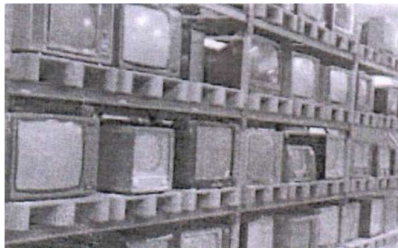
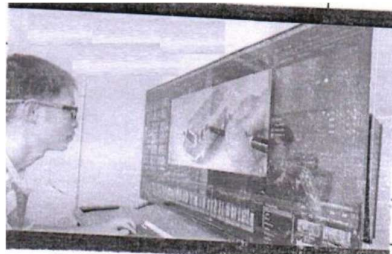


66/5/1	SOLUTIONS BUSINESS STUDIES (054)- 66/5/3 Paper Code — 66/5/3 	
Q. No.	EXPECTED ANSWER / VALUE POINTS	MARKS
1	Q. Read the following statements: Assertion (A) and Reason (R). <i>Assertion (A):</i> General forces such as social, political, legal and technological conditions affect an individual firm only indirectly. <i>Reason (R):</i> General forces have an impact on all business enterprises, in contrast to, specific forces that affect individual firms directly and immediately in their day-to-day working. Choose the correct alternative from the following: (A) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A). (B) Both Assertion (A) and Reason (R) are correct, but Reason (R) is <i>not</i> the correct explanation of Assertion (A). (C) Both Assertion (A) and Reason (R) are incorrect. (D) Assertion (A) is correct, but Reason (R) is incorrect. Ans. (A) Both assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).	1 mark
2	Q. One of the factors affecting price determination of a product is 'Pricing Objectives'. Which of the following pricing objectives will result in a higher price being fixed for the product? (A) Obtaining market share leadership (B) Surviving in a competitive market (C) Attaining product quality leadership (D) Profit maximisation in the long run Ans. (C) Attaining product quality leadership	1 mark
3	Q. A software company wants to expand its business. For this, it requires a large number of fresh graduates with innovative ideas in the field of Artificial Intelligence and Data Analytics. The existing staff members do not possess these specialized skills, so a notice was put up at the reception of the office asking the present employees to introduce any friend or relative who could possibly be possessing the required skills for the jobs. The source of recruitment that has been used by the software company is: (A) Direct Recruitment (B) Recommendation of employees	

	<table> <tr> <td></td> <td></td> </tr> <tr> <td>d. Strategy</td> <td>(iv) A general statement that guides thinking or channelises energies towards a particular direction.</td> </tr> </table> Choose the correct alternative from the following: (A) a-(ii), b-(iv), c-(i), d-(iii) (B) a-(iv), b-(ii), c-(i), d-(iii) (C) a-(iv), b-(ii), c-(iii), d-(i) (D) a-(iv), b-(i), c-(ii), d-(iii) Ans. (B) a-(iv), b-(ii), c-(i), d-(iii)			d. Strategy	(iv) A general statement that guides thinking or channelises energies towards a particular direction.	1 mark
d. Strategy	(iv) A general statement that guides thinking or channelises energies towards a particular direction.					
7	Q. The purpose of opening a Demat Account with a Depository Participant (DP) is: (A) For holding and transferring securities in the Demat form (B) For entering into an agreement with broker (C) For making payment to stock exchange for any purchase of securities (D) For enabling cash transactions in the securities market Ans. (A) For holding and transferring securities in the Demat form	1 mark				
8	Q. The top management of a smartphone manufacturing company recently observed that the government has ordered new safety standards for batteries used in smartphones to prevent overheating. It also noticed that the government announced a reduction in import duties on components used in mobile phones. The dimensions of business environment highlighted in the above case are: (A) Technological and legal environments (B) Political and technological environments (C) Legal and social environments (D) Political and legal environments Ans. (D) Political and legal environments	1 mark				
9	Q. ‘Tangy Beverages Ltd.’ was known for its popular tangy fruit drinks. It had recently introduced a new range of fruit drinks that became an instant hit among consumers and led to a significant increase in the company’s profits. As a result, the Board of Directors wanted to declare a higher dividend for the year. The Chief Finance Officer suggested that they should evaluate the impact of dividend on the share price of previous years before taking a decision. An analysis was done, which showed how the company’s share price had risen in previous years whenever the dividend was increased. On the other hand, even a small decrease in dividend had led to a noticeable dip in the share price.					

