

KENDRIYA VIDYALAYA SANGATHAN
ERNAKULAM REGION



STUDENT SUPPORT MATERIAL
TERM – I

CLASS XII
BUSINESS STUDIES
SESSION 2021 - 22

STUDENT SUPPORT MATERIAL

INSPIRATION



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Message

I feel immense pleasure to publish the study material for class XII Business Studies. This support material is prepared incorporating all the recent changes in curriculum and assessment process made by CBSE. I am sure it will definitely be of great help to class XII students of all Kendriya Vidyalayas.

Getting acquainted with the latest changes will help students to prepare well for the board examination and enable students to face case based and Multiple-Choice Questions with confidence. This support material has been prepared by a team of dedicated and veteran teachers with expertise in their respective subjects.

The Support material contains all the important aspects required by the students- the design of question paper, term wise split up syllabus, summary of all the chapters, MCQs from each units, CBSE Sample question paper and Case study questions.

I hope that this Support Material will be used by students and teachers as well and will prove to be a good tool for quick revision.

I would like to express my sincere gratitude to the In- charge principal and all the teachers who have relentlessly worked for the preparation of this study material. Their enormous contribution in making this project successful is praiseworthy.

Meticulous planning blended with hard work, effective time management and sincerity will help the students to reach the pinnacle of success.

Wish you all the best

(R Senthil Kumar)

Sh. Anil Mohan
Principal
Kendriya Vidyalaya
No 1 Kochi



KENDRIYA VIDYALAYA SANGATHAN

ERNAKULAM REGION

CONTENT AND REVIEW TEAM

1	LAILA KUMARI K M	KV PANGODE
2	JAMUNA V S	KV PATTOM - SHIFT II
3	NISHA N P	KV AFS AKKULAM
4	DAVID RAJ R	KV OTTAPPALAM
5	DHANYA M	KV PALAGHAT NO 1
6	R A JAYA	KV PORT TRUST
7	JAYASHREE	KV ERNAKULAM
8	G NAGARAJAN	KV KOLLAM
9	SUDHEERA K	KV PALLIPURAM
10	SUMITHA	KV KANNUR
11	MEENA P V	KV RUBBER BOARD KOTTAYAM
12	P S SANIRA	KV ADOOR –SHIFT II

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BUSINESS STUDIES (CODE -054)
RATIONALISED CURRICULUM (2021-22)
CLASS–XII (2021-22)
TERM WISE

Units	TERM 1-MCQ BASED QUESTION PAPER THEORY - 40 MARKS DURATION:90 MINUTES	Periods	Marks
Part A	Principles and Functions of Management		
1.	Nature and Significance of Management	12	16
2	Principles of Management	11	
3	Business Environment	08	
4	Planning	08	14
5	Organising	10	
	Total	49	30
Part B	Business Finance and Marketing		
1	Marketing Management	24	10
	Total	24	10
	Total	73	40
	PROJECT WORK (PART 1)		10

Students would prepare only ONE project in the entire academic session, which is divided into 2 terms i.e. Term I and Term II.

PartA: Principles and Functions of Management

Unit1:Nature and Significance of Management

Concept	After going through this unit, the student/ learner would be able to:
Management - concept, objectives, and importance	<ul style="list-style-type: none"> Understand the concept of management. Explain the meaning of 'Effectiveness and Efficiency. Discuss the objectives of management. Describe the importance of management.
Management as Science, Art and Profession	<ul style="list-style-type: none"> Examine the nature of management as a science, art and profession.
Levels of Management	<ul style="list-style-type: none"> Understand the role of top, middle and lower levels of management
Management functions-planning, organizing, staffing, directing and controlling	<ul style="list-style-type: none"> Explain the functions of management
Coordination- concept and importance	<ul style="list-style-type: none"> Discuss the concept and characteristics of coordination. Explain the importance of coordination.



Unit 2: Principles of Management

Principles of Management- concept and significance	<ul style="list-style-type: none"> Understand the concept of principles of management. Explain the significance of management principles.
Fayol's principles of management	<ul style="list-style-type: none"> Discuss the principles of management developed by Fayol.
Taylor's Scientific management- principles and techniques	<ul style="list-style-type: none"> Explain the principles and techniques of 'Scientific Management'.

Unit 3: Business Environment

Business Environment- concept and importance	<ul style="list-style-type: none"> Understand the concept of 'Business Environment'. Describe the importance of business environment
Dimensions of Business Environment- Economic, Social, Technological, Political and Legal	<ul style="list-style-type: none"> Describe the various dimensions of 'Business Environment'.

Unit 4: Planning

Planning: Concept, importance and limitation	<ul style="list-style-type: none"> Understand the concept of planning. Describe the importance of planning. Understand the limitations of planning.
Planning process	<ul style="list-style-type: none"> Describe the steps in the process of planning.

Unit 5: Organising

Organising: Concept and importance	<ul style="list-style-type: none"> Understand the concept of organizing as a structure and as a process. Explain the importance of organising.
Organising Process	<ul style="list-style-type: none"> Describe the steps in the process of organizing
Structure of organisation- functional and divisional concept	<ul style="list-style-type: none"> Describe functional and divisional structures of organisation.
Delegation: concept, elements and importance	<ul style="list-style-type: none"> Understand the concept of delegation. Describe the elements of delegation. Appreciate the importance of Delegation.
Decentralization: concept and importance	<ul style="list-style-type: none"> Understand the concept of decentralisation. Explain the importance of decentralisation. Differentiate between delegation and decentralisation.

Part B: Business Finance and Marketing

Unit 11: Marketing

Marketing – Concept, functions and philosophies	<ul style="list-style-type: none"> Understand the concept of marketing. Discuss the functions of marketing. Explain the marketing philosophies.
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Marketing Mix – Concept and elements	<ul style="list-style-type: none"> Understand the concept of marketing mix. Describe the elements of the marketing mix.
Product - branding, labelling and packaging – Concept	<ul style="list-style-type: none"> Understand the concept of product as an element of marketing mix. Understand the concepts of branding, labelling and packaging.
Price - Concept, Factors determining price	<ul style="list-style-type: none"> Understand the concept of price as an element of marketing mix. Describe the factors determining price of a product.
Physical Distribution – concept	<ul style="list-style-type: none"> Understand the concept of physical distribution.
Promotion – Concept and elements; Advertising, Personal Selling, Sales Promotion and Public Relations	<ul style="list-style-type: none"> Understand the concept of promotion as an element of marketing mix. Describe the elements of the promotion mix. Understand the concept of advertising and personal selling Understand the concept of sales promotion. Discuss the concept of public relations.

- PROJECT WORK IN BUSINESS STUDIES (ONLY ONE PROJECT):
GUIDELINES AS GIVEN IN CLASS XII CURRICULUM**

DESIGN OF QUESTION PAPER TERM I (2021-22)**MAXIMUM MARKS : 40****TIME : 90 MINUTES**

	TYPE OF QUESTIONS	TOTAL NUMBER OF QUESTIONS	NUMBER OF QUESTIONS TO BE ANSWERED	MARKS
SECTION A	FILL IN BLANKS/IDENTIFICATION (DIRECT QUESTIONS)	24	ANY 20	16
SECTION B	FILL IN BLANKS /IDENTIFICATION/ASSERTION & REASONING BASED QUESTION (APPLICATION BASED QUESTIONS)	24	ANY 20	16
SECTION C	CASE BASED/SOURCE BASED QUESTION	12	ANY 10	8
		60	50	40

- WEIGHTAGE FOR EACH QUESTION 0.80 MARKS FOR EACH CORRECT ANSWER**
- NO NEGATIVE MARKING**

CHAPTER-1

NATURE AND SIGNIFICANCE OF MANAGEMENT

Management is a very popular term and has been used extensively for all types of activities and mainly for taking charge of different activities in any enterprise.

“Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.” Harold Koontz and Heinz Weihrich

Management is the process of planning, organizing, directing and controlling the efforts of organizational members and of using organizational resources to achieve specific goals effectively and efficiently.

Effectiveness v/s Efficiency

Being effective or doing work effectively means completing the given task according to planned schedule (time).

Efficiency means doing the given task with minimum cost.

Management aims at guiding their efforts towards achieving a common objective — a goal. Thus, management has to see that tasks are completed and goals are achieved (i.e., effectiveness) with the least amount of resources at a minimum cost (i.e., efficiency).

Characteristics or features of management



(i) **Management is a Goal oriented process:** Every organization has a set of goals which are the basic reasons for its existence. Management unites the efforts of different individuals in the organization towards achieving these goals.

(ii) **Management is All pervasive/ universal activity:** Management required in all types of organization, whatever may be the size or nature (either economic or non-economic organization).

(iii) **Management is multi-dimensional:** It is a complex activity and not a single activity. It includes three main activities, called dimensions of management. These are:-

- a. Management of work
- b. Management of people
- c. Management of operations

(iv) **Management is a Continuous Process:** Process means a definite system of functioning. In management planning, organizing, staffing, directing and controlling functions are performed in the same sequence at every level. After controlling, the planning starts again.

(v) **Management is a Group Activity:** Management always refers to a group of people involved in managerial activities. It can't be performed in isolation and it is a group activity.

(vi) **Management is a dynamic function:** In order to be successful, an organization must change itself and its goals according to the need of environment. Management makes it possible.

(vii) **Management is an Intangible force:** Management is an intangible force that can't be seen. The effect of management is noticeable in an organization, where targets are met according to plans, employees are satisfied and there is orderliness instead of chaos.

Objectives of Management

Objectives are the ends towards which the activities of an organization are directed. Objectives of Management can be classified as:



(i) **Organizational Objectives:** The objectives which aim at existence, prosperity and growth of an organization are known as organizational objectives. These are:-

- a. Survival:** In order to survive, an organisation must earn enough revenues to cover costs.
- b. Profit:** Earning adequate profits is also necessary for covering costs and risks of business.
Hence, profit is necessary for the existence of business.
- c. Growth:** A business needs to add to its prospects in the long run. For this it is important for the business to grow. Creating and enlarging customer base is necessary for the growth of organization.

(ii) **Social Objectives:** Social objectives involve the creation of benefits for the society. Some of these are as follows:

- a. Environmental Protection:** Management should adopt such techniques for production which helps to protect the environmental interests.
- b. Generating Employment Opportunities:** It basically includes giving employment opportunities to the under privileged sections of society.
- c. Providing Basic Amenities:** It includes providing basic amenities.

(iii) **Personal Objectives:** These objectives are related with the personal needs of the employees. These are following:

- a. Competitive Salaries & Perks:** It includes competitive salaries and wages, good working conditions , better allowances etc.
- b. Peer recognition:** It includes human expectations to be acknowledged for better performance.
- c. Personal growth and development:** It involves getting better chances for personal growth through training and development programmes and promotion chances.



