

**Business Studies 2019  
Abroad - Set-3**

**General Instructions:**

- (i) This question-paper contains **five** Sections – A, B, C, D and E.
- (ii) Section – A contains questions **1** to **8** carrying **one** mark each. Answer to these questions may be given in **one** word or a sentence.
- (iii) Section – B contains questions **9** to **13** carrying **three** marks each, answers to these questions may be in **50** to **75** words.
- (iv) Section – C contains questions **14** to **19** carrying **four** marks each. Answers to these questions may be in about **120** words.
- (v) Section – D contains questions **20** to **22** carrying **five** marks each. Answers to these questions may be in about **150** words.
- (vi) Section – E contains questions **23** to **25** carrying **six** marks each. Answer to these questions may be in about **200** words.
- (vii) There is no over-all choice in the question paper, however an internal choice has been provided in **3** questions of **one** mark, **2** questions of **three** marks **2** questions of **four** marks, **1** question of **five** marks and **1** question of **six** marks. You have to attempt only **one** of the choices in such questions.

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**Question 1**

State any two reliefs available to the consumer if the consumer court is satisfied about the genuineness of the complaint.

**SOLUTION:**

Two reliefs available to the consumer if the consumer court is satisfied about the genuineness of the complaint are:

- (i) Repair the defective goods or remove the deficiency in service
- (ii) Refund the price that was paid by the consumer for the good or service

**Question 2**

Koby Ltd. is an 87-year-old reputed consumer goods company. It is known for offering good quality electronic products at reasonable prices. It has branches all over India. It has a large shareholder base. The shareholders desire that some dividend is paid every year on their investments. Company's management understands that it is important to keep the shareholders happy and satisfied. As a matter of policy, they declare a certain amount of dividend every year out of profits rather than reinvesting the whole as retained earnings.

Identify the factor affecting dividend decision being highlighted in the above situation.

**SOLUTION:**

The factor affecting dividend decision being highlighted in the above situation is 'shareholders' preference'. While distributing the dividends, a company must also keep in mind the preferences of its shareholders. For instance, if the shareholders prefer at least a certain minimum amount of dividend, then the company is likely to declare the same.

**Question 3**

Mahima Jain is the Senior Manager in the Advisory Services Department of Kodes Ltd. She regularly prepares performance reports of her subordinates as a part of the appraisal

Identify the step of the controlling process performed by her.

**SOLUTION:**

The step of the controlling process performed by her by preparing performance reports of her subordinates as a part of the appraisal is the measurement of actual performance.

**Question 4**

Ravi Jain was the Chief Executive Officer of Nath Traders. He was worried about the heavy expenditure on advertising. He asked his Finance Manager, Mohit Verma to know the views of the Sales Manager and his team regarding this expenditure. Mohit Verma was thinking of calling a meeting of the Sales Manager and his team after tea-break. But by chance at the time of tea-break, Mohit Verma met with the Sales Manager and his team in the canteen. They all discussed about this expenditure and finalised to give suggestion to reduce this expenditure.

Identify the type of organisation which helped the Finance Manager Mohit Verma, the Sales Manager and his team in finalising the suggestion.

**SOLUTION:**

Informal Organisation helped the Finance Manager Mohit Verma, the Sales Manager and his team in finalising the suggestion.

**Question 5**

Principles of management equip the managers to foresee the cause and effect relationships of their decisions and actions so that the wastages associated with a trial and error approach can be overcome.

Identify the point of significance of principles of management highlighted here.

**SOLUTION:**

The point of significance of principles of management highlighted here is that **'Management principles help in optimum utilisation of resources and effective administration'**.

**Question 6**

How are 'Policies' and 'Procedures' interlinked?

**OR**

What is meant by 'Developing Premises' in the process of planning?

**SOLUTION:**

A policy is a general statement that aims at channeling the efforts of the organisation in a particular direction. It forms the general response or a course of action to be followed in a particular situation while a procedure is a set of routine steps defined in a chronological order that are to be followed for the enforcement of a policy. Hence, procedure helps in the enforcement of a policy.

**OR**

**Developing the premises:** Premises means assumptions regarding the future. For successful planning, the correct premises should be developed and proposed.

**Question 7**

Why is it said that Controlling is a continuous activity?

**OR**

Why is Controlling called a forward looking function?

**SOLUTION:**

Controlling is said to be a continuous activity as it is a never-ending process and involves a constant assessment and evaluation of the progress of current tasks and activities as against the set standards.