	(A) Statement I is true and Statement II is false. (B) Statement I is false and Statement II is true. (C) Both Statement I and Statement II are true. (D) Both Statement I and Statement II are false. Ans. (B) Statement I is false and Statement II is true	1 mark
14	Q. “The application of principles of management is dependent upon the prevailing situation at a particular point of time.” This statement highlights which of the following features of principles of management? (A) General guidelines (B) Flexible (C) Mainly behavioural (D) Contingent Ans. (D) Contingent	1 mark
15	Q. ‘Renew Ltd.’ was the pioneer in the Electric Vehicles segment and presently has 70% market share. Keeping in mind the rapidly increasing demand for Electric Vehicles due to the rising environment consciousness among people and lower operating costs, the company set a target to increase its market share to 80% in the current year. However, the incentives provided by the government to encourage manufacturing of Electric Vehicles attracted many new players in the market. As this change in the business environment happened suddenly, the company was not able to accurately assess future trends. As a result, the market share of ‘Renew Ltd.’ fell from 70% to 55% in the current year. Which limitation of planning has been discussed in the above case ? (A) Planning may not work in a dynamic environment (B) Planning leads to rigidity (C) Planning does not guarantee success (D) Planning involves huge costs Ans. (A) Planning may not work in a dynamic environment	1 mark
16	Q. Which of the following statements is <i>incorrect</i> with reference to Maslow’s Need Hierarchy Theory of motivation? (A) People’s behaviour is based on their needs. (B) People’s needs are in hierarchical order, starting from basic needs to other higher-level needs. (C) Only a satisfied need can motivate a person. (D) A person moves to the next higher level of the hierarchy only when the lower need is satisfied. Ans. (C) Only a satisfied need can motivate a person	1 mark
17	Q. Which of the following is <i>not</i> a factor affecting capital structure of a company? (A) Cash flow position (B) Return on investment	

	(C) Financing alternatives (D) Stock market conditions Ans. (C) Financing alternatives	1 mark
18	Q. Identify the shift in the marketing management philosophy from Picture I to Picture II.  Mass Production of Televisions Picture I  Use of Television as a Computer Monitor Picture II (A) From Production concept to Product concept (B) From Production concept to Societal marketing concept (C) From Societal marketing concept to Production concept (D) From Product concept to Production concept Ans. (A) From Production concept to Product concept <i>Note: The following question is for the Visually Impaired Candidates only in lieu of Q. No. 18.</i> The process of giving a name or a sign or a symbol etc., to a product is known as: (A) Brand (B) Branding (C) Labelling (D) Packaging Ans. (B) Branding	1 mark
19	Q. ‘Deccan Motors Ltd.’ is a renowned name in the automobile sector in India. It deals in both commercial vehicles like bus, truck and lorries, as well as passenger vehicles like cars, scooters, etc. It presently has a functional organisational structure. The Board of Directors have now decided to shift to divisional structure, with separate divisions for commercial vehicles and passenger vehicles. Identify the benefit the company will get as a result of shifting to divisional structure: (A) It will promote flexibility and initiative because each division will function as an autonomous unit. (B) It will lead to minimal duplication of effort, which will result in economies of scale. (C) It will make training of employees easier as the focus will be on limited range of skills. (D) It will lead to occupational specialisation since emphasis will be placed on specific functions.	