Importance of Management :

Following points explain the importance of management:

- (i) **It helps in achieving in group goals:** The task of a manager is to give a common direction to the individual efforts in achieving the overall goals of organization.
- (ii) **It increases efficiency:** The aim of a manager is to reduce costs and increase productivity with minimizing wastage through better planning, organizing, staffing, directing and controlling the activities of organization
- (iii) **Management creates dynamic organization:** Business environment is dynamic in nature due to changing demand, technology, working system etc. Management helps people to adopt changes so that the organization is able to maintain its competitive edge.
- (iv) **It helps in achieving personal objectives:** A manager motivates and leads his team in such a manner that individual members are able to achieve personal goals while contributing towards organizational goals.
- (v) **Management helps in development of society:** Management serves the different groups that constitute it. It helps to provide good quality products, creates employment opportunities, adopts new technology for the greater good of people and leads the path towards growth and development.

Nature of Management

The term ‘management’ today has several different connotations that highlight the different aspects of its nature.





Management as an Art

Art is the skilful and personal application of existing knowledge to bring about a desired result. Management is an art or not can be known by applying the features of art to management, which are as follows:

(i) **Existence of theoretical knowledge:** Every art has some theoretical knowledge. There is a lot of literature available in various fields of management like marketing, financing, banking etc.

(ii) **Personalized Application:** The use of basic knowledge of art varies from individual to individual e.g. two musicians have different approach while demonstrating their art though the basic knowledge is same.

In the same manner, the manager makes use of management principles in their unique manner for solving various problems.

(iii) **Based on practice and creativity:** All arts are practical and involves the creative practice of existing theoretical knowledge. For e.g.:- the composition of a musician unique or different though the basic knowledge is same.

Similarly, a manager studies critical situations and formulates his own theories for use in a given situation. This gives rise to different styles of management.

Conclusion: Management possesses all the features of art and it has been accepted as an art.

Management: As a profession

Profession is that occupation which is backed by specialized knowledge and training and to which entry is regulated by a representative body. For example:- C.A, doctors, lawyers etc.

Is Management a Profession?

By comparing the features of profession with management, it can be checked whether management is a profession or not? It is explained as follows:

(i) **Well- defined body of knowledge:** All professions are based on well-defined body of knowledge that can be acquired through formal instructions.

Management has its own theories and principles which can be acquired through different institutions.

(ii) **Restricted entry:** Entry to a profession is restricted through an examination or formal education and training. For example:- M.B.B.S. in case of medical profession.

But entry to management is not restricted as there is no prescribed qualification to become a manager.

(iii) **Professional Association:** All professions are affiliated to a professional association which regulates entry to that profession. For example: - In India, lawyers must have the membership of



“Bar Council of India”. It is not compulsory for a manager to be a member of any recognized management association.

(iv) **Ethical code of conduct:** There is not any universally accepted code of conduct for managers.

(v) **Service motive:** Manager’s decisions are influenced by social norms and values and they also look after the welfare of employees, workers, consumers, etc. Thus, they serve the society.

Conclusion: Management can’t be taken as complete profession but it is developing as a profession.

Management as a science

Science can be defined as a systematic and organized body of knowledge based on observations and experiments, which establishes the cause and effect relationship.

In order to be recognized as a science, a subject should have following features:

(i) **Systematized body of knowledge:** Science is a systematic body of knowledge including principles and concept which are based on cause and effect relationship.

Management has its own concepts and principles, which are followed in the field of management.

(ii) **Principles based on experimentation:** Scientific principles are first developed through logical observations and then tested through repeated experiments under controlled conditions. Management principles are also derived from observations and experiments.

(iii) **Universal validity:** Scientific principles have universal validity and applications. Management principles are also used in every type of organization whether profit making or non-profit making, big or small but the result of these principles are not same everywhere as in case of pure science.

Conclusion: In conclusion, we can say that management is a not a pure science.

Why management is called a soft/inexact science ?

Management (Principles) has to deal with human beings and human behaviour which is dynamic in nature(unpredictable). So, the (application) results of management principles can’t be predicted accurately. It depends on prevailing conditions. Also, the principles can be modified according to given situations. That’s why these are known as an inexact science.

Levels of management

The authority-responsibility relationship binds individuals as superiors and subordinates and gives rise to different levels in an organisation. The term “levels of management” refers to a line of demarcation between various management positions from top to bottom on the basis of their related status, authority and responsibility. **The chain, consisting a series of managerial positions, is known as management hierarchy.**



(a)Top level management: It consists of members who are concerned with framing of policies. **It includes chairman, managing directors, chief executives, Board of Directors , General Manager etc.**

Functions of top level are:

- (i) To determine the objectives of organizations.
- (ii)To integrate diverse elements and to coordinate the activities of different departments to overall objectives of organization.
- (iii) To frame plans and policies for the organization.
- (iv) To appoint executives for middle level.

(b)Middle level management: It consists of members who are concerned with the work of implementation. They are subordinate to top level management and superior to first line managers. They act as a link between top level and lower level management. **It includes divisional heads, departmental managers, operations manager etc.**

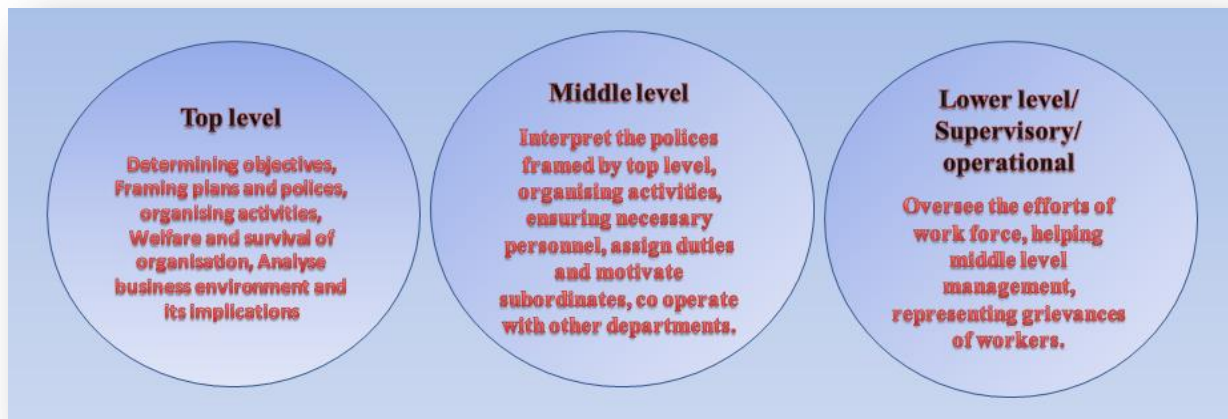
Functions of middle level are:-

- (i)To explain the objectives and policies to lower level management.
- (ii)To ensure that their departments has necessary personnel.
- (iii)To assign necessary duties and responsibilities to them.
- (iv)To maintain coordination among different department of organization.
- (v)To submit the progress report and other information to top level management which helps in making future plans.

(c)Supervisory level Management (operating level /operational level/first line/ lower level): It consists of members who are concerned with execution of the work. It includes supervisors, foreman, inspectors etc.

Functions of lower level are:-

- (i) To translate the policies and decisions of top & middle management to workers.
- (ii) To make plans to distribute the work.
- (iii) To maintain quality of output, safety standards and to minimise the wastage of materials.
- (iv) To arrange necessities like tools, materials, working environment etc.
- (v) To inform the higher authorities about the progress and problems of employees.



Functions of Management

- (i) **Planning:** Planning refers to determine what is to be done, how is to be done, when is to be done and by whom is to be done. It implies setting goals in advance and developing way to achieve them effectively and efficiently.
- (ii) **Organizing:** It means assigning duties, grouping tasks, establishing authority and allocating resources required to carry out a specific plan.
- (iii) **Staffing:** Staffing is finding the right people for the right job ie, appointing competent persons on various posts and keeping these posts filled by regular efforts. It involves activities such as recruitment, selection, placement and training of personnel
- (iv) **Directing:** Directing involves leading, influencing and motivating employees to perform the tasks assigned to them. It also involves communicating effectively with subordinates to perform the given task in the best way.
- (v) **Controlling:** It is the management function of monitoring organisational performance towards the attainment of organisational goals. Under controlling, the actual work progress is compared with planned work performance to find out deviations, if any, and remove these by taking corrective actions.

Coordination

It is the process by which a manager synchronises the activities of different departments to achieve organisational goals. Coordination is the force that binds all the other functions of Management.

Characteristics Nature of Coordination

- (i) **It integrates group efforts:** Coordination is only applicable to group efforts and not to individual efforts. It unifies the diverse interest of various people in such a manner that the work proceeds without any hindrance towards common goals.

- (ii) **It ensures unity of action:** It acts as a binding force among various departments and ensures unity of actions of different individuals of and department. It means that all action is aimed at achieving organizational objectives.
- (iii) **It is a continuous process:** Coordination is not a one-time function but a continuous process. It begins at the planning stage and continues till controlling.
- (iv) **Pervasive function:** It is required at all level and in all departments due to interdependent nature of activities.
- (v) **It is the responsibility of all managers:** Top level managers need to coordinate with their subordinates to ensure that plans and policies are duly carried out. Middle level management coordinates with both top level and lower level management. Lower level management coordinates the activities of workforce to ensure that work proceeds according to plans.
- (vi) **It is deliberate function:** Coordination is established only when cautious efforts are made and it does not established spontaneously. Every manager tries to coordinate the activities of different individuals in the organizations to avoid confusions and chaos.

Importance of Coordination

Following reasons brings out the need of coordination:

- (i) **Growth in size of complexities of large scale organization:** Any increase in the scale of business results in the number of employees and activities. Each person has different interest, way of working, nature etc. So, it is necessary that a proper environment is created through coordination, so that everyone will give full contribution towards organizational goals.
- (ii) **Functional differentiation:** In an organisation there may be separate departments of finance, production, marketing or human resources. All these departments may have their own objectives, policies and their own style of working without having any regard for the total work to be perform. So, coordination is necessary.
- (iii) **Specialization:** Modern organizations are highly specialized and they appoint a number of specialists. Normally they don't take advice in their area of specialization. It creates conflicts. So coordination is required to create unity of action among specialists.





