

Class: XII
SESSION : 2022-2023
SUBJECT: BUSINESS STUDIES
SAMPLE QUESTION PAPER - 5
with SOLUTION

MM – 80

TIME: 3 HOURS

General instructions :

- 1 This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Answers should be brief and to the point.
4. Answers to the questions carrying 3 marks may be from 50 to 75 words.
5. Answers to the questions carrying 4 marks may be about 150 words.
6. Answers to the questions carrying 6 marks may be about 200 words.
7. Attempt all parts of the questions together.

1. The package of KRM Rawa Idli Mix describes the procedure of cooking idlis in three easy steps. It also specifies its ingredients, instructions for storage and serving. The function performed by the label in the above case is [1]
 - a) Helping in promotion of products
 - b) Providing information required by law
 - c) Describing the product and specifies its contents
 - d) Identification of the product or brand
2. Garima is working in a private sector bank. One of her key function relates to the formulation of the overall organisational goals and strategies of the bank. Identify the level of management at which she is working? [1]
 - a) Top Level
 - b) Lower Level
 - c) Middle Level
 - d) None of these
3. Planning is _____. [1]
 - a) Flexible
 - b) Neither flexible nor rigid
 - c) Stable
 - d) Rigid
4. The formula to calculate working capital is to determine the _____ amount of current assets over current liabilities. [1]
 - a) minimum
 - b) equal
 - c) excess
 - d) maximum
5. Controlling is known as a backward-looking function because: [1]
 - a) it is like a post-mortem of past activities.
 - b) All of these
 - c) to find out deviation, it aims at
 - d) it relates to the future course of

improving future performance. action.

6. Which of the following is not a description of a consumer? [1]
- i. Any person who buys goods for a consideration which has been paid or promised.
 - ii. A person who obtains goods for re-sale purpose.
 - iii. Any person who avails any service for a consideration which has been partly paid.
 - iv. Any person who hires any service for a consideration which has been partly promised.
- a) only ii b) i and ii
- c) iv and i d) iii and iv
7. Kundan Lal joined a food processing unit as a factory worker. Since he was expected to work on sophisticated machinery, he was asked to undergo special training. [1]
- Identify the training method with reference to the above lines.
- a) Apprenticeship training b) Induction training
- c) Internship training d) Vestibule training
8. Liquidity states of the certificate of deposit which is more negotiable are considered as: [1]
- a) team liquidity b) certified liquidity
- c) lees liquid d) more liquid
9. _____ relates to how the firm's funds are invested in different assets. [1]
- a) None of these b) Financing decision
- c) Investment decision d) Dividend decision
10. If the stock markets are bullish, equity shares are easily sold at a _____ price. [1]
- a) High b) Average
- c) Low d) Fair
11. Maturity period to call money is: [1]
- a) 1 to 30 days b) 1 to 15 days
- c) 15 to 1 years d) 15 to 90 days
12. Who is considered as father of General Management? [1]
- a) Harold Koontz b) Henry Fayol
- c) Gilbreth d) F.W.Taylor

13. Responsibility is derived from: [1]
 - a) Accountability
 - b) Authority
 - c) All of these
 - d) Formal position
 14. Borrowed funds refer to the _____. [1]
 - a) Debentures
 - b) All of these
 - c) Public Deposits
 - d) Long term loans
 15. Planning is a time-consuming process: [1]
 - a) importance
 - b) objective
 - c) limitation
 - d) benefit
 16. Sensex is dependent on _____ companies. [1]
 - a) 100
 - b) 50
 - c) 500
 - d) 30
 17. Which level of management is concerned to develop cooperation with other departments for the smooth functioning of the organization? [1]
 - a) Middle level
 - b) Top level
 - c) Supervisory level
 - d) Operational level
 18. Those organisations which make cash sales need _____ working capital. [1]
 - a) variable
 - b) more
 - c) less
 - d) fixed
 19. Ketan Enterprises adopts different ways to provide training to employees, like Job. Rotation, Coaching, Vestibule Training, Conference, Lecture Method, and Role Playing. [1]
Identify the type of plan being described in the above lines.
 - a) Strategy
 - b) Method
 - c) Programme
 - d) Procedure
 20. What is the first step in controlling process? [1]
 - a) Measurement of actual performance
 - b) Analysing deviations
 - c) Comparing actual performance with standards
 - d) Setting performance standards
 21. What is meant by non-financial incentives? List any two non-financial incentives. [3]