	Ans. (A) It will promote flexibility and initiative because each division will function as an autonomous unit.	1 mark
20	Q. The step of the staffing process in which an employee's current and/or past performance is evaluated against certain pre-determined standards is: (A) Placement and orientation (B) Performance appraisal (C) Promotion and career planning (D) Recruitment Ans. (B) Performance appraisal	1 mark
21	Q. (a) State any three points of importance of Financial Planning. Ans. Importance of Financial Planning: (Any THREE) (i) It helps in forecasting what may happen in future under different business situations to enable the firms to face the eventual situation in a better way. (ii) It helps in avoiding business shocks and surprises and helps the company in preparing for the future. (iii) It helps in co-ordinating various business functions, e.g., sales and production functions, by providing clear policies and procedures. (iv) Detailed plans of action prepared under financial planning reduce waste, duplication of efforts and gaps in planning. (v) It tries to link the present with the future. (vi) It provides a link between investment and financing decisions on a continuous basis. (vii) By spelling out detailed objectives for various business segments, it makes the evaluation of actual performance easier. OR Q. (b) State any three factors that determine the requirement of fixed capital of a company. Ans. Factors affecting Requirement of Fixed Capital: (Any THREE) (i) Nature of business as a trading concern needs lower investment in fixed assets compared with a manufacturing organisation. (ii) Scale of operation as a large organisation operating at a higher scale needs higher investment in fixed assets as compared to a small organisation. (iii) The choice of technique is a factor affecting requirement of fixed capital as a capital- intensive organisation requires higher investment	1 x 3 = 3 marks OR

	in plant, whereas a labour-intensive organisation requires less investment in fixed assets. (iv) Higher investment in fixed assets may be required in certain industries where assets become obsolete sooner and need to be replaced faster due to technology upgradation. (v) Higher growth of an organisation generally requires higher investment in fixed assets, consequently larger fixed capital. (vi) With diversification, fixed capital requirement increases as more investment is to be made in fixed assets. (vii) The financing alternatives affect the requirement of fixed capital as availability of leasing facilities may reduce the funds required to be invested in fixed assets as compared to buying an asset. (viii) Collaboration reduces the level of investment in fixed assets as organisations share each other's facilities. (If an examinee has only listed the points, ½ mark for each point should be awarded)	= 1 x 3 = 3 marks
22	Q. 'DF Telecom Ltd.', which produces a range of mobile phones for the Indian market, set a target to produce 30,000 units of mobile phones in the month of December 2025. This was the benchmark against which actual performance would be measured. At the end of the month, it was found that only 27,000 units were produced. Concerned with the shortfall, the General Manager asked the Production Manager to find out and resolve the problem. State the steps related to the process of one of the functions of management which the Production Manager has to take to find out and resolve the problem. Ans. <u>The steps related to the process of Controlling function which the production manager has to take to find out and resolve the problem:</u> (i) Analysing Deviations which involves using 'management by exception' to determine the acceptable range of deviations and 'Critical Point Control' to attend to the deviations in key areas of business more urgently than in insignificant areas and analysing their causes. (ii) Taking corrective action when the deviations go beyond the acceptable range, especially in the important areas, so that deviations do not occur again and standards are accomplished. (If an examinee has only listed the points, ½ mark for each point should be awarded)	1 ½ 1½ = 3 marks