**OR**

Controlling is said to be forward-looking in the sense that the corrective actions taken under controlling form the basis of future plans and policies. In this way, it guides the future course of action and aims at improving both performance and efficiency in the long run.

**Question 8**

Define 'Sales Promotion'.

**OR**

What is meant by 'Public Relations'?

**SOLUTION:**

Sales promotion refers to the incentives that are offered to buyers so as to encourage

them to purchase the product. Such activities particularly prove useful at the time of launch of a new product.

**OR**

Public relations refers to the activities undertaken by an organisation to promote and protect the image of an organisation or its products. It aims at strengthening the relations of the organisation with its customers, shareholders, employees, investors, etc.

**Question 9**

Kavita Ghai was the Managing Director of a restaurant in Lucknow called 'Healthy Kitchen'. The restaurant was doing well and the volume of work started increasing slowly and steadily. Kavita Ghai was not able to manage all the work on her own. The increasing magnitude of work made it impractical for her to handle it all by herself. Moreover her objective is to open more branches of this restaurant at different places. She appointed Nikhil Gupta, as a General Manager of 'Healthy Kitchen', Lucknow and gave him the right to command his subordinates and to take action within the scope of his position. For smooth running of the restaurant she also gave him authority to hire and train the staff as per the requirements.

Kavita Ghai was satisfied with the work of Nikhil Gupta and was able to open other branches of the restaurant in Agra and Kanpur also.

- (a) Identify the concept followed by Kavita Ghai which helped her to open the new branches of the restaurant.
- (b) Also, explain briefly the two points of importance of the concept identified in (a) above.

**SOLUTION:**

(a) The concept followed by Kavita Ghai which helped her to open the new branches of the restaurant is delegation.

(b) The importance of delegation is given as follows:

**1. Managerial efficiency:** By delegating work to the subordinates, the managers can concentrate on priority areas and also venture into new areas. This freedom from the routine tasks enhances the efficiency of the managers.

**2. Growth:** Delegation helps in the preparation of efficient and experienced managers who can take up leading positions during the growth phase of the organisation. This facilitates easy growth and expansion of the organisation.

**Question 10**

Explain with the help of any three points how proper Financial Planning enables the companies to tackle the uncertainty in respect of availability and timings of funds and helps in smooth functioning of the organisation.

**OR**

How do debt and equity differ in their costs and risks involved? Explain.

**SOLUTION:**

Financial Planning enables the companies to tackle the uncertainty in respect of availability and timings of funds and helps in smooth functioning of the organisation. The points explaining the importance of financial planning are given as follows:

- 1. Helps in facing eventual situations:** Financial planning helps in forecasting future situations. In this way, it prepares an organisation to cope with adverse situations in a better manner.
- 2. Reduces wastages and duplicity:** Financial planning clearly defines the policies and procedures for working, which in turn helps to reduce duplication of work as well as avoid wastage of time and efforts.
- 3. Helps in optimum utilisation of funds:** It ensures that situations of inadequate as well as excess funds are avoided, thereby ensuring the funds are properly and optimally utilised.

**OR**

The two sources of funds, namely debt and equity involve both risks and returns. However, debt is said to be a cheaper source of finance than equity. Such a low cost associated with debt is attributed to the following two factors:

1. In case of debt, the lender's risk is lower than that in case of equity shareholders. This is because the lender of debt is assured a fixed return in terms of the interest rate. As against this, the equity shareholders are not assured any fixed return on their shareholdings. This guarantee of return in case of debt implies that it requires a low rate of return which in turn suggests a low cost.

2. Interest paid on debt is a tax-deductible item. On the other hand, tax deductions cannot be availed on dividends paid.

So, from the above mentioned factors we can say that debt is a cheaper source of finance and involves lesser costs as compared to equity wherein high floatation costs are involved.

Now on the other hand, although debt is a cheaper source than equity, it still involves high risk. That is, the risk involved in debt is higher than that involved in equity. This is because in case of debt, the repayment of principle amount along with the interest rate is obligatory for the firm. In case the firm fails to make these payments, it may be forced into liquidation. That is, higher use of debt increases the financial risk for a firm. As against this, equity shareholding is not associated with any such risk.

So, we can say that equity is an expensive source of finance but involves lower risk whereas debt is a cheaper source of finance but involves higher risk.