22. Anju and Manju are good friends. Considering the fact that the activities involved in managing an enterprise are common to all organizations, after completing their masters in business management, both of them take up a job at managerial level in different organizations as per their individual areas of interest. Anju takes up a marketing job in a retail company and strives to increase sales whereas Manju joins an NGO and works diligently to realize its objective related to providing employment to specially abled persons. Both of them have to perform a series of continuous, composite, but separate functions. On some days, Anju may spend more time in planning a future display layout and on another day, she may spend time in sorting out an employee's problem. Both Anju and Manju make conscious efforts to build a feeling of team spirit and coordination among diverse individuals with different needs who work under them. The effect of their management is noticeable in their respective departments as the targets are met according to plans, employees are happy and satisfied, and there is orderliness in its functioning rather than chaos. In context of the above case:
Identify the various features of management highlighted in the above paragraph by quoting lines from it. [3]

23. Under the Consumer Protection Act 1986, every consumer has a right to be protected against goods and services which are hazardous to life and health. Delhi-18 Lights and Appliances produces and sells substandard electrical appliances. As these appliances did not conform to safety norms so an important mark assuring quality specification was missing. Cases were noticed where these sub-standard appliances had caused serious injury to many consumers. [3]
- Which consumer right has been highlighted in the above case?
 - Name the mark which the consumer should see before buying any electrical appliances to ensure safety.
 - Name and explain the consumer right where a consumer has a right to have complete information about that product he intends to buy.

OR

Sumit purchased an ISI marked washing machine of a famous brand 'MG' from TG Electronics Ltd. The shopkeeper asked him to wait for two days for installation of the machine. His friend, Vivek was very fond of experimenting with new electronics products. He told Sumit that there is no need to wait for the company's representative to install the machine and that he could do it. So, both of them installed machine without following the manufacturer instructions. Initially, the machine worked effectively and the wash was good. But after two days the machine started stopping in between the wash cycle. Sumit and Vivek tried their best to start the machine but failed in their efforts. Sumit, therefore, approached TG Electronics Ltd. which refused to provide any service on the plea that the installation of the machine was not done by the company.

- State the responsibility which Sumit had to fulfil as an aware consumer to get the services of the company.
 - Explain briefly any two rights which Sumit could have exercised had he fulfilled his responsibility identified in part (a).
24. Wadhwa Ltd. has decided to improve its image in the stock market and wants the investors to invest more money in its shares. The highly ambitious company has [3]



planned to increase the dividends of its shares for the third successive year. The increase has also been substantial. The idea is to send great news in the market regarding the performance of the company in order to booster its image. Identify and explain the factor affecting dividend decision highlighted above.

OR

“Cost of debt” is lower than the cost of “Equity share capital”. Give reason why even then a company cannot work only with the debt.

25. Write a short note on budgetary control as a technique of managerial control. [4]

OR

How does controlling help in achieving objectives and improving employee's morale ?

26. An auto company C Ltd. is facing a problem of declining market share due to increased competition from other new and existing players in the market. Its competitors are introducing lower-priced models for mass consumers who are price sensitive. For quality conscious consumers, the company is introducing new models with added features and new technological advancements. [4]

Questions

1. Prepare a model business plan for C Ltd. to meet the existing challenge. You need not to be very specific about quantitative parameters. You may specify which type of plan you are preparing.
2. Identify the limitations of such plans.
3. How will you seek to remove these limitations?

OR

How is planning a pervasive function of management?