23	Q. ‘Premier Ltd.’ is a clothing company known for its high quality apparel and strong commitment to environment sustainability. The company designs its clothing after carefully understanding the needs of its present and prospective buyers and satisfying them in an effective manner. It assumes that profit can be maximised only when all decisions are taken from the point of view of customer satisfaction. Along with meeting customer needs, ‘Premier Ltd.’ also shows a deep concern for the long-term well-being of the society. To reduce environmental pollution, the company is using organic cotton and recycled polyester. For reducing waste, they run a programme where customers can return old clothes for recycling and get a discount on new clothes. Not only this, they keep aside a portion of its profits for environmental education programmes in local schools. Identify and explain two marketing management philosophies followed by ‘Premier Ltd.’. Ans. <u>Marketing Management Philosophies followed by ‘Premier Ltd.’:</u> (i) Marketing Concept - The marketing concept implies that an organisation can achieve its objective of maximisation of profit by identifying the needs of its present and prospective buyers and satisfying them in an effective way in the long run. (ii) Societal Marketing Concept - The societal marketing concept holds that the task of any organisation is to identify the needs and wants of the target market and deliver the desired satisfaction in an effective and efficient manner so that the long term well-being of the consumers and the society is taken care of.	(½ mark for identification + 1 mark for explanation) = 1½ x 2 = 3 marks									
24	Q. (a) Differentiate between ‘Capital Market’ and ‘Money Market’ on the basis of the following: (i) Participants (ii) Instruments (iii) Duration Ans. <u>Differentiate between ‘Capital Market’ and ‘Money Market’</u> <table border="1" data-bbox="386 1465 1295 1850"> <thead> <tr> <th>Basis</th><th>Capital Market</th><th>Money Market</th></tr> </thead> <tbody> <tr> <td>(i) Participants</td><td>The participants are financial institutions, banks, corporates, foreign investors and retail investors.</td><td>The participants are institutional participants such as the RBI, banks, financial institutions and finance companies.</td></tr> <tr> <td>(ii) Instruments</td><td>Instruments in the capital market are Equity shares, Debentures, Bonds, Preference shares, etc.</td><td>Instruments in the money market are short term debt instruments like Treasury Bill, call money,</td></tr> </tbody> </table>	Basis	Capital Market	Money Market	(i) Participants	The participants are financial institutions, banks, corporates, foreign investors and retail investors.	The participants are institutional participants such as the RBI, banks, financial institutions and finance companies.	(ii) Instruments	Instruments in the capital market are Equity shares, Debentures, Bonds, Preference shares, etc.	Instruments in the money market are short term debt instruments like Treasury Bill, call money,	1 x 3
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			commercial paper, certificate of deposits.	
	(ii) Duration	It deals in medium term and long term securities.	It deals in short term securities.	= 3 marks
	OR			OR
	Q. (b) State any three protective functions of Securities and Exchange Board of India.			
	Ans. <u>Protective functions of Securities and Exchange Board of India:</u> <u>(Any THREE)</u>			= 1 x 3
	(i) It prohibits fraudulent and unfair trade practices like misleading statements, manipulations, price rigging etc.			
	(ii) It controls insider trading and imposes penalties for such practices.			
	(iii) It undertakes steps for investor protection.			
	(iv) It promotes fair practices and code of conduct in securities market.			= 3 marks
25	Q.(a) Explain the following points of importance of coordination: (i) Growth in size (ii) Specialisation			
	Ans. <u>Importance of coordination</u>			
	(i) Growth in size			
	- As organisations grow in size, the number of people employed by the organisation also increases. At times, it may become difficult to integrate their efforts and activities. - It is necessary to ensure that all individuals work towards the common goals of the organisation. But employees may have their own individual goals also. Therefore, for organisational efficiency, it is important to harmonise individual goals and organisational goals through coordination.			2
	(ii) Specialisaion			
	- Organisations need to employ a number of specialists due to high degree of specialization. These specialists usually think that they only are qualified to evaluate, judge and decide according to their professional criteria and do not take advice or suggestions from others in matters pertaining to their area of specialisation. - This often leads to conflict amongst different specialists as well as others in the organisation. Therefore, some coordination is required by an independent person to reconcile the differences in approach, interest or opinion of the specialists.			2
	OR			= 4 marks
	OR			OR

	Q. (b) Explain the following techniques of Scientific Management: (i) Fatigue study (ii) Motion study Ans. <u>Techniques of Scientific Management</u> (i) Fatigue Study - Fatigue study is a technique which determines the amount and frequency of rest intervals that should be given in completing a task. - A person is bound to feel tired physically and mentally if she/he does not rest while working. The rest intervals will help one to regain stamina and work again with the same capacity. This will result in increased productivity. (ii) Motion Study - Motion study refers to the study of movements which are undertaken while doing a typical job. Motions may be productive, incidental or unproductive. - Unnecessary movements are sought to be eliminated so that it takes less time to complete the job efficiently.	2 2 = 4 marks
26	Q. (a) State any four features of demonetisation. Ans. <u>Features of demonetisation:</u> - Demonetisation is a tax administration measure as it requires declaration of unaccounted wealth and payment of taxes at a penalty rate. - It is interpreted as a shift on the part of the government that tax evasion will no longer be tolerated or accepted. - It leads to tax administration channelizing savings into the formal financial system. - It aims to create a less-cash or cash-lite economy by channeling more savings through the formal financial system and improving tax compliance. OR Q. (b) State any four functions performed by middle level managers. Ans. <u>Functions performed by middle level managers: (Any FOUR)</u> - They interpret the policies framed by top management. - They ensure that their department has the necessary personnel. - They assign necessary duties and responsibilities to personnel in their department. - They motivate people in their department to achieve desired objectives. - They cooperate with other departments for smooth functioning of the organisation. - They implement and control plans and strategies developed by top management. - They are responsible for all the activities of first line managers.	= 1 x 4 = 4 marks OR = 1 x 4 = 4 marks