**Question 11**

Does planning guarantee success? Explain.

**SOLUTION:**

Planning is the process of setting goals and objectives, formulating alternative courses of action and, finally, deciding an appropriate action from the various available alternatives. It involves 'thinking and deciding in advance' about 'what is to be done' and 'how it is to be done'. Now, although planning is futuristic in nature and tells us in advance what is to be done, however, it still does not guarantee success. This is because managers tend to rely on pretested plans. However, there is no guarantee that a plan that have worked well in the past will be successful in the future as well. This is because business environment is dynamic in nature and keeps on changing. Thus, it is not necessary that the plans always work as planned. The plan may fail because of unforeseen changes or uncertainties.

**Question 12**

Indian equity markets are going through a phase of boom. There is a huge growth potential for innovative technologies. This has resulted in lots of new ventures vying for a market share and old enterprises trying to keep up with the pace with which changes are taking place in the economy. This technological innovation has helped even smaller businesses to compete on a global scale. Identify and explain the three factors highlighted above which affect the working capital requirements of such enterprises.

**SOLUTION:**

The factors which affect the working capital requirements of such enterprises highlighted in the question above are:

**1. Fluctuations in business cycle:** During a boom period, the market flourishes and thereby there is higher sale, higher production, higher stock and debtors. Thus, during this period the need for working capital by a company increases. As against this, in a period of depression, there is low demand, lesser production and sale, etc. Therefore, the requirement for working capital is also less.

Line: 'Indian equity markets are going through a phase of boom'.

**2. Growth Prospects:** Higher growth and expansion of a company is associated with higher production, more sales, more inputs, etc. Thus, companies with higher growth prospects require a higher amount of working capital and vice versa.

Line: 'There is a huge growth potential for innovative technologies'.

**3. Extent of competition:** The higher the extent of competition in the market, the larger is the amount of stock of goods that the firms must maintain to meet the demand, and therefore the higher is the requirement of working capital.

Line: 'This has resulted in lots of new ventures vying for a market share and old enterprises trying to keep up with the pace with which changes are taking place in the economy'.

**Question 13**

Describe any three personal barriers to effective communication.

**OR**

Describe 'Autocratic Style' of leadership.

**SOLUTION:**

There are certain personal factors related to the sender or the receiver that act as a hurdle in communication. The following are some of the personal barriers of communication:

- 1. Fear:** At times, due to the difference in status and authority, the subordinates fear their superior and often hesitate to communicate freely with them. In such cases, communication is suppressed.
- 2. Low confidence on subordinates by the superior:** When the superior does not have confidence in the subordinates, he is unwilling to involve them in discussions and other matters. This leads to a communication gap between the two.
- 3. Lack of incentive:** Lack of incentives (such as appreciation, praise, etc.) discourages the initiative to communicate.

**OR**

In an 'Autocratic Style' of leadership:

- a. The leader exercises complete control over the subordinates.
- b. He takes all the decisions independently without consulting subordinates.
- c. He just gives orders and instructions to the subordinates and expects them to follow the instructions as it is.
- d. It is suitable where:

There is little time for discussion in the decision-making process.

The leader is solely the most knowledgeable and educated individual in the group.

**Question 14**

Financial market is a market for creation and exchange of financial assets. It helps to link the savers with the investors and directs available funds into their most productive investment opportunity. It also facilitates easy purchase and sale of financial assets through the stock exchange. The stock exchange not only facilitates buying and selling of existing securities but also educates public about how their investments in the financial market can yield good returns.

(a) State two functions performed by financial market in the above case.

(b) Explain two more functions of the stock exchange, other than those stated in the above case.

**SOLUTION:**

(a) The functions performed by the financial market in the above case are:

**1. Facilitates liquidity-** It renders liquidity to the assets in the sense that through trading (sale and purchase of assets) in the financial market, the assets can easily be converted into cash or cash equivalents.

**2. Transfer of savings and alternatives for investment-** A financial market acts as a platform for the mobilisation of savings from the households to the investors. In this way, it provides investors with various alternative choices for investment.

(b) Functions of the stock exchange, other than those stated above case are:

1. Stock exchange provides a platform for channelising the savings to the most productive use. In this way, it **facilitates growth and development of the economy.**

2. It enables a constant valuation of the securities and helps in building the demand and supply. In this way, it helps **in determining the price of the securities.**

**Question 15**

In an environment of rising petroleum prices and a large middle class population in India, KV Motors Ltd. recognized the need for small cars in India. It created a product far superior than their competitors not only in terms of quality but also in terms of overall driving experience. It soon became the leader in the small car market. As the Indian government was encouraging foreign investment, MNCs having a big name in car manufacturing entered the Indian market.