MULTIPLE CHOICE QUESTIONS (MCQ'S)

- Q1** A manager obtains the required capital at 12% interest while the prevailing rate of interest happens to be 10%. How would you describe such a manager?
(a) Efficient (b) Effective (c) Efficient and Effective (d) Inefficient
- Q2** The following is not an objective of management
(a) Earning profits (b) growth of the organisation
(c) providing employment (d) policy making
- Q3** Sarangi Enterprises Limited is planning to increase its sales by 30% in the next quarter. Identify the feature of management being highlighted in the given statement.
(a) Management is all pervasive
(b) Management is a goal-oriented process
(c) Management is a continuous process
(d) All of the above
- Q4** Management translates the works to be carried out in terms of goals to be achieved and assigns the means to achieve it. This statement relates to
(a) Management of work
(b) Management of people
(c) Management of operations
(d) All of the above
- Q5** Keeping in view the changes in the consumer demands and preferences 'Taste maker Bakery' has reduced the sugar and fat content in its products. This approach of business shows that management is
(a) An intangible force
(b) A group activity
(c) A dynamic function
(d) A multidimensional activity
- Q6** "Anyone can be called a manager irrespective of educational qualification possesses." Identify the characteristics of the profession that Management does not fulfil in the statement being discussed above.
(a) Ethical code of conduct (b) Professional Association
(c) Restricted Entry (d) Service Motive



Q7 The goal of the Radha retail store is to increase sales and the goal of the Spastics Society of India is to impart education to children with special needs. Management unites the efforts of different individuals in the organisation towards achieving these goals. Identify the characteristics of management discussed above

- (a) Management is all pervasive
- (b) Management is a goal oriented process
- (c) Management is multi-dimensional
- (d) Management is a continuous process

Q8 MATCH THE FOLLOWING :

A .Planning	(i) Conform to actual results with planned results
B. Organising	(ii) Bridge the gap between where we are and where we want to go
C. Staffing	(iii) Establishing Authority – responsibility relationship
D. Directing	(iv) Right people for the right job
E. Controlling	(v) Putting resources into action

- | | A | B | C | D | E |
|------------|--------------|--------------|--------------|-------------|-------------|
| (a) | (ii) | (iii) | (iv) | (i) | (v) |
| (b) | (v) | (iv) | (iii) | (ii) | (i) |
| (c) | (ii) | (iii) | (iv) | (v) | (i) |
| (d) | (iii) | (i) | (ii) | (v) | (iv) |

Q9 A petrol pump needs to be managed as much as a hospital or a school. What managers do in India, the USA, Germany or Japan is the same. How they do it may be quite different. This difference is due to the differences in culture, tradition and history. Identify the characteristics of management that has been mentioned here.

- (a) Management is a goal oriented process
- (b) Management is all pervasive
- (c) Management is multi-dimensional
- (d) Management is a continuous process

Q10 The management of Amogha Ltd. offers employment to physically challenged persons. Identify the objective it is trying to achieve.

- (a) Organisational objective
- (b) Personal objective
- (c) Social objective
- (d) None of these

Q11 To become a chartered accountant in India a candidate has to clear a specified examination conducted by the Institute of Chartered Accountants of India. Identify the feature of



profession to which the above statement is related.

- (a) Professional association
- (b) Ethical code of conduct
- (c) Service motive
- (d) None of the above

Q12 We know that all music is based on seven basic notes. However, what make the composition of a musician unique or different is his use of these notes in a creative manner that is entirely his own interpretation. Identify the feature of art to which the above example is related.

- (a) Personalised application
- (b) Based on practice and creativity
- (c) Existence of theoretical knowledge
- (d) None of the above

Q13 Management has its own theory and principles that have developed over a period of time, but it also draws on other disciplines such as Economics, Sociology, Psychology and Mathematics.

Identify the feature of science to which the above statement is related.

- (a) Systematised body of knowledge
- (b) Principles based on experimentation
- (c) Universal validity
- (d) None of the above

Q14 Mr. Govind has retired from an organisation, in which he is responsible for implementing plans developed by the top management. At which level of management was he working?

- (a) Top Management
- (b) Middle Management
- (c) Operational Management
- (d) None of these

Q15 Identify the dimension of the characteristic of management- “it is multidimensional”, which specifies that the task of management is to make the strengths of human resources effective and their weaknesses irrelevant towards achieving the organisation’s objectives.

- a) Management of work
- (b) Management of people
- (c) Management of operations
- (d) Management of goals

Q16 Ravi joined a marketing firm as a Sales manager. On his first day in the company, during the orientation programme, the CEO of the company told Ravi that he will have to simultaneously perform the functions of management (planning, organising, staffing, directing, controlling) all the time. Which characteristic of management was the CEO referring to?

- (a) Management is a continuous process
- (b) Management is all pervasive



- (c) Management is multidimensional
 - (d) Management is goal oriented
- Q17** “Coordination is not a one-time function, it begins at the planning stage and continues till controlling.” The characteristic of coordination being highlighted above is
- (a) Coordination ensures unity of action
 - (b) Coordination is an all pervasive function
 - (c) Coordination is a continuous process
 - (d) Coordination is a deliberate function
- Q18** The objective of the Marketing Department of ‘Supreme Kids Wear Ltd.’ is to increase sales by 5% by offering discounts. But, the finance department may not approve of such discounts as it means loss of revenue. These kinds of conflict arise in organisations because each department is performing activities in isolation from others and barriers between departments are becoming more rigid. Identify the point of importance of coordination to which this case is related:
- (a) Growth in size
 - (b) Functional differentiation
 - (c) Specialisation
 - (d) None of these
- Q19** Milan Ltd. has appointed the former consulting executive Mr.Devand as its Vice President. What will be his basic task?
- (a) To integrate diverse elements and coordinate activities of different departments.
 - (b) To carry out plans formulated by top managers.
 - (c) To oversee the efforts of the workforce.
 - (d) Help to maintain quality of output
- Q20** ‘In order to be successful an organisation must change its goals according to the needs of the environment.’ Which characteristic of management is highlighted in the statement?
- (a) Management is dynamic
 - (b) Management is goal oriented process
 - (c) Management is group activity
 - (d) Management is all pervasive
- Q21** ‘In order to be successful an organisation must change its goals according to the needs of the environment.’ Which characteristic of management is highlighted in the statement?
- (a) Management is dynamic
 - (b) Management is goal oriented process
 - (c) Management is group activity
 - (d) Management is all pervasive
- Q22** ‘ A business needs to add to its prospects in long run’. Which organisational objective of



management is highlighted in the given statement?

- (a) Survival
- (b) Profit
- (c) Growth
- (d) None of these

- Q23** Coordination unifies the diverse interest of various people in such a manner that the work proceeds without any hindrance towards common goals. Identify the feature of coordination
- (a) Coordination integrates group efforts
 - (b) Coordination ensures unity of action
 - (c) Coordination is a continuous process
 - (d) Coordination is deliberate function

ASSERTION AND REASON BASED MCQ's (24-32)

Directions: There are two statements marked as Assertion (A) and Reason(R).

Read the statements and choose the appropriate option from the options given below:

- (a) Both Assertion (A) and Reason(R) are true and Reason (R) is correct explanation of Assertion (A)
 - (b) Both Assertion (A) and Reason(R) are true but Reason (R) is not the correct explanation of Assertion (A)
 - (c) Assertion (A) is true but Reason(R) is false
 - (d) Assertion (A) is false but Reason(R) is true
- Q24** **Assertion (A) :** Coordination is a deliberate function
Reason(R) : A manager has to coordinate the efforts of different people in a conscious and deliberate manner
- Q25** **Assertion(A):** There is a need of coordination due to functional differentiation
Reasons (R): All individuals differ in their habit of work, background, approaches to situation and relationship and they have their individual goals
- Q26** **Assertion (A):** Management as an art and science are not mutually exclusive ,but complimentary to each other.
Reason (R): Managers work better if their practices are based on Principles of management
- Q27** **Assertion(A) :** The effects of management is noticeable in an organisation where targets are according to plans, employees are happy and satisfied and there is orderliness instead of chaos
Reason (R) : Every member in the organisation has a different purpose for joining the organisation and each member works towards his personal goal.
- Q28** **Assertion (A) :** Efficiency aims at performing tasks with the least wastage of time and efforts.
Reason (R) : Efficiency is about doing the job in a cost effective manner, i.e, getting maximum output with minimum input.



Q29 Assertion (A) : Management is called an Exact Science.

Reason (R) : Management deals with complex human behaviour, which cannot be determined with accuracy.

Q30 Assertion (A) : Management is an intangible force.

Reason (R) : Management has to adapt itself to its changing external environment, which consists of various social, economic, and political factors

Q31 Assertion (A) : Through management, the personal objectives can be achieved.

Reason (R) : Management helps to provide good quality products ,create employment opportunities and adapt new technologies.

Q32 Assertion (A) : Every manager has his own unique style of managing things and people.

Reason (R) : Management differentiates between the individual objective and the organisational goal.

SOURCE BASED QUESTIONS/CASE STUDY-BASED QUESTIONS

I Read the paragraph given below and answer the following questions:

Arun is a Managing director in a toy manufacturing company. He decided to set up a new manufacturing unit of his company in a rural area of Bihar where job opportunities are very less. He believes in using environmental friendly methods of production and aims at giving employment opportunities to the disadvantaged section of the community. As a manager he aims at reducing costs and increasing productivity through better planning, organizing, directing staffing and controlling the activities of the organization. Anil considers human resources as the greatest asset of any organization. Getting work done through others is a major task of a manager as per the views of Anil. As a manager Anil believes that his task is to make workers work towards achieving the organizations' goals. On the basis of the above paragraph answer the following questions.

Q33 Identify the objective of management discussed in the line “ aims at giving employment opportunities to the disadvantaged section of the community” .

- (a) Economic objective
- (b) Organizational objective
- (c) Social objective
- (d) Personal objective



- Q34** “As a manager, he aims at reducing costs and increasing productivity”. Identify the importance of management highlighted in the given statement.
- (a) Management helps in achieving group goals.
 - (b) Management creates a dynamic organization.
 - (c) Management increases efficiency.
 - (d) Management helps in achieving personal objectives.
- Q35** “Getting work done through others is a major task of a manager as per the views of Anil” Which dimension of management is reflected by Arun’s view? (Choose the correct alternative)
- (a) Management of people
 - (b) Management of work
 - (c) Management of operations
 - (d) Management of resources

II Read the paragraph given below and answer the following questions:

Gokul Ltd is a highly reputed company. Different functions are performed by different individuals in this company, who are bound together in a hierarchy of relationships. Every individual in the hierarchy is responsible for successful completion of a particular tasks.

Mr. Govind is responsible for the welfare and survival of the organisation. He formulates overall organisational goals and strategies for their achievement. Mr. Paul ensures that quality of output is maintained, wastages of material is minimised and safety standards are maintained.

Mr. Santhosh assigns necessary duties and responsibilities to the personnel and motivates them to achieve the desired objectives.