27	Q. Rishabh purchased a car for ₹ 8,00,000. He insured the car on the same day from Alex Insurance Company. Rishabh's car was stolen in Kedwan while he was on vacation with his family. He promptly filed a First Information Report (FIR), informed the insurer and submitted all the required documents. To Rishabh's shock, the insurance company rejected his claim, alleging he had failed to take due care and had parked the car in an unsafe manner. Determined to challenge this, Rishabh wrote multiple letters to the insurance company, but the insurance company refused to pay the compensation. Rishabh filed a case with District Commission. The District Commission was satisfied with the genuineness of the complaint and ordered the insurance company to pay a reasonable amount. Identify and explain two consumer rights which have been exercised by Rishabh. <u>Ans. Consumer Rights which have been exercised by Rishabh:</u> (i) Right to be heard • In case of dissatisfaction with a good or a service, the consumer has a right to file a complaint and to be heard • It is because of this reason that many enlightened business firms have set up their own consumer service and grievance cells. (ii) Right to seek redressal • In case the product or service falls short of his expectations, the consumer has a right to get relief. • The Consumer Protection Act provides a number of reliefs to the consumers including replacement of the product, removal of defect, compensation paid for any loss or injury suffered by consumer, etc.	(1 mark for identification + 1 mark for explanation) = 2 x 2 = 4 marks
28	Q. Hitesh started a garment manufacturing company recently. However, he soon began facing several problems like targets not met, conflicts among managers, high labour turnover, etc. He hired a management consultant to find out what was going wrong. The consultant conducted investigations and gave the following observations: (i) In Production Department, workers were receiving instructions from both, the Production Manager and the Marketing Manager. As a result, there was a lot of confusion regarding tasks to be done. (ii) Promotions were given only to women employees. Other employees did not get equal opportunities in the company to rise. Identify and explain the two principles of management given by Fayol which are not being followed in Hitesh's company. <u>Ans. Two principles of management given by Fayol which are not being followed in Hitesh's company:</u> (i) Unity of Command	

	- The principle of unity of command states that each employee in an organisation should receive orders from one superior only and he should be responsible to only one superior. - It prevents confusion regarding tasks to be done. (ii) Equity - This principle advocates that there should be no discrimination against anyone on account of sex, religion, language, caste, belief, nationality, etc. - It emphasises kindness and justice in the behaviour of managers towards the workers to ensure loyalty and devotion.	(½ mark for identification + 1½ mark for explanation) = 2 x 2 = 4 marks
29	Q. The students of class 11 of ‘AL Public School’ decided to host a farewell party to students of class 12. A core team was formed that brainstormed and identified various activities that needed to be performed for the same. It was decided that the arrangements for refreshments, sound and music, tentage, gifts, invitations and cultural programme are required to be made. The students then divided the work into manageable activities so that duplication is avoided and burden of work is shared. The students were excited that they were managing the whole event themselves. (i) The students of class 11 have performed one of the steps in the process of organising. Identify the step. (ii) State the next three steps that the students need to perform to complete the process of organising successfully. Ans. (i) The step in the process of organizing that has been performed by the students of class 11 is ‘Identification and Division of Work’. (ii) <u>Next three steps that the students need to perform to complete the process of organizing successfully:</u> (a) Departmentalization involves grouping together those activities which are similar in nature to form departments to facilitate specialisation. (b) Assignment of duties involves allocation of jobs to the members of each department (job positions) in accordance to their skills and competencies. (c) Establishment of authority-responsibility relationships so that each individual knows who he has to take orders from and to whom he is accountable. (If an examinee has only listed the points, ½ mark for each point should be awarded)	1 + 1 x 3 = 4 Marks
30	Q. ‘Ratan Ltd.’ and ‘Lara Ltd.’ are two companies with each having a capital employed of ₹ 20,00,000. ‘Ratan Ltd.’ had raised funds by issuing shares whereas ‘Lara Ltd.’s’ capital has 60% equity (in shares of ₹ 100 each) and 40% debt (comprising of 8% debentures). Both the	

State with reason which company will be able to give a better return to the shareholders. Show your calculations clearly.