KV Motors further expanded its service network and quality creating an entry barrier for the competitors. It depicted its strengths through various brand-building activities. As a result, the market share of KV Motors is refusing to go down in spite of all major automakers as its competitors.

(a) Identify the economic reforms highlighted in the above case.

(b) Quoting the lines, explain any two points of importance of Business Environment being highlighted in the above case

**SOLUTION:**

(a) The economic reform highlighted in the above case is 'Globalisation'. It refers to opening up and integrating the economy with the world economy.

(b) The importance of Business Environment being highlighted above are:

**1. Identification of opportunities:** An analysis of a business environment enables an enterprise to identify various positive opportunities and thereby take the first advantage in its competition with other companies.

**Line:** 'KV Motors Ltd. recognized the need for small cars in India. It created a product far superior than their competitors not only in terms of quality but also in terms of overall driving experience. It soon became the leader in the small car market'.

**2. Identification of threats:** A study of a business environment can help a company analyse positive opportunities, but this study can also help it identify various threats or negative signals and take preventive measures timely and appropriately.

**Line:**'KV Motors further expanded its service network and quality creating an entry barrier for the competitors'.

**Question 16**



Differentiate between Money Market and Capital Market on the following basis :

(a)	Expected return	(b)	Safety
(c)	Liquidity	(d)	Instruments

**OR**

Differentiate between Primary Market and Secondary Market on the following basis :

(a)	Company involvement	(b)	Price determination
(c)	Location	(d)	Capital formation

**SOLUTION:**

The difference between capital market and money market is as follows:

Basis of Difference	Capital Market	Money Market
Expected Return	Expected returns are higher due to the possibility of capital gains in the long term and regular dividends or bonus.	Expected returns are lower due to shorter duration.
Safety	Capital market securities involve greater risk in terms of repayment of the principal amount.	Money market securities are less risky due to the short time period and sound financial position of the issuers.
Liquidity	The securities traded are liquid in nature as they are tradable on stock exchanges. However, they are less liquid in comparison to the money market securities.	The securities traded are highly liquid in nature. This is because DFHI (Discount and Finance House of India) discounts money market securities and offers a ready market for them.
Instruments	Instruments traded comprise of equity shares, preference shares, debentures, bonds and other long-term securities.	Instruments traded comprise of treasury bills, commercial bills, certificate of deposits and other short-term securities.

**OR**

The difference between Primary Market and Secondary Market is given as follows:

Basis of Difference	Primary Market	Secondary Market
Company Involvement	Securities are directly issued by the companies.	Securities are transferred between the investors only. There is no involvement of a company here.

Price Determination	The prices of securities are determined by the company and its management.	The prices of securities are determined by the forces of demand and supply.
Location	There is no fixed place for a primary market. That is, all institutions and companies constitute a primary market.	Under a secondary market, trading takes place at specified locations and areas.
Capital Formation	Capital formation is directly promoted funds from savers to investors are directly channelised to their most productive uses.	Capital formation is indirectly promoted as the liquidity of securities is augmented.

**Question 17**

Mudit Gupta set up 'Healthy Biscuits', a company manufacturing various kinds of biscuits like oat biscuits, soy biscuits, ragi biscuits and wholewheat biscuits. He knew that a customer would only pick up a small quantity of the product, so he did not want to invest in starting his own retail outlets. He planned to market the product at the 'In and out' stores at various petrol pumps in the city though the other biscuit manufacturers were using other channels of distribution.

- (a) Give the meaning of 'Channels of Distribution'.
- (b) Name the factors that affected the determination of choice of channels and state how they will affect the choice of channel of distribution in the above case.

**SOLUTION:**

- (a) Channels of distribution refer to the individuals, institutions or agents who facilitate the process of distribution of the product.
- (b) The factors which affect the determination of choice of channels are:

1. Product type- Products are checked on the basis of whether they are perishable or non-perishable, industrial or consumer product, whether their unit value is high or low and the degree of complexity of the product.  
Since Biscuits are perishable goods, the channel of distribution followed by Mudit Gupta should be short.
2. Market Factors- Factors such as size of the market, geographical concentration of buyers, quantity demanded, etc. also affect the choice between the channels. Since Mr Gupta knows that a customer would only pick up a small quantity of the product, so he does not want to invest in starting his own retail outlets. So he should follow a short channel of distribution.
3. Competitive factors- The degree of competition and the channels opted by other competitors affect the choice of a channel of distribution. Depending on its policies, a company may adopt a similar channel as chosen by its competitors or opt for a different channel. In this case, the firm has decided to follow the channel which was different from those opted by the other firms.