27. Nikhil runs a small dhabba on the Jaipur highway. He is very rigid and follows a strict policy of punishment like cutting the salary, stopping increments or giving job termination threats to his workers for any kind of discrepancies in their work. He does not seek advice or opinions from his workers, as he does not have any confidence on the competence of his workers. Also, the workers are not willing to offer useful suggestions as they do not expect any motivation or incentive for taking such initiatives. As a result, the labour turnover is high and his business has been adversely affected. [4]

In the above context:

- a. Name and explain the style of leadership adopted by Nikhil.
 - b. Identify the various human needs of workers that are being overlooked by Nikhil as per the Maslow's need hierarchy theory of motivation.
 - c. Identify the type of communication barrier created by Nikhil due to which the workers suppress their need to communicate with him.
28. D&D Ltd. Co. is a large manufacturing unit. Recently, the company had conducted the 'time' and 'motion' studies and concluded that on an average a worker could produce 120 units per day. However, it has been noticed that average daily production of a worker is in the range of 80-90 units. What steps will you suggest to ensure that the actual performance is in accordance with the performance as per time and motion studies? [4]



29. After completing the Online NSE Academy Certified Capital Market Professional (E-NCCMP) course Bhavya along with her five other school friends started an investment portal for online trading and investment under the name 'Go Lucky'. As per law, in order to open an account with a Depository, they first got their business registered with the Securities and Exchange Board of India. Through 'Go Lucky' portal an investor can either trade in existing securities of the companies or invest in the e-ipos. In the context of the above case: [4]
- What is the name given to the intermediaries like 'Go Lucky' who serve as a link between investors and depository?
 - Name the depositories operating in India..
 - Mention any one function being performed by 'Go Lucky' as a DP.
 - What are the two segments of the capital market in which an investor can deal through 'Go Lucky' portal?
30. Sumit purchased an ISI marked washing machine of a famous brand 'MG' from TG Electronics Ltd. The shopkeeper asked him to wait for two days for the installation of the machine. His friend, Vivek, was very fond of experimenting with new electronic products. He told Sumit that there is no need to wait for the company's representative to install the machine and that he could do it. So, both of them installed the machine without following the manufacturer's instructions. Initially, the machine worked effectively and the wash was good. But after two days, the machine started stopping in between the wash cycle. Sumit and Vivek tried their best to start the machine but failed in their efforts. Sumit, therefore, approached TG Electronics Ltd., which refused to provide any service on the plea that the installation of the machine was not done by the company. [4]
- State the responsibility which Sumit had to fulfill as an aware consumer to get the services of the company.
 - Explain briefly any two rights which Sumit could have exercised had he fulfilled his responsibility identified in part (a).
31. Describe briefly the steps involved in the process of staffing. [6]

OR

Owing to the increased workload after demonetisation, the income tax employees of Karnataka and Goa region had urged the centre to increase manpower of the I-T department by filling up 35% vacancies which were lying vacant as there were confirmed reports about misuse of bank accounts, foreign exchange mechanism, gold purchases and adoption of various other dubious means for investing the unaccounted cash.

In the context of the above case:

- Identify and explain the function of management being discussed in the above lines.
 - Identify and explain the particular step related to the function of management as identified in part (a) of the question which has already been performed. Also, state the next three steps to be performed after this step.
32. E-Solutions Ltd. started its operations in the year 2000. At the time of its inception, the company had only ten employees with two departments, a Production [6]



Department, and an Administration department. The products supplied and the services provided by the company started gaining popularity over the years. The management had faith in the abilities of the employees and thus they allowed them freedom of action. The management recognized that the decision-makers at different levels of the organization need to be given more autonomy. They took a policy decision that there will be less control of superiors over subordinates. This increased the role of the subordinates in the organization and now they were in a position to take numerous as well as important decisions. As a result, its business has diversified into many areas. Presently, it has its operations throughout the country with seven branches overseas. Its organizational structure has now changed into a divisional structure and ten thousand people are working with the company.

- a. Identify the concept of management which helped the company to diversify into many areas and branches abroad.
- b. Explain five points of importance of the concept identified in (a) above.

33. 'Konark Ltd/ is an electronics goods manufacturing enterprise situated in Shivpuri, Madhya Pradesh. It is earning a very low revenue in comparison to a competing electronic good manufacturing enterprise, 'Nova Ltd.' situated in Mumbai. Both Konark's and Nova's operations are affected directly by the investors, customers, competitors, and suppliers, which are unique to their respective locations. In addition to this, individual firms of this field are affected indirectly by factors like the money supply in the economy, the composition of the families, the technological changes, etc. [6]

- a. Identify and state the feature of the concept discussed in the above paragraph.
- b. Also, state any four points of importance of this concept.