Workings:

Details	Ratan Ltd.(₹)	Lara Ltd.(₹)
Share Capital (of ₹100 each)	20,00,000	12,00,000
8% Debentures	-	8,00,000
Capital Employed	20,00,000	20,00,000

Details	Ratan Ltd.(₹)	Lara Ltd.(₹)
Earnings Before Interest and Tax	2,00,000	2,00,000
Less: Interest @ 8% p.a.	-	(64,000)
Earnings Before Tax	2,00,000	1,36,000
Less: Tax @ 40%	(80,000)	(54,400)
Earnings After Tax	1,20,000	81,600
Earnings Per Share = $\frac{\text{Earnings After Tax}}{\text{No. of shares}}$	= $\frac{1,20,000}{20,000}$ = 6	= $\frac{81,600}{12,000}$ = 6.8

3

 $\frac{1}{2}$

$\frac{1}{2}$
= 4 marks

Q. ‘Novel Stores’ is a chain of grocery stores that has built its reputation on customer satisfaction. It is known for its high-quality products, including a wide variety of bakery, dairy products and ready-to-cook meal kits, etc. catering to diverse customer needs. The store regularly takes feedback from the customers and stocks items accordingly.

The store is popular among the customers for its attractive schemes such as 'buy one get one free' offers and weekly discounts, etc. which are advertised on its website.

Once the goods are manufactured, packaged, branded and promoted, ‘Novel Stores’ ensures that they are made available to customers at the right place, in the right quantity and at the right time. Customers can place orders online and choose to get them delivered at their home or pick them up from the store at a selected time. As a result, the revenues of ‘Novel Stores’ are growing every year and profits are increasing.

Identify and explain the elements of marketing mix highlighted in the above case.

Ans. Elements of marketing mix:

(i) Product

- Product means goods or services or ‘anything of value’, which is offered to the market for sale. It also includes the extended product or

	what is offered to the customers by way of after sales services, handling complaints, availability of spare parts. • The important product decisions include deciding about the features, quality, packaging, labelling and branding of the products. (ii) Promotion • Promotion of products and services include activities that communicate information (availability, features, merits) of the products to the target customers and persuade them to buy it. • Organisations undertake various promotional activities and spend substantial amounts of money on the promotion of their goods by using a number of tools such as advertising, personal selling, public relations and sales promotion techniques. (iii) Place • Place or Physical Distribution include activities that make the firm's products available to the target customers. • Important decision areas in this respect include selection of dealers or intermediaries to reach the customers, managing inventory, storage and warehousing and transportation of goods from the place it is produced to the place it is required by the buyers.	(½ mark for identification + 1½ mark for explanation) = 2 x 3 = 6 Marks
32	Q. Explain any four points of importance of controlling function of management. Ans. Importance of controlling function of management: (Any FOUR) (i) Accomplishing organisational goals: • The controlling function measures progress towards the organisational goals and brings to light the deviations, if any, and indicates corrective action. • It guides the organisation and keeps it on the right track so that organisational goals might be achieved. (ii) Judging accuracy of standards: • A good control system enables management to verify whether the standards set are accurate and objective. • It keeps a careful check on the changes taking place in the organisation and in the environment and helps to review and revise the standards in light of such changes. (iii) Making efficient use of resources: • By exercising control, a manager seeks to reduce wastage and spoilage of resources. • Each activity is performed in accordance with predetermined standards and norms which ensures that resources are used in the most effective and efficient manner. (iv) Improving employee motivation: • A good control system ensures that employees know well in advance what they are expected to do and what are the standards of performance on the basis of which they will be appraised.	(½ mark for naming + 1 mark for explanation)