- Q36** At what level of management Mr. Govind is working?
- (a) Middle
 - (b) Lower
 - (c) Top
 - (d) None of these
- Q37** At what level of management Mr. Paul is working?
- (a) Middle
 - (b) Lower
 - (c) Top
 - (d) None of these

Q38 At what level of management Mr.Santhosh is working?

- (a) Middle
- (b) Lower
- (c) Top
- (d) None of these

Q39 Who is creating a link between top level and lower level management?

- (a) Mr. Govind
- (b) Mr. Paul
- (c) Mr. Santhosh
- (d) None of these

Q40 “Every individual in the hierarchy is responsible for successful completion of a particular task.” Which objective is discussed here?

- (a) Social Objective
- (b) Organisational objective
- (c) Personal Objective
- (d) None of the above

ANSWER KEY

Q1	B	Q11	D	Q21	C	Q31	B
Q2	D	Q12	B	Q22	C	Q32	C
Q3	B	Q13	A	Q23	B	Q33	C
Q4	A	Q14	B	Q24	A	Q34	C
Q5	C	Q15	B	Q25	B	Q35	A
Q6	C	Q16	A	Q26	A	Q36	C
Q7	B	Q17	C	Q27	C	Q37	B
Q8	C	Q18	B	Q28	A	Q38	A
Q9	B	Q19	A	Q29	D	Q39	C
Q10	C	Q20	A	Q30	B	Q40	B

CHAPTER 2

PRINCIPLES OF MANAGEMENT

MEANING OF MANAGEMENT PRINCIPLE: - Management principle refers to the statement of fundamental truth which act as guidelines for taking managerial decision.

CHARACTERISTICS OF MANAGEMENT PRINCIPLES: -

1. UNIVERSAL APPLICABILITY:

The principles of management are intended to apply to all types of organizations, business as well as non-business, small as well as large, public sector as well as private sector, manufacturing as well as the services sectors.

2. GENERAL GUIDELINES

The principles are guidelines to action but do not provide readymade, straitjacket solutions to all managerial problems. Because, real business situations are very complex and dynamic and are a result of many factors.

3. FORMED BY PRACTICE AND EXPERIMENTATION:

The principles of management are formed by experience and collective wisdom of managers as well as experimentation.

4. FLEXIBLE: The principles of management are not rigid prescriptions, which have to be followed absolutely. They are flexible and can be modified by the manager when the situation so demands.

5. MAINLY BEHAVIOURAL

Management principles aim at guiding and influencing the behaviour of human beings. Therefore, principles of management are mainly behavioural in nature.

6. CAUSE AND EFFECT RELATIONSHIP

Many principles tell us if a particular principle is applied in a situation, what might be the effect. But accurate cause and effect relationship may be difficult to establish, because these are applied on human being. However, it helps in knowing some idea about the effect.

7. CONTINGENT

The application of principles of management is contingent or dependent upon the prevailing situation at a particular point of time. The application of principles has to be changed as per requirements.

SIGNIFICANCE OF MANAGEMENT PRINCIPLES

1. PROVIDING MANAGERS WITH USEFUL INSIGHTS INTO REALITY

Management principles improve knowledge, ability and understanding of managers under various managerial situations. The effects of these principles help the managers to learn from their mistakes. As such, the efficiency of managers increases.

2. OPTIMUM UTILISATION OF RESOURCES AND EFFECTIVE ADMINISTRATION

Resources both human and material available with the company are limited. They have to put to optimum use we mean that the resources should be put to use in such a manner that they should give maximum benefit with minimum cost.

3. SCIENTIFIC DECISIONS

Decisions must be based on facts, thoughtful and justifiable in terms of the intended purposes. They must be timely, realistic and subject to measurement and evaluation. Management principles help in thoughtful decision-making. They emphasize logic rather than blind faith.

4. MEETING CHANGING ENVIRONMENT REQUIREMENTS

Although, the principles are general guidelines, but they are modified and as such help managers to meet changing requirements of the environment. Ex: - the principle of division of work has been extended in modern times whereby the companies are specializing in their core competency and divesting non-core businesses.

5. FULFILLING SOCIAL RESPONSIBILITY

Management principles also guide the managers to perform social responsibilities. Because, business is a creation of society and uses resources of society. So it must do something for the society.

6. MANAGEMENT TRAINING, EDUCATION AND RESEARCH

Principles of management are at the core of management theory. As such these are used as a basis for management training, education and research. Professional courses such as BBA and MBA teach management principles as part of their education and training program.

SCIENTIFIC MANAGEMENT

Fredrick Winslow Taylor (March 20, 1856 – March 21, 1915) was an American mechanical engineer who sought to improve industrial efficiency.

F.W. Taylor became famous as a father of scientific management.

MEANING OF SCIENTIFIC MANAGEMENT

Scientific management means application of science for each and every element of management through scientific tools, scientific method and trained personnel in order to increase the output efficiently

Taylor defines scientific management as “knowing exactly what you want men to do and seeing that they do in the best and cheapest way”.

PRINCIPLES OF SCIENTIFIC MANAGEMENT

1. Science, not rule of thumb
2. Harmony, not discord
3. Co-operation, not individualism
4. Development of each and every person to his or her greatest efficiency and prosperity.

1. SCIENCE, NOT RULE OF THUMB:- According to this principle, Taylor insists that each job performed in the organization should be based on scientific enquiry and not on intuition, experience and hit and miss methods.

2. HARMONY, NOT DISCORD: - Taylor emphasized that there should be complete harmony between the management and workers. Both should realize that each one is important. To achieve this state, Taylor called for complete MENTAL REVOLUTION on the part of both management and workers.

So, the workers and management develop positive thinking for each other and work with harmony and avoid discord. To achieve this principle, management should share the gains with workers to make workers contribute to their best level. “The prosperity for the employer cannot exist for a long time unless it is accompanied by prosperity for the employees and vice versa.”

3. COOPERATION, NOT INDIVIDUALISM: - According to this principle, work must be carried on with cooperation, mutual confidence and understanding between labour and the management. Competition should be replaced by cooperation. Both should realize that they need each other. Management should value the constructive suggestions of employees by way of rewarding them.

4. DEVELOPMENT OF EACH AND EVERY PERSON TO HIS OR HER GREATEST EFFICIENCY AND PROSPERITY: Industrial efficiency depends upon the efficiency of workers. Worker’s efficiency depends upon proper training and their selection. Taylor insisted due care should be taken while selecting the employees and after selecting they must be given job according to their qualification. Employees must be sent for training from time to time to update their knowledge. This will ensure greatest efficiency and prosperity for both company and workers.

TECHNIQUES OF SCIENTIFIC MANAGEMENT

1. Functional foremanship
2. Standardization and simplification of work
3. Method study



4. Motion study
5. Time study
6. Fatigue study
7. Differential piece wage system

1. FUNCTIONAL FOREMENSHIP: - In this technique, under factory manager there will be planning in charge and production in charge. As one supervisor cannot be expert in every aspect of work, Taylor stressed on minimum eight specialists (i.e., four in planning and four in production) to supervise and give orders to workers. Each boss will be specialized in one aspect of work so that there will be definite assurance of specialization.

The name of each expert and their functions are given below: -

UNDER PLANNING INCHARGE

- (i) Instruction card clerk:- Laying down instructions according to which workers are required to perform their jobs
- (ii) Route Clerk:- Deciding the process of production and deciding the route through which the raw material will pass
- (iii) Time and Cost clerk: - This foreman is responsible for starting and completion of job. He also prepares the cost sheet for every job.
- (iv) Disciplinarian:- Maintaining proper discipline in the factory and offering immediate solution to clashes and making provisions for punishment

UNDER PRODUCTION INCHARGE

- (i) Speed Boss: - Maintaining the planned speed of production and investigating causes for the delay and to remove them.
- (ii) Gang Boss:- He arranges all the machines, tools and other resources required for performance of the job to avoid delay.
- (iii) Repair Boss: - This boss ensures that machines and tools are kept in working conditions through proper maintenance.
- (iv) Inspector: - This boss keeps a check on quality control of the output.

2. STANDARDISATION & SIMPLIFICATION:- Standardisation refers to the process of setting standards for every business activity. Standardisation of output is possible only if standard is maintained right from the selection of tools, equipment and machine to use, maximize the output by keeping in mind the quality standards.



SIMPLIFICATION:- Simplification aims at eliminating unnecessary diversity of products, sizes and dimensions. Because, more varieties mean more inventory, more types of machines, more labour cost etc. So, this technique results in savings of cost of labour, machines and tools as well as fuller utilization of equipment.

3. METHOD STUDY:- The method study means a study which is conducted to find out the one best method of performing the job which keeps production cost minimum and makes optimum use of resources of the organisation .

4. TIME STUDY:- Time study means a study which determines the standard time scientifically to perform the job. The objectives of Time Study are

- (a) To determine standard time required to perform a job
- (b) Setting up standard target for workers
- (c) Determining the number of workers required to perform a job
- (d) Categorizing the workers in efficient and inefficient

5. MOTION STUDY:- Motion study refers to the study of movements like lifting, putting objects, sitting and changing positions etc. while doing a typical job. It is the science of eliminating wastefulness resulting from unnecessary, ill-directed and inefficient motions. Finally, all the movements will be classified into productive and unproductive and make the strategy to cut down the unproductive motions.

6. FATIGUE STUDY:- Fatigue study refers to the study which determines how long a worker will work continuously without affecting his health and efficiency. Fatigue study gives a scientific approach to determine such rest period and its frequency.

7. DIFFERENTIAL PIECE WAGE SYSTEM:- Taylor suggested that the company should fix the standard outputs scientifically on the basis of time and motion studies. The workers who are producing standard units or more than standard units will get higher wage rate whereas the workers producing less than standard units will get lower wage rate.

For eg., it is determined that the standard output per worker per day is 10 units and those who made the standard or more than standard will get Rs.50 per unit and those below who will get Rs.40 per unit. Now an efficient worker making 11 units will get $11 \times 50 = \text{Rs. } 550$ per day whereas a worker who makes 9 units will get $9 \times 40 = \text{Rs. } 360$ per day.

HENRY FAYOL

Henry Fayol was born in France in 1841. He got degree in mining engineering in 1860 and started working as engineer in a coal mining company. He is known as Father of General Management.

