr. Shubhendu Bose is the owner of 'Bikmac Enterprises' carrying on the business of manufacturing various kinds of biscuits. There was a lot of discontentment in the organisation and the targets were not being met. He asked his son, Naval, who had recently completed his MBA, to find out the reason. Naval found that all decision making of the enterprise were in the hands of his father. His father didn't believe in his employees. As a result both the employer and the employees were not able to understand each others messages in the same sense. Thus, the employees were not happy and targets were not met.

(a) Identify any two communication barriers because of which Bikmac Enterprises was not able to achieve its target.

(b) State one more barrier each of the types identified in (a) above.

Ans. a) Two communication barriers mentioned -

① ORGANISATIONAL BARRIERS

Organisation policy

"all decision making of the enterprise were in the hands of his father."

② PSYCHOLOGICAL BARRIERS

Distrust

"His father didn't believe in his employees. As a result... messages in the same sense"

b) Organisational barriers

Organisational facilities - facilities such as frequent meetings, suggestion box etc encourage easy communication. Their absence discourage communication.

Proper explanation with quoting lines from the case study

Psychological Barriers

Lack of Attention - if the listener is pre-occupied with another matter, effective communication cannot happen due to lack of attention.

12. Ashish, the Marketing Head, Raman, the Assistant Manager and Jyoti, the Human Resource Manager of 'Senor Enterprises Ltd.' decided to leave the company.

The Chief Executive Officer of the company called Jyoti the Human Resource Manager and requested her to fill up the vacancies before leaving the organisation. Informing that her subordinate Miss Alka Pandit was very competent and trustworthy, Jyoti suggested that if she could be moved up in the hierarchy, she would do the needful. The Chief Executive Officer agreed for the same. Miss Alka Pandit contacted 'Keith Recruiters' who advertised for the post of marketing head for 'Senor Enterprises Ltd.' They were able to recruit a suitable candidate for the company.

Raman's vacancy was filled up by screening the database of unsolicited applications lying in the office.

(a) Name the internal / external sources of recruitment used by 'Senor Enterprises Ltd.' to fill up the above stated vacancies.

(b) Also state any one merit of each of the above identified source of recruitment.

Ans.

a) To fill up the vacancy of <sup>(Jyoti)</sup> Human Resource Manager, INTERNAL source of recruitment has been used.

The source is PROMOTION.

To fill up the vacancy of marketing head (Ashish), EXTERNAL source of recruitment has been used.

The source is PLACEMENT AGENCIES AND MANAGEMENT CONSULTANCY FIRMS

To fill up the vacancy of Assistant Manager (Raman), EXTERNAL source of recruitment has been used.

The source is CASUAL CALLERS.

b) Merit of Promotion (Internal source):

① enhances motivation of employees and even leads to a chain of promotion at the lower levels.

## Merit of Placement Agencies and Management Consultants - (External source):

- ① ~~for~~ it provides extremely qualified personnel

## Merit of Casual callers (External source):

- ① it ~~is~~ gives wider choice and fresh talent to organisation
- ② it is cheaper than other sources.

Appropriate explanation with key words highlighted

13. Explain any three limitations of planning.

Ans. Limitations of Planning:

### ① IT IS TIME CONSUMING

Planning is a time consuming process and may leave very little time for actual implementation of plans.

### ② IT REDUCES CREATIVITY

Planning is generally done by the top management. The lower hierarchy managers only implement the plan, without acting on their own. Thus much creativity and innovation that was inherent in them gets lost.

### ③ IT MAY NOT WORK IN A DYNAMIC ENVIRONMENT

An organisation interacts with its external environment which is dynamic. Planning cannot foresee all the changes, such as changes in government policy, changes in consumer tastes etc. Since it is cannot foresee everything, it may not be as effective.

14. A company was marketing 'water purifiers' which were very popular due to their quality and after sales services provided to the customers. The company was a leading company in the market and earning huge profits. Because of huge profits the company ignored the after sales services. As a result its relations with the customers got spoiled and the image of the company was damaged in the public. Top management became concerned when the profits for the current quarter fell steeply. On analysis it was revealed that ignoring the after sales services was its reason. Therefore the company took all possible measures to protect and promote its favourable image in the eyes of the public. As a result the goodwill of the company improved in the society.

- (a) Name and state the communication tool used by the marketer in the above case to improve its image.  
(b) Also explain role of the tool as identified in part (a).

Ans. a) The communication tool used is PUBLIC RELATIONS.

Public Relations includes a variety of programmes aimed at protecting and promoting the company's image and its individual products in the eyes of the public.

Its purpose is disseminate information and build goodwill.

b) Role of Public Relations (PR)

① PRESS RELATIONS - P.R. department keeps in touch with media and gives information about the company so that it is reliable. Information from any other source can get distorted.

② PRODUCT IMAGE AND RELEASE - P.R. department has to disseminate information about the products of the company so that people are aware of it. This also stimulates sales and builds credibility.