**Question 18**

Explain the following rights of a consumer :

- (a) Right to Choose; and
- (b) Right to Consumer Education

**OR**

What is meant by 'Consumer Protection' ? Explain any three points of importance of consumer protection from the business point of view.

**SOLUTION:**

**(a) Right to Choose** - Consumers have the right to choose from a variety of goods and services at competitive prices as per their own wishes, tastes and preferences. Accordingly, the retailer or the supplier should offer a wide variety of products to them in terms of quality, brand, price, etc. In addition, they should not induce the consumers towards buying one particular product or service.

**(b) Right to Consumer Education** - A consumer has the right to education and awareness of his rights and the available remedies in case of exploitation. Many governments and non-government organisations (NGOs) work actively in this regard.

**OR**

Consumer protection refers to the safeguard of consumers against business malpractices by educating them with their rights and responsibilities and redressing their grievances and complaints.

The importance of Consumer Protection from the business point of view are as follows:

**1. Long-Term Interests of Business:** Taking due care of consumer satisfaction and interest is of prime importance for any business to thrive. Keeping this in mind, the business should ensure consumer satisfaction. This enables a business to build goodwill and reputation, which in turn attracts new customers, thereby benefitting the business in the long run.

**2. Utilisation of Resources:** A business utilises the resources of society for the production of various goods and services. It is through the sale of these goods and services to the society that the business earns profits. Thus, it is their prime responsibility to supply such goods and services that adhere to the overall interest of the society.

**3. Ethical Values:** It is the moral duty of every business to protect the interests of its customers. Every business should follow such ethical and moral values and avoid any form of exploitation towards the consumers (such as unfair trade practices and adulteration).

**Question 19**

Vandana Public School had a vacancy of a Maths teacher. They were looking for a smart and creative teacher having a drive for excellence. An advertisement was given in all leading dailies. Since the response was huge, the school examined all the application forms and rejected the candidates who did not have the necessary qualifications. Thereafter, a test was conducted to measure the existing skills of the candidates. After that it was followed by a formal in-depth conversation with the Principal of the school and a panel of Maths experts.

- (a) Explain the steps that have been performed by Vandana Public School in the process of identifying and choosing the best candidate.  
(b) Give the name and also the meaning of the test which was conducted by the school.

**SOLUTION:**

(a) The steps that have been performed by Vandana Public School in the process (i.e Selection) of identifying and choosing the best candidates are:

**1. Screening:** As a first step, candidates who do not fulfil the basic criteria and qualifications required for the job are eliminated through a preliminary screening or preliminary interview.

**2. Test:** The next step is to further judge the candidate on different criteria. Organisations conduct various tests such as intelligence test, aptitude test, personality test, trade test and interest test.

**3. Personal interview:** A personal interview involves a direct conversation between the candidate and a manager. An in-depth conversation is conducted with the candidate to judge the individual's overall suitability for the job position.

(b) Trade test was conducted by the school. This test is used to measure and analyse the existing skills of the candidate. This test helps to measure the level of theoretical and practical knowledge possessed by a candidate in the area of the concerned subject.

**Question 20**

Management seeks to achieve various objectives. Explain these objectives.

**OR**

'Co-ordination is the orderly arrangement of group efforts to provide unity of action in the pursuit of common purpose.' In the light of this statement, explain any five points of importance of coordination.

**SOLUTION:**

The objectives of management are as follows:

**1. Organisational/economic objectives:** Organisational or economic activity involves optimal utilisation of the material and human resources available. The following are the objectives involved.

- a. Survival: The overall revenue must be adequate to cover the costs.
  - b. Profit: Profits must be earned such that the risks and costs are covered.
  - c. Growth: To continue in the long run, an organisation should focus on growth in terms of sales, production, number of employees, etc.
2. **Social objectives:** Social obligations such as adoption of environment-friendly production methods, contribution to social causes such as imparting education to children and providing employment to the unemployed, etc., should be considered.
  3. **Personal objectives:** The personal objectives of the individuals (financial objectives as well as social objectives) must be accommodated.