FAYOL'S 14 PRINCIPLES OF MANAGEMENT

1. **DIVISION OF WORK:-** According to this principle, the whole work must be divided into small units and instead of assigning the whole work to one person, unit of work should be assigned to one person according to the capability, qualification and experience of the person. When a person is performing a part of job again and again, he will become perfect and specialized in doing that and the efficiency level will improve.
2. **AUTHORITY AND RESPONSIBILITY:-** Authority means power to take decision. Responsibility means obligation to complete the job assigned on time. According to this principle, there must be balance between the authority and responsibility. Excess authority without matching responsibility may lead to misuse of resources and excess of responsibility without matching authority will not allow the worker to complete his job on time.
3. **DISCIPLINE:** - Discipline refers to strict obedience to general rules and regulations for systematic working in an organisation. Fayol insists that discipline can be maintained in the organisation through effective supervision at every level, clear and fair agreement between superior and subordinates and judicious sanction of punishments
4. **UNITY OF COMMAND:-** According to this principle, an employee should receive orders and instructions from one boss only because if he is receiving orders from more than one boss then he will get confused and will not be able to understand that whose orders must be executed first.
5. **UNITY OF DIRECTION:** - All the units of an organisation should be moving towards the same objectives through coordinated and focused efforts. Each group of activities having the same objective must have one head and one plan. This ensures unity of action and coordination.
6. **SUBORDINATION OF INDIVIDUAL INTEREST TO GENERAL INTEREST:** - According to this principle, the interest of organisation must supersede the interest of individuals. If the objectives of individual are in the same direction of organisation, then there is no problem. But if the objectives of both the groups are in different directions, then manager must try to reconcile individual interest with organisational goal. If it is not possible, the individual goal must be sacrificed.

7. **REMUNERATION OF EMPLOYEES.** The overall pay and compensation should be fair to both employees and the organisation. The wages should give employees at least a reasonable standard of living. The fair wages is determined according to the following
- * Keeping in mind the minimum wage act of government.
 - * The wages and salaries paid by the competitors
 - * Financial capacity of the company.
8. **CENTRALISATION AND DECENTRALISATION:-**Centralization refers to concentration of authority of power in few hands at top level. Decentralisation refers evenly distribution of power at every level of management. According to Fayol, a company must not be completely centralized or completely decentralized but there must be combination of both depending upon nature and size of organisation.
9. **PRINCIPLE OF SCALAR CHAIN:** Scalar chain is a line of authority of superiors from highest to lowest rank. Fayol, insists that this chain must be followed strictly in the organisation and every communication must pass through every key of this chain. No skipping of any one key should be allowed.
- Gang Plank refers to an arrangement in which two managers working at the same level can communicate with each other directly for quick communication.
10. **ORDER:** - Order refers to orderly arrangement of men and materials. People and materials must be in suitable places at appropriate time. A place for everything and everything should be in its proper place. Like that every employee should be always available at allotted place or cabin. This principle ensures that wastage of time will be avoided in search of any material or any person so that smooth and systematic working in organisation will be achieved.
11. **EQUITY:** - Equity refers to kind, fair and just treatment to employees. There should not be any discrimination on the basis of sex, religion, language, caste, belief, nationality etc. Employees will work with loyalty and devotion only when they are treated with equal justice.
12. **STABILITY OF PERSONNEL:** - According to this principle, employees should not be transferred frequently without any proper reason. Because it takes some time to a person to learn and get settled on a job. Before he gets settled, if he is transferred, then he will not be able to contribute his best for organisation. Further the management must provide the feeling of job security among the employees.

13. **INITIATIVE:** - Fayol suggested that employees in the organisation must be encouraged to take some initiative in making and executing plan by way of welcoming suggestions, ideas and opinions of employees. Suggestions which result in substantial cost or time reduction should be rewarded.
14. **ESPIRIT DE CORPS:** - **Esprit** de corps means “Union is Strength”. Management should promote a team spirit and harmony among employees. A manager should replace “I” with “WE” in all his conversations. Management must develop a feeling of belongingness among the employees as they must feel themselves as members of organization’s team and not as individuals.





MULTIPLE CHOICE QUESTIONS (MCQ'S)

- 1 Which of the following does not apply to Principles of Management?
 - (a) Applicable in large firms
 - (b) Formed by practice and experimentation
 - (c) Flexible
 - (d) Contingent

- 2 The principles of management are said to be flexible as:
 - (a) They aim at influencing behaviour of human beings.
 - (b) They are general guidelines to action, but do not provide readymade solutions to management problems.
 - (c) They can be modified by the manager when the situation so demands.
 - (d) Their application is dependent upon the prevailing situation at a particular point of time.

- 3 “Management principles are not as rigid as principles of pure science.” Which of the following best describes the given statement?
 - (a) Management principles deal with human behaviour and thus, are to be applied creatively given the demands of the situation.
 - (b) Principles of management are formed after research in work situations, which are technical in nature.
 - (c) Principles of management contribute towards the development of management both as a science and as an art.
 - (d) None of the above

- 4 The application of principles has to be changed as per requirements. For example, employees deserve fair and just remuneration. But what is fair and just is determined by multiple factors. They include contribution of employee, paying capacity of the employer and also prevailing wage rate for the occupation under consideration. Identify the nature of principles of management highlighted above.
 - (a) General guidelines
 - (b) Flexible
 - (c) Mainly Behavioral
 - (d) Contingent



- 5 is an extension of the principle of division of work and specialization to the shop floor and it violates the principle of Unity of Command
- (a) Cooperation not individualism
 - (b) Functional foremanship
 - (c) Unity of Direction
 - (d) Standardization and simplification of work
- 6 Gang Plank is a term associated with which principle of Fayol?
- (a) Equity
 - (b) Order
 - (c) Scalar Chain
 - (d) Initiative
- 7 Jeevan Ltd. is a company manufacturing garments under the brand name 'Apsara'. The management of the company does not give the workers reasonable time to show results. Even the management does not promote a team spirit of unity and harmony among workers. The workers often have to work under two superiors at the same time. Identify the principles of management overlooked in the above case.
- (a) Stability of Personnel
 - (b) Esprit De Corps
 - (c) Unity of Command
 - (d) All of these
- 8 principle of management is being violated if management does not fulfill its promise to increase wages of workers after the mission is accomplished
- (a) Order
 - (b) Equity
 - (c) Discipline
 - (d) Initiative
- 9 Which one of the following is not an objective of standardization of work?
- (a) To reduce a given line or product to fixed types, sizes and characteristics
 - (b) To establish interchange ability of manufactured parts and products
 - (c) To establish standards of excellence and quality in material
 - (d) None of the above
- 10 Shiv and Karthik started their career in Wales Limited (a printing press) after going through a rigorous recruitment process. Since they had a no prior work experience, the firm decided to give them one year to prove themselves. The principle of management followed by Wales Limited is
- (a) Authority and Responsibility
 - (b) Discipline
 - (c) Equity
 - (d) Stability of Personnel



- 11 In one of the principles of scientific management, Taylor emphasizes that there should be equal division of work and responsibility between workers and management and management should work almost side by side with workers helping and smoothing the way for them. Identify the principle.
- (a) Science not rule of thumb
 - (b) Harmony not discord
 - (c) Cooperation, not individualism
 - (d) Development of each and every person to his/her greatest efficiency and prosperity
- 12 In order to fix a standard target of performance for workers, it was necessary for Shiv Ltd. to fix standard time for workers to perform a particular job. For this Mr. Ganesh, the Production Manager of the company observed the workers when they are performing the job. He used a stop watch in hand and noted down the average time taken by the workers for completion of the job. He repeated the same observation for 100 times and then calculated average time for the performance of the job. This was fixed as standard time on the basis of which efficient and inefficient workers were distinguished. Identify the technique of scientific management followed by Mr. Ganesh.
- (a) Time study
 - (b) Method study
 - (c) Motion study
 - (d) Fatigue study
- 13 A manager should have the right to punish a subordinate for wilfully not obeying a legitimate order but only after sufficient opportunity has been given to a subordinate for presenting her/his case. Identify the principle of management highlighted above.
- (a) Discipline
 - (b) Order
 - (c) Authority and Responsibility
 - (d) Unity of Command
- 14 Which of the following statements is true with reference to principles of management?
- (a) The principles of management have evolved.
 - (b) The principles of management are yet to be evolved.
 - (c) The principles of management are in the continuous process of evolution.
 - (d) None of the above
- 15 Rule of thumb' refers to
- (a) Use of personal judgement in handling management issues
 - (b) Adopting a hit-and-trial approach to resolve management problems
 - (c) Both of the above
 - (d) None of the above



- 16 According to this principle of scientific management, “Scientific management has for its foundation the firm conviction that true interest of the management and workers are one and the same; the prosperity for the employer cannot exist for a long time unless it is accompanied by prosperity for the employees and vice versa.”
- Science, not rule of thumb
 - Co-operation, not individualism
 - Harmony, not discord
 - All of the above
- 17 Instruction card clerk is responsible for
- Getting task completed accurately and on time
 - Drafting instructions for workers
 - Preparing time and cost sheet
 - Checking quality of work
- 18 Differential piece wage system
- Ensures job satisfaction among workers
 - Motivates workers
 - Increased productivity
 - All the above
- 19 Esprit de Corps means
- Unity in direction
 - Unity in strength
 - Unity of authority
 - None of the above
- 20 According to the technique of Scientific management “Differential Piece Wage system” How much more will a worker making 60 units earn as compared to a worker making 49 units? If the standard output per day is 50 units and those who make standard output or more than standard get Rs. 75 per unit and those below get Rs. 65 per unit.
- Rs. 4500
 - Rs. 3185
 - Rs. 1315
 - Rs. 3250

- 21 Match the PRINCIPLES OF MANAGEMENT in column I with their correct EXPLANATION in column II

	Column I		Column II
(A)	Unity of command	(i)	Prevents hindrance in activities
(B)	Unity of direction	(ii)	Prevents overlapping of activities
(C)	Stability of Personnel	(iii)	Prevents dual subordination
(D)	Order	(iv)	Prevents insecurity among employees



A B C D

- (a) (i),(ii),(iii),(iv)
- (b) (iii),(ii),(iv),(i)
- (c) (iii),(iv),(i),(ii)
- (d) (iv),(i),(ii),(iii)

22 The concept of ‘ Mental Revolution ‘ is derived from the scientific principle :

- (a) Science not rule of Thumb
- (b) Harmony not Discord
- (c) Cooperation not Individualism
- (d) None of the above

23 Which of the foreman are not under production in charge?

- (a) Speed boss
- (b) Inspectors
- (c) Route clerk
- (d) Gang boss

ASSERTION AND REASONING BASED MCQs (24-32)

- (a) Both (A) and (R) are true, and (R) is the correct explanation of (A)
- (b) Both (A) and (R) are true, and (R) is not the correct explanation of (A)
- (c) (A) is true, but (R) is false
- (d) (A) is false, but (R) is true

Directions: In the following questions, a statement of Assertion (A) is followed by a statement of Reason (R). Make the correct choice as:

Q 24 **Assertion (A):** Principles of Management is mainly behavioural in nature

Reason (R): Management Principles aim at influencing behaviour of human beings

Q 25 **Assertion (A):** Employee turnover should be maximised to maintain organisational efficiency

Reason (R): Employees should have stability of tenure. They should be given reasonable time to show results

Q 26 **Assertion (A):** Management Principles help the management to come out with the methods that help in reducing wastages

Reason (R): Principles of Management cannot be modified

Q 27 **Assertion (A):** In an organisation, there should be a chain of superiors ranging from the ultimate authority to the lowest.