③ CORPORATE COMMUNICATION - Speeches, meetings etc. conducted by top management helps to build goodwill and also helps to inform public about new policies etc. Newsletters, brochures etc. are also helpful.

④ LOBBYING - P.R. department maintains close contact with ~~some~~ ministries ~~concerned~~ with business and industry and often communicate about policies affecting them.

⑤ COUNSELLING - P.R. department advises the top management about programmes they must undertake to improve public image, such as setting up a school in a backward rural area.

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

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

Aslam found that in both the companies there was systematic co-ordination among the various activities to achieve organisational goals. Every employee knew who was responsible and accountable to whom. The only difference was that in his organisation communication took place only through the scalar chain whereas 'Steele Ltd.' was allowing flow of communication in all the directions as per the requirement which lead to faster spread of information as well as quick feedback.

- (a) Identify the type of organisation which permits 'Steele Ltd.' the flow of communication in all the directions.  
(b) State another advantage of the type of organisation identified in (a) above.  
(c) State any two values which 'Steele Ltd.' wanted to communicate to the society.

Ans. a) The type of organisation which permits Steele Ltd the flow of communication in all directions is INFORMAL organisation.

Proper order and explanation are given

b) Advantage -

Informal organisation helps to fulfil social needs of the employees as they can communicate on the basis of some interests, friendships etc. Thus, human element is given due importance

c) Values:

① social responsibility fulfilled by providing facilities such as schools, hospitals etc

② attempt to ~~to~~ towards development by creating employment opportunities.

16. A recent rate cut in the interest on loans announced by the Banks encouraged Amit, a science student of Progressive School to take a loan from State Bank of India to experiment and develop cars to be powered by fuel produced from garbage. He developed such a car and exhibited it in the Science Fair organised by Directorate of Education. He was awarded first prize for his invention. Identify and explain the dimensions of business environment discussed in the above case.

Ans. Dimensions of business

① ECONOMIC ENVIRONMENT

"recent <sup>rate</sup> cut in the interest on loans..."

> Economic environment consists of all those factors that affect the production and distribution of wealth.

> It includes, inflation rates, interest rates, disposable income, GDP, foreign value of rupee etc.

> Components are -

- Balance of payment
- Volume of export and import
- Economic structure prevalent
- GNP at current and constant prices.

To the point  
and well written  
answer

> Example: a fall in interest rates will encourage loans both by businesses and individuals.

## (2) TECHNOLOGICAL ENVIRONMENT

"develop ~~such~~ <sup>cars</sup> to be ~~car~~ and powered by fuel ~~produced~~ from garbage." "invention".

> Technological Environment consists of all those scientific inventions and innovations that develop

- new ways to produce products
- new methods to operate business efficiently.

> It is an improvement over the existing technology

> Example: invention of Just in time inventory and manufacturing has enabled firms to maintain minimal levels of inventories.

Airlines have their websites for booking tickets.

17. 'Alfa Ltd.' was dealing in renewable energy. To get the business, the team leader and his team used to travel to different states to give presentation to their clients. As per the policy of the company, the leader used to travel by air, whereas his team travelled by road / train. It was not only time consuming but also at time forced female team members to travel alone. As a result, the subordinates were not acting in a desired manner to achieve organisational goals. The CEO came to know about it. He called the team leader, discussed the matter with him and decided to change the travel policy of the company. It was decided that all the members including the leader would travel together in future and would usefully utilise the travelling time in discussion with the subordinates about presentation to be given to the clients. This made a positive impact and every member of the team started acting in a manner as desired by the team leader. State the features of the element of the function of management used by the CEO.



Ans. Function of Management performed is Directing

Element of Directing performed is Motivation (by giving incentives and satisfying needs, to perform better)

Features of motivation:

① IT IS AN INTERNAL FEELING

Motives are urges and desires that are internal to an individual.

② IT IS A COMPLEX FORCE

The needs of ~~an~~ in different individuals are different and therefore heterogeneous. What may motivate one subordinate may not motivate another as effectively.

③ IT PRODUCES GOAL DIRECTED BEHAVIOUR

Through the process of motivation, an attempt is made to satisfy the needs of the subordinates. To fulfil the unsatisfied needs, search behaviour is initiated which is directed towards achievement of goal that may satisfy the need.

④ MOTIVATION CAN BE POSITIVE OR NEGATIVE

Positive motivation includes rewards, ~~or~~ recognition etc.

Negative motivation includes threatening, punishment etc.

Both stimulate the subordinate to perform in the desired manner.

18. Explain any four points of importance of principles of management.

Ans. Principles of Management are important because:

① PROVIDING MANAGERS WITH USEFUL INSIGHTS INTO REALITY

Principles of Management add to the knowledge of the manager if they help them to learn from past mistakes and solve recurring problems quickly. Thus, a manager's understanding is enhanced.