OR

On 8 November 2016, the Government of India announced the demonetization making all Rs. 500 and Rs. 1,000 banknotes of the Mahatma Gandhi Series invalid past midnight. The government claimed that the action would curtail the use of illicit and counterfeit cash to fund illegal activity and terrorism. The BSE SENSEX and NIFTY 50 stock indices fell over 6 percent on the day after the announcement. The decision was heavily criticized by members of the opposition parties, leading to debates in both houses of parliament and triggering organized protests against the government in several places across India. People seeking to exchange their banknotes had to stand in lengthy queues, and several deaths were linked to the inconveniences caused due to the rush to exchange cash. After demonetization, the demand for point of sales (POS) or card swipe machines has increased. E-payment options like PayTM have also seen a rise.

In the context of the above case:

- i. Identify and explain the various dimensions of the business environment which relate to the above-mentioned case.
- ii. List any through two values that the government seeks to promote through demonetization.

34. Mediquip Ltd. is a company dealing in distribution of medical equipments. The company recently imported 15000 units of sugar testing machines to test the sugar levels without taking blood samples. For deciding the marketing strategy, the Chief Executive Officer of the company called a meeting of the marketing heads of different zones. [6]



In the meeting, Sandeep, the North Zone Marketing Head, suggested that since the machines were sophisticated they need to visit hospitals personally, to explain its working to the hospital staff who would be using the machines. He also suggested that additional trained people may be recruited for the same.

Himanshu, another Zonal Head, added that since lot of money had been spent on the import of the machines, the company was short of funds to pay to the additional staff as suggested by Sandeep.

Rahul, a newly appointed Zonal Head of South Zone suggested that since the size of the order is not large, a detailed study of the factors determining the choice of channels of distribution is required before making the right choice.

- a. Identify the factors influencing the choice of channels of distribution which were discussed in the meeting.
- b. Also, explain briefly the other consideration to be taken care of in each factor identified in part (a).



SOLUTION

1. **(c)** Describing the product and specifies its contents
Explanation: Describing the product and specifies its contents
2. **(a)** Top Level
Explanation: Top Level
3. **(a)** Flexible
Explanation: Planning is flexible.
4. **(c)** excess
Explanation: Working capital may be defined as the excess of current assets over current liabilities.
5. **(a)** it is like a post-mortem of past activities.
Explanation: Controlling is known as a backward-looking function because it is like a post-mortem of past activities.
6. **(a)** only ii
Explanation: A person who obtains goods for re-sale purpose cannot be a consumer.
7. **(d)** Vestibule training
Explanation: Vestibule training is usually done when employees are required to handle sophisticated machinery and equipment. So, Vestibule training being described in the question.
8. **(d)** more liquid
Explanation: more liquid
Certificate of deposit has tight liquidity.
9. **(c)** Investment decision
Explanation: Investment decision relates to how the firm's funds are invested in different assets.
10. **(a)** High
Explanation: If the stock markets are bullish, equity shares are more easily sold even at a higher price. Use of equity is often preferred by companies in such a situation. However, during a bearish phase, a company may find raising of equity capital more difficult and it may opt for debt.
11. **(b)** 1 to 15 days
Explanation: Maturity of 1 to 15 days used for inter-bank transaction.
12. **(b)** Henry Fayol
Explanation: Henry Fayol is considered as the father of General Management.
 - Fayol was the first to identify four functions of management – Planning, Organising, Directing and Controlling although his version was a bit different – Plan, Organise, Command, Coordinate and Control.
 - Based largely on his own experience, he developed his concept of administration.
13. **(b)** Authority
Explanation: Responsibility is derived from authority.
14. **(b)** All of these
Explanation: The funds raised through loans or borrowings are known as borrowed funds. Main sources for raising borrowed funds are an issue of debentures, public deposits, loans from commercial banks, etc.
15. **(c)** limitation
Explanation: Planning is a time-consuming process and it is one the limitation of



planning.

16. **(d)** 30

Explanation: SENSEX is dependent on 30 companies

17. **(a)** Middle level

Explanation: Middle level of management.