Reason (R): Managers require authority commensurate with their responsibility

Q 28 **Assertion (A):** Even a small production activity like loading pigs of iron into boxes can be scientifically planned and managed



- Reason (R):** Taylor believed that there was only one best method to maximise efficiency
- Q 29 **Assertion (A):** Fayol suggested that employees in the organisation must be given an opportunity to take some initiative in making and execution a plan
- Reason (R):** It does not help to develop feeling of belongingness in the employees
- Q 30 **Assertion (A):** Management principles cannot be applied differently under different conditions
- Reason (R):** Some changes can be made in application of principles according to the requirement of the company
- Q 31 **Assertion (A):** Technique of “Simplification of Work” eliminate superfluous varieties. Sizes and dimensions of products.
- Reason (R):** Technique of “Simplification of work” reduced inventories, fuller utilisation of equipment and increased turnover to reduce cost.
- Q 32 **Assertion (A):** Employees deserve just and fair remuneration but what is just and fair is determined by number of factors. They include contribution of employees, paying capacity of employer and also prevailing wage rate for the occupation under consideration.
- Reason (R):** The principles of management are flexible and can be modified by the manager when situation so demands

SOURCE BASED QUESTIONS/CASE STUDY-BASED QUESTIONS

I Read the following passage and answer to questions 33-40

‘Fashion Pro’ is a readymade garments manufacturing company which employed more than 500 employees both men and women. During the last three quarters the profit of the company has considerably come down. After detailed analysis, it was discovered that the reduction in the profits were due to low productivity of workers. It was also found that the workers of the production department were not satisfied with the behaviour of Mr. Allen, the production manager, who forced the workers to work for long hours without any rest. He also decided to reduce the salary of women workers as it will save cost.

To improve the situation the management decided to replace Mr. Allen with Ms. Bharathi, who had recently completed her MBA. She did a detailed analysis to find out the best ways of doing a job. She fixed rest time for workers so that they could recharge their energy for optimum contribution. She also emphasized the need of mental revolution.

- Q 33 Which technique of scientific management is applied by Ms. Bharathi?
- (a) Motion study
 - (b) Method study
 - (c) Fatigue study
 - (d) None of the above



- Q 34 Which principle of Henry Fayol is violated by Mr. Allen?
 (a) Principle of equity
 (c) Principle of discipline
 (b) Principle of order
 (d) All of the above.
- Q 35 The technique of scientific management violated in the above case is
 (a) Motion study
 (b) Method study
 (c) Fatigue study
 (d) All the above

II Read the following text and answer the questions (36 to 40) on the basis of the same:

After completing her Bachelors degree in Fashion designing from a well- known college in France, Shivani has opened a boutique in MG Road Ernakulam. She divided the work in smaller units and each employee is well trained to perform his/her task efficiently. The sales persons are allowed to close a deal with a buyer by giving maximum of 5% discount, whereas the decision to give any further discount rests with Shivani as the final authority. In the earlier period of her business venture, employees were asked to put in extra hours of work. In return she had promised to give them a special incentive within a year. Therefore, when the business was doing well, she honours her commitment by giving bonus to her employees. She also instructed her employees that communication should follow the official lines of command. However, she tends to be more biased towards her female employees, when it comes to solve the conflicts among employees.

- Q 36 Shivani has divided the work in smaller units and each employee is well trained to perform his/her task efficiently. Which principle of management is being followed here?
 (a) Centralisation and decentralisation
 (b) Division of work
 (c) Discipline
 (d) Order
- Q 37 “The sales persons are allowed to close a deal with a buyer by giving maximum of 5% discount, whereas the decision to give further discount rests with Shivani as the final authority”. Identify the principle of Management being followed here:
 (a) Centralisation and decentralisation
 (b) Authority and Responsibility
 (c) Unity of Command
 (d) Unity of Direction
- Q 38 “Therefore, when the business was doing well, she honoured her commitment by giving bonus to her employees”. Which principle of management is being highlighted here?
 (a) Discipline
 (b) Order
 (c) Remuneration to Employees
 (d) Unity of Direction

- Q 39 Shivani tends to be more biased towards her female employees, when it comes to solve conflicts among employees. Which principle is being violated here?
- (a) Discipline
 - (b) Order
 - (c) Equity
 - (d) Unity of Direction
- Q 40 “She also instructed her employees that communication should follow the official lines of command”. Which Principle is being followed here?
- (a) Division of work
 - (b) Initiative
 - (c) Scalar chain
 - (d) Remuneration of Employees

ANSWER KEY

1	A	11	C	21	B	31	A
2	C	12	A	22	B	32	B
3	A	13	C	23	C	33	B
4	D	14	C	24	A	34	A
5	B	15	C	25	D	35	C
6	C	16	C	26	C	36	B
7	D	17	B	27	B	37	A
8	C	18	D	28	A	38	A
9	D	19	C	29	C	39	C
10	D	20	C	30	D	40	C



CHAPTER 3

BUSINESS ENVIRONMENT

- **Meaning of Business Environment**
- **Features /Characteristics of Business Environment**
- **Importance of Business Environment**
- **Dimensions of Business Environment**

MEANING OF BUSINESS ENVIRONMENT

Business Environment means the sum total of all individuals, institutions and other forces that are outside the control of a business enterprise, but that may affect its performance.

The economic ,social, political, technological and other forces which operate outside a business enterprise are part of its environment. Similarly, individual consumers, competing enterprises, government, consumer groups, competitors, courts, media and other institutions working outside an enterprise also constitute its environment. All these forces are likely to influence the performance of a business although they happen to exist outside its boundaries.

Changes in government's economic policies, rapid technological developments, political uncertainty, changes in fashions and tastes of consumers and increased competition influence the working of a business enterprise in important ways.

Examples:

- Increase in taxes by government can make things expensive to buy.
- Technological improvements may render existing products obsolete
- Political uncertainty may create fear in the minds of investors
- Changes in fashions and tastes of consumers may shift demand in the market from existing products to new ones.
- Increased competition in the market may reduce profit margins of firms.

FEATURES /CHARACTERISTICS OF BUSINESS ENVIRONMENT

- **Totality of External Forces :** Business Environment is the sum total of all external forces that directly or indirectly influences the working of a business system.
- **Specific and General Forces :** Business environment includes both specific and general forces.
 - a) **Specific forces:** (such as investors, customers, competitors and suppliers) affect individual enterprises directly and immediately in their day-to-day working.
 - b) **General Forces:** (such as social, political, legal and technological conditions) indirectly affect the business enterprises.
- **Inter-relatedness :** The different elements of business environment are closely inter-related. For example, increased awareness for health care has raised the demand for organic food and roasted snacks.
- **Dynamic Nature:** The business environment is dynamic in nature, i.e, it keeps on changing whether in terms of technological improvement, shifts in consumer preferences or entry of new competition in the market. For example, changes like invention of new techniques of production, a new minister in the Government, changes in industrial policy etc.
- **Uncertainty:** Business Environment is largely uncertain as it is very difficult to predict future happenings, especially when environment is changing too frequently like in case of information technology or fashion industries.



For example, it is very difficult for a garment manufacturing company to predict the frequently changing fashion.

- **Complexity:** Business Environment consists of numerous interrelated and dynamic forces which arises from different sources. So it becomes difficult to understand what exactly constitutes a given environment.

For example, it may be difficult to determine the extent of relative influence of social, economic, political, technological or legal factors on change in demand of a product in the market.

- **Relativity:** Business Environment is a relative concept since it differs from country to country and even region to region. For instance, political conditions in USA differ from those in China or Pakistan. Similarly, demand for sarees is fairly high in India, while it is very low or almost non-existent in USA or France.

IMPORTANCE OF BUSINESS ENVIRONMENT

- **It enables the firm to identify opportunities and getting the first mover advantage:** Opportunity refers to the positive external trends or changes that will help a firm to improve its performance.

For example, Maruti Udyog became the leader in small car market because it was the first to recognise the need for small car.

- **Helps the firm to identify threats and early warning signals:** Threats refer to external environment trends and changes that will hinder a firm's performance.

For example, if an Indian firm finds that a MNC is entering the Indian market with new substitutes, it should act as a warning signal and the firm must prepare to meet the threat by adopting measures like improving quality, reducing cost, engaging in aggressive advertising, and so on.

- **Helps in tapping useful resources:** Environment is a source of various resources for running a business. A business enterprises gets various resources or inputs like finance, machines, raw material, power etc, from its environment including financiers, government and suppliers.

For example, with rise in demand for LED monitors, companies started arranging raw materials for LED instead of CRT monitors.

- **Helps in coping with rapid changes :** The business environment is getting increasingly dynamic where changes are taking place at a fast pace.

For example, management of google is continuously busy in adding new features in its search engine to remain ahead of changes made by other competing search engines.

- **Helps in assisting in planning and policy formulation:** Environment is a source of both opportunities and threats for a business enterprise, its understanding and analysis provide the base for planning.

For example, ITC Hotels planned for new hotels in India after observing the increase in India's share of world tourism.

- **Helps in improving performance:** Analysis and understanding of trends of the business environment helps the business to improve its performance.

DIMENSIONS OF BUSINESS ENVIRONMENT

Business environment consists of five important dimensions including economic, social, technological, political and legal

ECONOMIC ENVIRONMENT: Economic environment refers to all those that have economic impact on the business activities.

Interest rates, inflation rates, changes in disposable income of people, stock market indices and value of rupees

SOCIAL ENVIRONMENT: Social Environment represents the customs and traditions, values, culture, social trends, beliefs, norms and ethics of a society.

Traditions: Define social practices that have lasted for decades or even centuries.

For example, celebration of festivals like Diwali, Id, Christmas, Guru Parv, etc.

Values : Refers to concepts that a society holds in higher esteem. For example, a business enterprise must give equal status and same wages to male and female workers working at the same level.

Social trends: Present various opportunities and threats to business enterprises.

For example, increased awareness towards health has increased the demand for products like organic food, mineral water, gyms etc.

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.

POLITICAL ENVIRONMENT ; Political environment includes political conditions such as general stability and peace in the country and specific attitude that elected government representatives hold towards business.

Example, Change in government policies in 1991 allowed Pepsi and other MNCs to enter into Indian market.