**OR**

'Co-ordination is the orderly arrangement of group efforts to provide unity of action in the pursuit of common purpose'. In light of this statement, the importance of coordination is explained as follows:

1. **Harmonized goals:** Coordination synchronises the personal goals of the individuals and the overall goals of the organisation.
2. **Allotted work:** Coordination integrates the opinions and thoughts of various specialists and departments of an organisation so as to avoid diversion and conflict among them.
3. **Interdependence of divisions:** As an organisation has various independent departments such as production, sales and finance, coordination is needed to synchronise their activities for the achievement of the common goals.
4. **Specialisation:** Division of main activities into various sub-activities and allotment of tasks based upon the area of expertise to different individuals. Every person performs the task to the best of his/her potential, without considering total work to be done. Coordination ensures the accomplishment of the overall goal and taking benefits of specialisation.
5. **Size of Organisation:** Coordination ensures a proper environment is available for all so as each one can fully contribute to his/her maximum towards the achievement of organisational goals.

### Question 21

'Newrange' is a chain of departmental stores in India with 56 outlets. It sells the best products at the lowest price. The Human Resource department takes care to select, train, motivate and retain the employees. Currently, it has 170 full time employees and 30 part time employees.

For top-level management, employees are recruited through private consultants. These professional recruiters can entice the needed top executives from other companies by making the right offers. Employees appointed at the entry level are recruited through walk-in. For that, a notice is placed on the notice board specifying the details of the jobs available. 'Newrange' also encourages present employees or their friends and relatives to refer candidates. They also visit some of the reputed educational institutions to hire some of the most talented and promising students as its employees.

'Newrange' shifts workforce from surplus departments to those where there is shortage of staff instead of laying them off.

Explain the various internal and external sources of recruitment used by 'Newrange' to recruit its employees.

**SOLUTION:**

Various internal and external sources of recruitment used by 'Newrange' to recruit its employees are:

External Sources of Recruitment used by Newrange to recruit its employees are:

**1. Private placement agencies:** Placement agencies, just like employment exchanges, provide a nationwide service of matching the demand for personnel with the available supply of candidates. These agencies are generally run by private organisations.

**Line:** 'For top-level management, employees are recruited through private consultants'.

**2. Direct recruitment:** An organisation that opts for direct recruitment places a notice outside its premises, giving details about job vacancies, including the number of vacancies, qualifications of candidates and date of interview. Interested candidates collect the information and attend the interviews, and the selection is done on the spot.

**Line:** 'Employees appointed at the entry level are recruited through walk-in. For that, a notice is placed on the notice board specifying the details of the jobs available'.

**3. Recommendations by employees:** Organisations request their employees to suggest candidates from among their friends or relatives, and consider those suitable for recruitment.

**Line:** "Newrange ' also encourages present employees or their friends and relatives to refer candidates'.

**4. Campus recruitment:** Companies hire fresh graduates directly from colleges. This method of recruitment from college campuses is called campus recruitment.

**Line:** 'They also visit some of the reputed educational institutions to hire some of the most talented and promising students as its employees'.

Internal Sources of recruitment used to recruit its employees are:

**1. Transfers:** Through transfers, job vacancies are filled by shifting suitable individuals working in another department of the organisation to the department where the vacancies exist. Transfers can be said to be a horizontal process in which the employees transferred are generally not given any higher responsibilities or job positions.

**Line:** " Newrange' shifts workforce from surplus departments to those where there is shortage of staff instead of laying them off'.

**Question 22**

Since childhood Niru and Janak had been watching their grandmother procuring wheat from the market, washing it well, drying it and getting it converted into atta. They conducted a survey to collect data to identify whether there is demand for readymade atta and realised that with the growing number of working women, it is the need of the hour to manufacture high quality atta. They named their product 'Srijan' and set up 'Srijan Atta Factory' at Jaunpur Village. To penetrate in the market, they decided to keep the price low. For maintaining smooth flow of their product into the market and avoiding delays in delivery, it was decided to store wheat at SKM Services which had scientific processes and logistics facilitating quick delivery. They also set up an online complaint

portal to take care of consumer grievances.

By quoting the lines from the above paragraph, state five marketing functions undertaken by Niru and Janak for successful marketing of 'Srijan' atta.