	- It motivates them and helps them to give better performance. (v) Ensuring order and discipline: - Controlling creates an atmosphere of order and discipline in the organisation. - It helps to minimise dishonest behaviour on the part of the employees by keeping a close check on their activities. (vi) Facilitating coordination in action: - Controlling provides direction to all activities and efforts for achieving organisational goals. - Each department and employee is governed by predetermined standards which are well coordinated with one another. OR Q. (b) Explain any four personal barriers of communication. Ans. <u>Personal barriers of communication:</u> (i) Fear of challenge to authority: If a superior perceives that a particular communication may adversely affect his authority, he or she may withhold or suppress such communication. (ii) Lack of confidence of superior on his subordinates: If superiors do not have confidence in the competency of their subordinates, they may not seek their advice or opinions. (iii) Unwillingness to communicate: Sometimes, subordinates may not be prepared to communicate with their superiors, if they perceive that it may adversely affect their interests. (iv) Lack of proper incentives: If there is no motivation or incentive for communication, subordinates may not take initiative to communicate. If there is no reward or appreciation for a good suggestion, the subordinates may not be willing to offer useful suggestions.	= 1½ x 4 = 6 marks OR (½ mark for naming + 1 mark for explanation) = 1½ x 4 = 6 marks
33	Q. ‘Yummi Foods’, a fast-growing snacks chain has been in business for the last 13 years. Realising that there is a growing demand for nutritious food, the company planned to enter the healthy snacks segment. They decided to hire a Marketing Manager with an experience in this segment. For this, they gave an advertisement in a leading newspaper and received more than 200 applications. The Human Resource Manager carefully went through all the application forms and removed the application forms of those applicants who did not meet the basic qualifications. Short introductory interactions were also held to filter out candidates who did not match	

	the job requirements. The shortlisted candidates were then asked to take a test designed to measure their intelligence, personality traits, etc. Candidates who performed well in the test were invited for a formal in-depth conversation to be evaluated on their suitability for the job. A job offer was made to a candidate for the role of a Marketing Manager through an appointment letter mentioning the joining date. But before the job offer was made, 'Yummi Foods' had performed three steps in the process of selection which are not mentioned above. Identify and explain the steps. Ans. <u>Steps in the process of selection performed by 'Yummi foods':</u> (i) Reference and Background Checks: - Employers request names, addresses, and telephone numbers of references for the purpose of verifying information and gaining additional information of an applicant. - References may include previous employers, known persons, teachers and university professors, etc. (ii) Selection Decision: - The final decision has to be made from among the candidates who pass the tests, interviews and reference checks. - The views of the concerned manager will be generally considered in the final selection because it is he/she who is responsible for the performance of the new employee. (iii) Medical Examination: - After the selection decision and before the job offer is made, the candidate is required to undergo a medical fitness test. - The job offer is given to the candidate being declared fit after the medical examination.	(½ mark for identification + 1 ½ mark for explanation) = 2 x 3 = 6 marks
34	Q. Explain the following steps in the process of planning: (i) Setting objectives (ii) Developing premises (iii) Identifying alternative courses of action Ans. <u>Steps in the process of planning:</u> (i) Setting objectives - Objectives specify what the organisation wants to achieve. - Objectives may be set for the entire organization, each department and employees at all levels. If the end result is clear, it becomes easier to work towards the goal. (ii) Developing premises - A manager is required to make certain assumptions about the future which are called premises.	2 2

	- Assumptions are the base material upon which plans are to be drawn, which may be in the form of forecasts, existing plans or any past information about policies. (iii) Identifying alternative courses of action - There may be many ways to achieve objectives. All the alternative courses of action should be identified. - The course of action which may be taken could be either routine or innovative. An innovative course may be adopted by involving more people and sharing their ideas. OR (b) Explain the following points of importance of decentralisation : (i) Quick decision making (ii) Develops initiative among subordinates (iii) Relief to top management Ans. <u>Importance of decentralization:</u> (i) Quick decision making - In a decentralised organisation, since decisions are taken at levels which are nearest to the points of action and there is no requirement for approval from many levels, the decision making process is much faster. - There are also less chances of information getting distorted because it doesn't have to go through long channels. (ii) Develops initiative among subordinates - Decentralisation helps to promote self-reliance and confidence amongst the subordinates as when lower managerial levels are given freedom to take their own decisions they learn to depend on their own judgment. - A decentralisation policy helps to identify those executives who have the necessary potential to become dynamic leaders. (iii) Relief to top management - Decentralisation diminishes the amount of direct supervision exercised by a superior over the activities of a subordinate. The subordinates are given the freedom to act and decide within the limits set by the superior. - It also leaves the top management with more time which they can devote to important policy decisions rather than occupying their time with both policy as well as operational decisions.	2 = 6 marks OR 2 2 = 6 marks
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