LEGAL ENVIRONMENT: Legal environment includes various legislations passed by the administrative orders issued by governments authorities, court judgements as well as the decisions rendered by various commissions and agencies at every level of the government.

Example, Alcohol beverages are prohibited to be advertised in Television.





MULTIPLE CHOICE QUESTIONS

- Q1 Business environment is the sum total of all things external to business firms and , as such , is aggregative in nature. Which feature of the business environment is highlighted by this statement.
- [A] Specific and General Forces.
 - [B] Dynamic Nature.
 - [C] Inter-Relatedness.
 - [D] Totality Of External Forces.
- Q2 The attitude of the government officials towards business may have either positive or negative impact upon business. Which factor of the general environment of business is highlighted by this statement.
- [A] Technological Environment.
 - [B] Political Environment.
 - [C] Social Environment.
 - [D] Legal Environment.
- Q3 Which of the following is available in time with the help of the study of the environment?
- [A] Government Help
 - [B] Foreign Aid
 - [C] Warning Signal.
 - [D] Material
- Q4 India has launched its most advanced Geo-imaging satellite which will allow better monitoring of the subcontinent, including its borders with neighbouring countries, by imaging the country 4-5 times a day. The satellite is capable of near real time monitoring of floods and cyclones. The factor constituting the Business Environment being discussed above is:
- (a) Social environment
 - (b) Economic environment
 - (c) Technological environment
 - (d) Political environment



- Q5 Aiming to revive Jammu and Kashmir's attraction as a top location for film shooting the J&K film policy, 2021 offers a host of incentives to the filmmakers, such as subsidies and low long term interest rates, for films with patriotic and certain other themes shot in J&K, for giving work opportunities to local artistes, etc. This will have an impact on business enterprises in the state. Which component of business environment is highlighted above:
- (a) Specific and general forces
 - (b) Technological environment
 - (c) Economic environment
 - (d) Totality of external forces
- Q6 The sum total of all individuals, institutions and other forces that are outside the control of a business enterprise but that may affect its performance is known as_____
- (a) Business environment
 - (b) Social environment
 - (c) Political environment
 - (d) Economic environment
- Q7 Mohammad Kanjiwal, a beekeeper since April 2021 is now part of the growing tribe of at least 50 urban dwellers across Maharashtra raising bees and harvesting honey in their balconies, rooftops and back gardens. As he had been focused on eating right the thought of domesticating honey bees to promote healthy consumption habits and seeing honey being cultivated right before his eyes was mesmerising for him. Identify the factor constituting the general environment being discussed above.
- (a) Economic environment
 - (b) Social environment
 - (c) Technological environment
 - (d) Political environment
- Q8 Advertisement of cigarettes carries the statutory warning. This is because of
- (a) Legal environment
 - (b) Social environment
 - (c) Political environment
 - (d) None of these



- Q9 Which of the following is not a component of specific forces of business environment?
- (a) Technological conditions
 - (b) Customers
 - (c) Employees
 - (d) Investors
- Q10 “The nature of the relationship of our country with foreign countries”, is a major element of which of the following components of the Business Environment?
- (a) Social Environment
 - (b) Legal Environment
 - (c) Political Environment
 - (d) Economic Environment
- Q11 Which of the following does not characterize the business environment?
- [A] Uncertainty
 - [B] Employees
 - [C] Relativity
 - [D] Complexity
- Q12 With the help of the study of the business environment an organisation can improve its _____.
- [A] Present
 - [B] Future
 - [C] Present And Future
 - [D] Past
- Q13 .Determination of the economic policies is for the purpose of regulating _____
- [A] Political Environment
 - [B] Social Environment
 - [C] Legal Regulatory Environment
 - [D] Economic Activities



- Q14 Which component of business environment resulted in the relaxation of ban imposed on the foreign direct investment?
- [A] Economic Environment
 - [B] Political Environment
 - [C] Social Environment
 - [D] Legal Regulatory Environment
- Q15 With the introduction of Photostat Machines in the market , the carbon paper industries was adversely affected. Which component of the environment was responsible for it?
- [A] Economic
 - [B] Political
 - [C] Technological
 - [D] All The Above
- Q16 The growing awareness about healthcare has led to an increase in the demand for healthcare products and services in the country. Identify the feature of the business environment being described in the above case.
- [A] Dynamic nature
 - [B] Uncertainty
 - [C] Relativity
 - [D] Interrelatedness
- Q17 Which of the following is not a part of the business environment of business?
- [A] Customers
 - [B] Suppliers
 - [C] Competitors
 - [D] None of the above
- Q18 Which factor is not included in the internal environment?
- [A] Objective
 - [B] Policies
 - [C] Public
 - [D] Production Method

Q19 Dynamic nature of the business environment suggests that it is pervasive. (True/False)

Q20 Investors and customers are the two components of specific forces of business environment .(True/False)

Q21 . Match the various “Dimensions of Business Environment” in Column - I with their respective component in Column- II :

	Column I		Column II
A	Economic	I	Medicines
B	Social	II	Money supply in the economy .
C	Technological	III	Birth and Death rates.

A B C

(a) (ii) , (iii), (i)

(b) (i), (ii) , (iii)

(c) (iii), (ii), (i)

(d) (iii) , (i), (ii)

Q22 Match the various “Dimensions of Business Environment” in Column - I with their respective Impact in Column- II :

	Column I		Column II
A	Technological	i	A decrease in the bank interest rates Significantly increases the demand of products and vice – versa
B	Economical	ii	The demand shifts from typewriters to computers .
C	Legal	iii	Baby food must necessarily informs the Potential buyers that “Mother food is the best ” .

A B C

(a) (i) , (ii), (iii)

(b) (ii) , (i) , (iii)

(c) (ii), (iii), (i)

(d) (iii) , (ii), (i)



Q23 Match the “Features of Business Environment” in Column I with their respective statements in Column II

	Column I		Column II
A	Relativity	i	Social , Political , Legal and technological conditions .
B	Specific forces	ii	Business environment is related to the local Conditions.
C	General forces	iii	Investors customers , competition and suppliers

A B C

- (a) (i) , (iii) , (ii)
- (b) (iii) ,(ii), (i)
- (c) (ii) , (iii) , (i)
- (d) (i) , (ii) , (iii)

ASSERTION – REASON BASED MCQ’S

Read the following statement -Assertion {A} and Reason {R}. choose one of the correct alternatives given below :

- [a] Both Assertion [A] and reason [R] are true and Reason [R] is correct explanation of Assertion [A].
- [b] Both Assertion [A] and Reason [R] are true and Reason [R] is not the correct explanation of Assertion [A].
- [c] Assertion [A] is true but Reason [R] is false.
- [d] Assertion [A] is false but Reason [R] is true.

Q24 **Assertion [A]:** Totality of external forces is an important feature of the business environment.

Reason [R]: Business environment is the sum total of all things external to business organizations and ,as such, is aggregative in nature.

Q25 **Assertion [A]:** Business environment has a dynamic nature.

Reason [R]: Business environment keeps on changing whether in terms of technological improvement, shifts in consumer preferences or entry of new competitors in the market.



Q26 **Assertion [A]:** Different elements of the business environment are closely interrelated.

Reason [R]: Business environment is a relative concept since it differs from country to country and even region to region.

Q27 **Assertion [A]:** Maruti Udyog became the leader in the small car market.

Reason [R]: The understanding of business environment enables the firm to identify opportunities and getting the first mover advantage.

Q28 **Assertion [A]:** It is not the fact of change itself that is shown as important as the place of change.

Reason [R]: Today's business environment is getting increasingly stable environment where changes are taking place at a slow speed.

Q29 **Assertion [A]:** Social trends present various opportunities and threats to business enterprises.

Reason [R]: The health -and-fitness trend has created a demand for products like organic food, Gyms , mineral water and food supplements.

Q30 **Assertion [A] :** The advertisement of alcoholic beverages is prohibited.

Reason [R] : Impact of legal environment can be illustrated with the help of government regulations to protect consumer's interests

Q31 **Assertion [A]:** Business environment includes both specific and general forces.

Reason [R]: Specific forces (such as social ,political ,legal and technological conditions) have impact on all business enterprises.

SOURCE BASED/ CASE STUDY BASED MCQ'S

I. Read the extract given below and answer the questions on the basis of the same:

Rapid Tours Ltd. is a travel agency which books rail tickets on commission basis. It takes two days for the Rapid Tours to get tickets from Railway Reservation Counter and deliver the tickets to the consumers. In the last one year, there has been drastic decrease in its business as most of the consumers have shifted to Satya Tour. (another travel agency) who spotted this weakness of Rapid Tours Ltd. and came up with the option of providing the tickets within 1/2 hour through the use of internet. Moreover, Satya Tours also provides discount and special offers on bookings during festive



Q32 (a) Which component of business environment is being overlooked by Rapid Tours Ltd.?

- (i) Legal
- (ii) Technological
- (iii) Economic
- (iv) Political

(b) Identify the feature of business environment highlighted in the following statement:
"Change of booking of rail tickets from Railway Reservation Counter to Internet."

- (i) Inter-relatedness
- (ii) Relatively
- (iii) Dynamic nature
- (iv) Totality of external forces

(c) Which dimension of business environment is highlighted in the following statement: "Satya tours also provides discount and special offers on bookings during festive season".

- (i) Social
- (ii) Legal
- (iii) Technological
- (iv) Economic

(d) "In the last one year the use of internet." This line highlight one of the points of importance of business environment. Identify it.

- (i) Identification of opportunities and taking first move over advantage
- (ii) Identification of threats and early warning signals
- (iii) Tapping of useful resources
- (iv) None of the above

Q33 **Read the extract given below and answer the questions on the basis of the same:**

Amit and Mohit after finishing their graduation under vocational stream decided to start their own travel agency which will book Rail tickets and Air tickets on commission basis. They also thought of providing tickets within ten minutes through the use of internet. They discussed the idea with Professor Mr Kashyap who liked the idea and suggested them to first analyse the business environment which consists of investors, competitors and other forces like social, political, etc. that may affect their business directly or indirectly. He further told them about the technological improvements and shifts in consumer preferences that were taking place and hence they should be aware of the environmental trends and changes which may hinder their business



performance. He emphasised on making plans keeping in mind the threat posed by the competitors, so that they can deal with the situation effectively. This alignment of business operations with the business environment will result in better performance.

(a) Identify the component of business environment highlighted in the above paragraph.

- (i) Social
- (ii) Economic
- (iii) Technological
- (iv) Legal

(b) "They discussed the idea with their Professor Mr Kashyap who liked the idea and suggested them to first analyse the business environment which consists of investors, competitors and other forces like social, political, etc. that may affect their business directly or indirectly". Identify the feature of business environment highlighted in these lines.