**SOLUTION:**

The marketing functions undertaken by Niru and Janak for successful marketing of 'Srijan' atta are:

**1. Analysing the market-** The marketer must appropriately analyse the market so as to identify the best opportunities. This is done by collecting various information related to the target market segment including the size of the market as well as behaviour, culture, needs and wants of the customers.

**Line:** 'They conducted a survey to collect data to identify whether there is demand for readymade atta and realised that with the growing number of working women, it is the need of the hour to manufacture high-quality atta'.

**2. Branding-** Under this function, the producers decide the name of the product. In this regard, they may opt for a generic name (i.e., general name used for an entire category of product) or a brand name (i.e., name specific to that particular product).

**Line:** 'They named their product 'Srijan' and set up 'Srijan Atta Factory' at Jaunpur Village'.

**3. Pricing the product-** Price refers to the amount of money that is to be paid by the consumers for purchasing the commodity. Pricing a product is an important decision as it affects the demand for the product and thereby the profit of a business. Thus, it is imperative for the producers to judiciously quote the price.

**Line:** 'To penetrate in the market, they decided to keep the price low'.

**4. Storage-** Generally, there exists a time gap between the production of a good and its sale. Thus, it becomes necessary to store the goods properly till the time they are sold in the market. In addition, the storage of goods in adequate amounts ensures smooth flow of supply of goods.

**Line:** 'For maintaining the smooth flow of their product into the market and avoiding delays in delivery, it was decided to store wheat at SKM Services which had scientific processes and logistics facilitating quick delivery'.

**5. Support services-** It involves handling complaints and feedbacks of the customers. This is done by developing customer care services such as credit, maintenance or technical services.

**Line:** 'They also set up an online complaint portal to take care of consumer grievances'.

**Question 23**

Three friends, Rajat, Raman and Ansh, after completing their MBA from a reputed business school at Mumbai, were discussing about the type of organisation they would like to join. Rajat was very clear that he would like to take up a government job as it gives stability about the future income and work which will help him to work with greater zeal. It will also provide him pension when he will retire from his service.

Raman wanted to work in a company, which has appropriate skill development plans for its employees and helps the employees to grow to higher levels in the organisation. In addition to this, the company should also provide facilities like housing, medical aid, etc. Ansh said that he would prefer to work in an organisation, which has the culture of individual autonomy, is considerate to employees and provides the employees with opportunity for personal growth and a meaningful work experience.

- (a) Identify the various financial and non-financial incentives discussed by the three friends in the above conversation.
- (b) Explain three other non-financial incentives which were not discussed by any one of them.

**SOLUTION:**

**(a)**

**(i) Various financial and non-financial incentives discussed by Rajat are:**

- 1. Retirement Benefits - Offering retirement benefits to employees such as pensions, gratuity, provident fund, etc.
- 2. Job Security - Ensuring a certain degree of security to the employee regarding his association with the organisation.

**(ii) Various financial and non-financial incentives discussed by Raman are:**

- 1. Fringe Benefits - Offering additional advantages such as housing allowance, medical allowance, etc.
- 2. Career advancement opportunity- Appropriate skill development plans for its employees, and helps them to grow to higher levels in the organisation.

**(iii) Various financial and non-financial incentives discussed by Ansh are:**

- 1. Job Enrichment - It is concerned with opportunities offered to employees in the form of personal growth and a meaningful work experience. This becomes a source of motivation to an employee.
- 2. Employee Empowerment- It implies that more autonomy and powers are given to employees in an organisation so that they feel that their jobs are important.

**(b) Various non-financial incentives which are not discussed above are:**

Positions- Rise in status in terms of power, authority, responsibility, etc.

Involvement - Allowing participation of employees in policy and decision-making matters.

Organisational Characteristics- Refers to characteristics such as employee freedom, recognition of performance, incentives and rewards that influence the behaviour of the employees.

**Question 24**

Vishesh completed his MBA at a reputed business school in Lucknow. He was impressed by the Principles and Techniques of Scientific Management developed by F.W. Taylor. On completing his MBA, he wanted to apply Scientific Management in his family's business of fast food chain of restaurants named 'Burger Mania'.

His main goal was to reduce costs with increased output. To begin with, he wanted to develop a standard method which would be followed throughout the organisation. So, he investigated traditional methods through work study and unified the best practices.