18. **(c)** less

Explanation: Cash sales will lead to an increase in Cash and Bank balances and organization will need less working capital.

19. **(b)** Method

Explanation: Method is the correct option.

20. **(d)** Setting performance standards

Explanation: The first step in controlling the process is setting performance standards.

21. Non-monetary or non-financial incentives are those incentives which do not involve monetary benefits. These incentives are based on factors which gives a feeling of satisfaction of doing or accomplishing something worth-while to the workers.

The two non-financial incentives are:

- i. **Participation in management decisions:** Workers' participation in management provides a significant incentive to the workers. It gives them psychological satisfaction that their voice is being heard as workers' participation in management provides two way communication.
- ii. **Job security:** Generally, workers prefer job security. It is an assurance by the employer that the worker will continue in the employment.

22. 1. Management is not A Group of People, It is Group of Function: Management is not a group of people who are managing the work or a people at a high position but it is a group of function, which is done by this people. It includes planning, staffing, directing, controlling, reporting, monitoring, and communication.

2. Management is Universal: A management is universal. It can be apply anywhere. Any organization can be called, management, management at work, organization, at business, at club, at army, at charitable institution, religious institution or a government office. Example: a successful manager of a soap factory would be equally successful as a manger of Soft Drink Company.

3. Co-Ordination is the Soul of Management: There should be coordination between each and every employees of the organization. The various departments in the organization must work in harmony with one another. If there is a conflict between employees organization goal can be achieved.

4. Management is Dynamic: Management cannot remain static. It changes with the situation. Management is always forward looking and pragmatic. It changes with the change in environment. Management converts the environmental threats in to opportunities .it changes just as the needs, objectives and challenges of business change.

5. Management is Essentially a Leadership Activity: Management is getting things done through people. Management activates manpower. A manager act as leader of the group and create environment for follower to follow them to attain organization objectives.

6. Management is Decision Making: Generally all managers take decision. They take decision based upon some data and their analysis. Decision are the choice of management from of several alternatives for that they use several technical methods. Example: sales manager takes decision for sale, marketing manger for marketing.

7. Management is Profession: Managerial ability is not inherent. It is not natural gift. Training can develop it. It's a body of knowledge, which can be mastered by anyone. Example: BBA, MBA institute for training, management is rapidly emerging as a profession. Example: Management-consulting services are available.
8. Management is A Critical Element to Attain Organizations Objective: Management strives consciously to attain the common objectives of the business. In the absence of management the organization objectives and individual objectives will come in conflict with each other. So to attain organization goal there should be proper management.
23. a. Right to safety
b. ISI mark
c. Right to be Informed: According to this right, the consumer has the right to be informed about the quality, purity, ingredients, date of manufacture, expiry date, price of goods, etc.

OR

- a. The responsibility which Sumit had to fulfil as an aware consumer to get the services of the company is to learn about the risks associated with products and services, follow manufacturer's instructions and use the products safely.
- b. The two rights which Sumit could have exercised had he fulfilled his responsibility are described below:
- a. **Right to be Heard:** According to the Right to be Heard, a consumer has a right to file a case and be heard in case he/she is not satisfied with any product or service. In order to promote this right, most of the reputed firms have set up Consumer helpline cells. Moreover, the consumer organisations help the consumers' in filling and perusal of complaints. This right helps to empower the consumers of India for putting forward their complaints and concerns fearlessly and raising their voice against products or even companies and ensure that their issues are taken into consideration as well as handled expeditiously. However, till date the Indian Government has not formed even one outlet for hearing the consumers or their issues to be sorted out.
- b. **Right to Seek Redressal:** According to the Right to Seek Redressal, the grieved consumer has the right to get relief in case the product or service falls short of his expectation. The various reliefs available to the consumers include the refund of amount paid for the goods, replacement of goods, removal of defects, compensation for any loss suffered etc.
24. **Stock Market Reaction:** Rate of dividend and market value of the share are directly related to each other. It means that if the dividend is declared at a higher rate, then it leads to an increase in the market price of shares, whereas, low rate of dividend decreases the market price of the share. Therefore, a finance manager should always keep in mind the effect on the market price of shares while taking a decision about the dividend.

OR

- A company employs more of debt securities in its capital structure if company is sure of generating enough cash flow whereas if there is shortage of cash then it must employ more of equity in its capital structure as there is no liability of a company to pay its share holders. Thus only debt increases the financial risk of a business.
25. Budgetary control is a method of controlling that involves the preparation of plans in the form of a budget. The budget is the financial statement that defines the targets to be



achieved and the policies to be followed during a specific duration of time. The actual performance is compared with a budgetary standard. If there is any deviation, measures are taken for the same. Budgetary control acts as a technique of controlling in the following manner:

- i. The budget is made for different divisions of the organizations at such as sales budget, purchase budget and production budget.
- ii. It is a source of motivation for the employees to measure the performance against the budgetary standard.
- iii. It also helps to bring about coordination in the organisation.
- iv. It also helps to ensure that the resources are allocated to different divisions as per the requirement. It helps to use the resources in the most optimum way.
- v. It focuses on time and specific bound targets.

OR

Controlling helps in achieving objectives and improving employees' morale by following ways:

1. By continuously measuring the performance in the light of organisational goals brings out the deviations, if any, and indicates the corrective actions to be taken which helps in measuring the status. Thus, controlling keeps the organisation on the right track and helps the organisation to manage future contingencies.
 2. The implementation of controlling makes all the employees to work with complete dedication and boost their morale because they are aware that their performance will be evaluated, and they will have a chance to build their reputation in the organisation. The employees with good performance record are promoted or given higher incentives or bonus for their achievement.
26. 1. The type of plan, which the company needs to prepare, is "Strategy".
- Steps involved in this plan are:
 - a) Determining the long-term objectives
 - b) Adopting a particular course of action
 - c) Allocating the resources
 - 1. The limitations of such plan are:
 - i. It leads to rigidity
 - ii. It may not work in a dynamic environment
 - iii. It reduces creativity
 - iv. It involves huge costs
 - v. It is a time-consuming process
 - vi. It does not guarantee success
 - 2. The above limitations can be removed through the following measures:
 - i. The company must specify its time limit to achieve the desired objectives.
 - ii. A proper budget should be prepared to meet the requirement of the plan.
 - iii. Business Environment should be carefully analyzed.
 - iv. SWOT Analysis(Strength, Weakness, Opportunities, Threats) should be applied by the managers.
 - v. Plans made should be flexible.

OR

- Planning is pervasive because it is the function of every manager to plan.
- Planning is not the function of top management or any particular department only. It is required at all the levels of management and in all departments of an



organisation. However, the scope and nature of planning are different at different levels and in different departments. Plans made at different levels are like:

1. The top management lays down the plans for the organisation as a whole.
 2. Middle-level management has to make plans for each department.
 3. Plans regarding the daily operations of an organisation are laid down by operational management.
27. a. The autocratic style of leadership has been adopted by Nikhil.
b. The various human needs of the workers that are being overlooked by Nikhil as per the Maslow's need hierarchy theory of motivation are listed below:
i. Basic Physiological Needs
ii. Safety/Security Needs
c. Personal barriers have been created by Nikhil due to which the workers suppress their need to communicate with him freely.
i. Lack of confidence of superior on his subordinates
ii. Lack of proper incentives
28. The following steps can be taken:
(i) Eliminate unnecessary movements in doing a work;
(ii) Conduct 'Fatigue study' and provide rest intervals to employees so as to enable them to regain lost stamina;
(iii) Use 'Differential piece wage system' in which efficient and inefficient workers are paid at different rates. It will motivate the workers to put in their maximum efforts.
29. a. The intermediaries like 'Go Lucky' who serve as a link between investors and depository are called Depository participants. A depository helps interacting with the investors through its agents which are called Depository Participants (DPs) like banks, investors who want to enjoy the services of a depository in terms of buying and selling stocks/shares have to open an account with the depository participant.
b. National Securities Depository Limited NSDL and Central Depository Services Limited (CDSL) are the two depositories operating in India.
c. A depository participant is authorised to maintain D-Mat accounts of the investors.
d. Primary market and Secondary market are the two segments of the capital market in which an investor can deal through 'Go Lucky' portal.
30. The responsibility which Sumit had to fulfill as an aware consumer is to 'learn about the risk associated, to follow the manufactures instructions and to use the product safely'.
b. The two rights which Sumit could have exercised:
(i) **Right to seek redressal:** A consumer has the right to seek redressal and to get compensation in case of any exploitation. The Consumer Protection Act provides for compensation in the form of replacement of the product, cash compensation, repair/removal of defects, etc.
(ii) **Right to be Heard:** The consumer has the right to file a complaint and to be heard in case of dissatisfaction with a product or a service. It is because of this reason, many firms have set up their own consumer service and grievance cells.
31. Staffing is referred as both line and a staff activity. Steps involved in the staffing process are:
Manpower Planning: The organization estimates the total manpower requirement by considering all the departments of the organization. It is not only about the number of people but also the type of people. Three steps are involved in manpower planning; a) Workload analysis, b) Workforce analysis and c) Comparing both to find out requirement.