The standard method, i.e. the best way of doing the job was then developed taking into account all parameters right from the procurement of raw materials till the delivery of the final product to the customer. Vishesh also believed that each person should not only be scientifically selected but should also be given the required training to increase efficiency. For this, he set up a Special Training Unit called 'Hamburger' in Bengaluru where the workers were given the required training to learn the best method. At the factory, the ingredients making up a burger were strategically placed to reduce the time taken for excess movements. The standard time and other parameters were determined on the basis of work study and Vishesh rewarded the workers for meeting the standard output.

Now, 'Burger Mania' has standardised processes, raw material, time, machinery, product and working conditions that ensure that the food they send out to their customers has the same high standards of excellence and level of quality in every chain or franchise.

The application of Scientific Management to every aspect of restaurant operations led to 'Burger Mania's' widespread success.

Quoting the lines from the above, explain the Principles and Techniques of 'Scientific Management' used by 'Burger Mania'.

### **SOLUTION:**

The Principles and Techniques of Scientific Management used by 'Burger Mania' are:

**1. Standardisation of work** - Standardisation of work implies setting milestones or benchmarks for any work or activity. It aims at establishing standards of excellence against which actual performance can be measured.

Line: To begin with, he wanted to develop a standard method which would be followed throughout the organisation. So, he investigated traditional methods through work study and unified the best practices.

**2. Method study:** Method Study focuses on finding out the best possible method for completing a task. It takes into account every activity involved in the task with a view to reducing the costs and maximising customer satisfaction.

Line: For this, he set up a Special Training Unit called 'Hamburger' in Bengaluru where the workers were given the required training to learn the best method.

**3. Science, Not Rule of Thumb** -Instead of rule-of-thumb methods, scientific management practices should be followed. Under rule-of-thumb, a manager uses the trial-and-error method to find solutions to a problem. Instead, Taylor suggested that a study of traditional methods should be made and the best method/solution among them adopted by all managers.

Line: Vishesh also believed that each person should not only be scientifically selected but should also be given the required training to increase efficiency.

**4. Motion Study-** Motion study refers to the study of motion (or movements) of a worker involved in a given task. The study aims at identifying the unwanted actions or motions and eliminating them so that the work can be completed in less time.

Line: 'At the factory, the ingredients making up a burger were strategically placed to reduce the time taken for excess movements'.

**5. Differential Piece Wage System-** Under this technique, wages are decided according to a set standard. The workers who perform better than the set standards get higher wages than the workers who perform below the standards. Taylor introduced this system to differentiate efficient workers from inefficient ones and reward them accordingly.

Line: Vishesh rewarded the workers for meeting the standard output.

**6. Time Study-** Time study emphasises setting a standard time limit for completing a particular job. The time taken for completing the job is measured for setting the standard time limit. This helps decide the number of workers to be employed for a particular task, determine their wages, etc.

Line: The standard time and other parameters were determined on the basis of work study.

### Question 25

Explain the steps in the planning process after 'identifying alternative course of action'.

**OR**

'The process of organising involves a series of steps in order to achieve the desired goals.' Explain these steps.

### SOLUTION:

The steps in the planning process are given as follows:

1. Setting the objectives
2. Developing the premises
3. Identification of the alternatives
4. Evaluation of the alternatives
5. Selecting the best
6. Implementation
7. Follow-up Action

So, the steps after 'identifying alternative course of action' are as follows:

**Evaluating the alternatives** - Evaluating the alternatives involves examining the pros and cons of each alternative based on their utility and the consequences.

**Selecting the best** - The best suitable option as per the objectives must be selected. Here, instead of opting for a single course of action, a combination of different routes may also be chosen.

**Implementation:** This step involves organising and directing the work according to the chosen path and policies.

**Follow-up Action-** Once the plans are implemented, follow-up action is required to ensure the successful achievement of the objectives.

**OR**

'The process of organising involves a series of steps in order to achieve the desired

goals.' The following steps are involved in the process of organising:

- 1. Identifying and dividing the work:** As a first step, various activities in the organisation are identified and divided as per the pre-defined plans and objectives.
- 2. Creating departments:** Next, the activities of a similar nature are grouped together in different departments. This is done to promote specialisation.
- 3. Assigning duties:** Once, the departments are created, the next step is to assign the roles and responsibilities to the personnel as per their skills and abilities.
- 4. Establishing relationships:** In this step, a clear hierarchical structure is established such that every individual clearly knows the various superior-subordinate relationships in the organisation.