Recruitment: Recruitment refers to the process of inducing people to apply for the job. The requirements can be fulfilled from inside the organisation by promotions and transfers. To recruit people from outside the organisations contact various placement consultants or advertise in the newspaper.

Selection: Selection refers to selecting the most suitable candidate to fill the vacant job position. It involves test, interviews, etc. Selected candidates are less than the number of rejected candidates, that's why this method is also called a negative process.

Placement and Orientation: Placement refers to occupying of the post for which he is selected. Orientation refers to the introduction of new employee to the existing employees.

Induction: it is concerned with the process of introduction of a new employee to the organization.

Training and development: To improve the competency of employees and to motivate them. It is more accurately considered as a process of skill formation and behavioural change.

Performance appraisal: Promotion and Compensation are given on the basis of performance appraisal.

OR

i. Staffing is the function of management which is being referred to in the above lines. The managerial function of staffing is concerned with obtaining and maintaining a satisfactory and satisfied workforce.

ii. The step in the process of staffing which has already been carried out is Estimating manpower requirements.

Estimating the Manpower Requirements: It is the first step in the staffing process and is carried out with the help of workload analysis (assessment of the number and types of human resources necessary for the performance of various jobs and accomplishment of organizational objectives) and workforce analysis (assessment of the number and type available).

The next three steps to be performed after estimating manpower requirements are described below:

- a. **Recruitment**: Recruitment may be defined as the process of searching for prospective employees and stimulating them to apply for jobs in the organization.
- b. **Selection**: Selection is the process of choosing the best candidate from the pool of applicants.
- c. **Placement and Orientation**: Placement refers to the process of giving the charge of the job for which they have been appointed. Orientation may involve a series of activities related to introducing the new employee to other employees and familiarising him with the rules and policies of the organization. Moreover, he is taken around the workplace and made aware of the fire safety policy, canteen, conference room, etc.

32. a. The Concept of Management which helped the Company to Diversify into many Areas and Branches Abroad is **Decentralization**.

b. Importance of Decentralization can be explained with the help of the following points :

- i. **Developing Initiative among Subordinates**: Passing of authority at middle and lower level shows the trust and faith of top-level in their subordinates and this trust and faith motivate the employees working at different levels as they are allowed to make decisions without seeking the approval of superiors.



- ii. **Develop Managerial Talent for Future:** In decentralization, Managers working at the lower and middle level also learn the art of making decisions. They get the experience of performing activities of top executives and learn to manage the authority given to them.
 - iii. **Quick Decision-making:** In the Decentralization process decision-making is not restricted in few hands only by decision-making power is entrusted to all the managers who are taking actions or performing the activities. This leads to faster decisions because employees who have to perform the activities are allowed to take decisions also.
 - iv. **Relief to Top Level Management:** In the process of Decentralization top-level managers are not overburdened with the responsibilities and authority as they systematically pass the authority and responsibilities at different levels and they become free to concentrate on core and important issues.
 - v. **Facilitates Growth:** Decentralization grants more autonomy or freedom to a lower level. Thus productivity increases and it will generate more revenue which can be used for expansion.
- 3a. The Concept discussed above is '**Business Environment**'. The feature of the business environment discussed above is-
- Specific and General forces:** Business Environment is made up of both specific and general forces. Specific forces refer to the customers, competitors, investors, etc. which have a direct effect on the day to day working of the business while the general forces refer to social, political, legal, technological and other forces which indirectly affect the operations of a business.
- b. The Four points of importance of Business Environment are:
- (i) **Enabling the identification of opportunities and getting the first-mover advantage:** The business environment provides many opportunities for firms to improve their performance. The firms which are able to scan these opportunities at an early stage get maximum benefit and can leave their competitors behind.
 - (ii) **Helping in the identification of threats and early warning signals or the Radar effect:** Environment understanding helps an enterprise to recognize qualitative information in advance, which can be used to prepare it for facing likely challenges.
 - (iii) **Improvement in performance:** Environmental awareness provides continuing, broad-based education for management. Objective qualitative information generated by such understanding provides a strong basis for strategic thinking. The enterprises that monitor their environment closely can adopt suitable business practices not only to improve their performance but also to become leaders in the industry.
 - (iv) **Image building:** Environmental understanding generates a feeling among the public that business is sensitive and responsive to its environment. This helps in building the image or reputation of the firms.

OR

- i. The various dimensions of the business environment which relate to the above-mentioned case are outlined below:
 - a. **Political Environment:** Political Environment includes political conditions such as general stability and peace in the country and specific attitudes that elected government representatives to hold towards business.
 - b. **Technological Environment:** Technological Environment includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.



- c. **Legal Environment:** Legal Environment includes various legislations passed by the Government administrative orders issued by government authorities, court judgments as well as the decisions rendered by various commissions and agencies at every level of the government-centre, state or local.
 - d. **Social Environment:** Social Environment includes social forces like customs and traditions, values, social trends, society's expectations from business, etc.
 - e. **Economic Environment:** Economic Environment comprises of factors that can affect management practices in a business enterprise includes interest rates, inflation rates, changes in disposable income of people, stock market indices and the value of rupee, etc.
- ii. The two values that the government seeks to promote through demonetization are:
- a. Transparency in dealings
 - b. Promote well being of people
34. a. The factors influencing the choice of channels of distribution which were discussed in the meeting are listed below:
- i. Product related factors
 - ii. Market related factors
 - iii. Company related factors
- b. The other considerations to be taken care of in each of these factors is explained below:
- I. The market related factors:**
- i. Geographical concentration of potential buyers: If the potential buyers for the firm's product are geographically concentrated at a few specific places, it is advisable for the marketer to adopt direct channels of distribution. And if the market for the product is widely scattered, indirect channels of distribution will be more effective.
 - ii. Size of market: If the size of the target market is small, it is advisable that the marketer adopts methods of direct channels of distribution like online selling, mail order house, personal selling etc. wherein there are no intermediaries between the manufacturer and the consumers. However, if the marketer intends to target larger markets he should adopt indirect channels of distribution (one level two level or three level) by using intermediaries like wholesalers, retailers etc.
- II. Product related factors**
- i. Nature of product: Considering the technical nature of the industrial products they require short channels i.e., direct channel or involving few middlemen. Moreover, they are made to order and expensive products purchased by selective buyers. Whereas the consumer products, being standardised, less expensive, less bulky, non-technical can be better distributed by long network of channels, involving many middlemen. Moreover they are purchased frequently.
 - ii. Type of product: If the product under consideration is perishable like fruits, vegetables, and dairy products short channels should be adopted in order to preserve their quality. Whereas non-perishable products like toiletry products (e.g., shampoo, toothbrush, deodorants etc.), groceries (cooking oil, pulses etc.), fabrics can be best marketed through longer channels so as to reach wide spread consumers.
 - iii. Unit value of the product: If the unit value of a product is low as in case of most convenience products, long channels are considered more appropriate whereas



products of high value should be sold through shorter channels.

III. **Company related factors**

If a company desires to have direct and close control over production and selling activities, direct channels are preferred and vice-versa. Short channels may be used if the management of the firm desires to have greater control on the channel members, but if the management does not plan to exercise strict control over the middlemen indirect channels or large number of intermediaries may be opted for.