- (i) Specific and general forces
- (ii) Relativity
- (iii) Inter-relatedness
- (iv) Dynamic nature

(c) "He further told them about the technological improvements and shifts in consumer preferences that were taking place and hence they should be aware of the environmental trends and changes which may hinder their business performance."

Identify which of the following point highlights the importance of business environment in the above lines.

- (i) It helps the firm to cope up with rapid changes.
- (ii) It helps the firm to identify threats and early warning signals.
- (iii) It is dynamic in nature.
- (iv) It helps in improving performance.

(d) "This alignment of business operations with the business environment will result in better performance." Identify which of the following point highlights the importance of business environment in the given lines.

- (i) It helps in planning and policy formulation.
- (ii) It helps in improving performance.
- (iii) It helps tapping useful resources.
- (iv) It helps in coping up with rapid changes.

Q34 Read the extract given below and answer the questions on the basis of the same:

The organic food market in India is growing at 25-30% which reflects a clear shift in consumer tastes and preferences. The current growth in the organic food market is driven by multiplicity of factors like rising

health consciousness, changing lifestyles, increase in disposable income and growing availability of organic food products in shopping malls, retail outlets and online.

(a) Identify the feature of business environment highlighted in the given line of the extract, "The organic food..... preferences.

- (i) Dynamic nature
- (ii) Complexity
- (iii) Uncertainty
- (iv) Relativity

(b) Identify the feature of business environment highlighted in the given line of the extract, "The current growth online."

- (i) Inter-relatedness
- (ii) Uncertainty
- (iii) Complexity
- (iv) Relativity

(c) Which component of general forces is highlighted in the phrase, "Rising health consciousness, changing lifestyles"?

- (i) Social
- (ii) Economic
- (iii) Legal
- (iv) Political

(d) Which dimension of business environment is highlighted in the phrase, Increase in disposable income?

- (i) Social
- (ii) Economic
- (iii) Technological
- (iv) Legal



Q35 Read the following text and answer the questions on the basis of the same:

The names and taste of Cola-Cola is known to almost each and every individual in India as well as throughout the world. This carbonated soft drink holds the most market share in the soft drink market and got itself a special seat in each and every gathering. The Coca-Cola Company has on occasion introduced other cola drinks under the Coke name. The most common of these are Diet Coke, along with others including Caffeine free Coca-Cola, Diet Coke Caffeine free, Coca-Cola Zero Sugar, Coca-Cola Cherry Vanilla and the list goes on. It has capitalised on each and every opportunity to market itself effectively and place itself in the middle of every gathering. The main reason for such an outstanding placement of product goes to the way they have established the connection between every occasion and the need for Coke to be present there , its product design and creative advertising.

- a) In the context of the above given case, identify one valid importance of Business Environment?
 - (i) Enables a firm to identify opportunities and getting first mover advantage
 - (ii) Uncertainty
 - (iii) Delay in action
 - (iv) Pervasive function

- b) Identify the feature of Business Environment which the Coca-Cola Company managed to get in their favour.
 - (i) Complex
 - (ii) Specific and General forces
 - (iii) Futuristic
 - (iv) Mental Exercise

- c) Which Business environment did Cola-Cola majorly tap into?
 - (i) Technological Environment
 - (ii) Social Environment
 - (iii) Political Environment
 - (iv) Economic Environment

- d) Which of the following is not a product of COCA-COLA
 - (i) Diet Coke Caffeine free
 - (ii) Coca-Cola Zero Sugar
 - (iii) Coca-Cola Avocado
 - (iv) Coca-Cola Cherry



Q36 Read the following text and answer the questions on the basis of the same:

Gallant is a well known FMCG(Fast Moving Consumer Goods) company in India. However for the past few years its profitability is diminishing due to the presence of a new company 'Prakritik'. 'Prakritik' has gradually acquired a reasonable share in a wide variety segments like soaps, shampoos, detergents, dish wash and oral care. One of the key reasons is that 'Prakritik' has positioned itself as natural/Ayurvedic brand and this approach has worked well with the Indian consumer. In order to compete with this threat 'Gallant' has acquired a premium Ayurvedic brand 'Madhumitha' from another group. Moreover it is likely to increase its advertising budget to counter the threat from 'Prakritik'.

- a) Identify the related component of the business environment which has contributed effectively towards the success of Prakritik.
 - (i)Economic Environment
 - (ii)Legal aspect
 - (iii)Political Environment
 - (iv)Social Aspect
- b) Identify one way in which 'Gallant' has responded to the changes in its business environment.
 - (i)Acquisition
 - (ii)Brand Building
 - (iii)Both (i) & (ii)
 - (iv)Only (ii)
- c) What was the plan of the Gallant company to counter the threat from 'Prakritik'?
 - (i) To increase its total budget
 - (ii) To increase its advertising budget
 - (iii)To increase its sales
 - (iv) To increase its expenditure

Q37 Read the following text and answer the questions on the basis of the same:

Pal Ltd .Manufactured electronics. Its business was operating in Indonesia. Prime Minister of India announced relaxation in import duties on electronics items. Therefore, the company started to export products to India. The company decided to tie-up collaborations with only those retailers who had direct online links with the suppliers to replenish stock when needed.

Even after entering into Indian market , company did not get complacent. It kept on adding new features in its products, especially in mobile phones to remain ahead of changes made by other competing brands.

Afterwards the festive seasons was around the corner, so lot of E-commerce sites came up



with sales. Company knew that demand would rise, so they arranged all the inputs such as finance, raw material etc. Company's performance improved significantly.

(a) Which dimension of business environment is highlighted in the lines, “ Prime Minister of India announced relaxation in import duties on electronic items. Therefore, the company started to export products to India”?

- (i) Economic
- (ii) Legal
- (iii) Political
- (iv) Technological

(b) Which dimension of business environment is highlighted in the lines. “The company decided to tie-up collaborations with only those retailers who had direct online links with the suppliers to replenish stock when needed.”?

- (i) Economic
- (ii) Political
- (iii) Legal
- (iv) Technological

(c) Which importance of business environment is highlighted in the line, “It kept on adding new features in its products, especially in mobile phones to remain ahead of changes made by other competing brands”?

- (i) Coping with rapid changes.
- (ii) Tapping useful resources.
- (iii) Improving performance.
- (iv) Identify opportunities.

(d) Identify the advantage highlighted in the line, “Company knew that demand would rise, so they arranged all inputs such as finance, raw material , etc”?

- (i) Improving performance.
- (ii) Tapping useful resources.
- (iii) Identify opportunities.
- (iv) Coping with rapid changes.

Q38 Read the following text and answer the questions on the basis of the same:

“World Softwares” is a software giant. It has many branches throughout the world. The company knows that it has great opportunities in its path. Earlier it was limited only to its native country but with the passage of time within 20 years the economies of various countries have integrated. This has come as a great advantage to this company which has expanded. In many of the



countries where it has its, branches the control of government in the public sector enterprises has diluted leading to more control in the hands of the private sector. One of the major reasons for the success of the company has been the role of the initiator the company has played as it was the first company of its kind to enter the market.

(a) Which type of advantage has been indicated in the last line of the above case?

- (i) First mover advantage
- (ii) Disinvestment
- (iii) Both (a) & (b)
- (iv) None of the above

(b) Identify the Business of the company

- (i) Hardware
- (ii) Malware
- (iii) Software
- (iv) None of the above

Q39

Read the following text and answer the questions on the basis of the same:

The Government is considering a pioneer proposal to launch a single debit-cum-credit card to increase the ease and usage for the consumers. The card which will be called the “National Mobility Card” will have unique advantages for making payments in metro, buses, parking and making transactions during visits abroad.

After hearing this news, Mega decided to launch a “Mega Mobility Card” on similar lines, so that they could be the first to exploit the opportunity, arising due to the increasing trend of digitization. In order to improve their performance, they laid down a plan to hire more people in their marketing department and prepared guidelines to train their sales force to market the new card facility being launched by the bank.

(a) “Government is considering a pioneer proposal to launch a single debit-cum-credit card to increase the ease and usage for the consumers.” Identify the dimension of business environment highlighted above.

- (i) Economic Environment
- (ii) Social Environment



(iii)Technological Environment

(iv)Political Environment

(b) After hearing this news, Mega Bank decided to launch a “ Mega Mobility Card” on similar lines, so that they could be the first to exploit the opportunity, arising due to the increasing trend of digitization. Identify the point of importance of business environment in the given lines.

(i)It enables the firm to identify opportunities and getting the first mover advantage

(ii)It helps the firm to identify threats and early warning signals.

(iii)It helps in tapping useful resources

(iv)It helps in coping with rapid changes

(c)“....they laid down a plan to hire more people in their marketing department and prepared guidelines to train their sales force to market the new card facility being launched by the bank.” Identify the point of importance of business environment in the given lines.

(i) It enables the firm to identify opportunities and getting the first mover advantage.

(ii)It helps the firm to identify threats and early warning signals

(iii)It helps in tapping useful resources

(iv) It helps in assisting in planning and policy formulation

(d) What characteristics of business environment has been discussed in the given case?

(i) Relativity

(ii)Dynamic Nature

(iii)Complexity

(iv)Uncertainty



Read the following text and answer the questions on the basis of the same:

Q40 Mahinder Agro Ltd. Started a new venture for distribution of harmful and Chemical free fertilizers vegetables. They conducted a survey to find out consumer preferences for such vegetables. They found that most of the consumers were concerned about the survey to find out consumer preferences for such vegetables. They found out that 90% of the households were searching for alternatives. The company contacted a group of agricultural experts to lay down the procedure for growing the vegetables by the farmers. They decided to train the farmers in new technology to grow chemical free vegetables according to new innovative methods. The experts also suggested soil management techniques through which farmers would be able to create an abundant and lasting harvest. Due to increased awareness for health care, demand for products of Mahinder Agro Ltd. Increased and thus the business flourished.

- (a) “They found that most of the consumers were concerned about harmful chemicals being used in growing the vegetables. They found out that 90% of the households were searching for alternatives.” Identify the dimension of business environment highlighted above.
 - (i)Economic Environment
 - (ii)Social Environment
 - (iii)Technological Environment
 - (iv)Political Environment
- (b) “They decided to train the farmers in new technology to grow chemical free vegetables according to new innovative methods.” Identify the dimension of business environment highlighted above.
 - (i)Economic Environment
 - (ii)Social Environment
 - (iii)Technological Environment
 - (iv)Political Environment
- (c) “Due to increased awareness for health care, demand for products of Mahinder Agro Ltd. Increased and thus the business flourished.” What characteristics of business environment is highlighted above?
 - (i)Relativity
 - (ii)Inter-relatedness
 - (iii)Dynamic nature
 - (iv)Specific and general forces
- (d) Which of the following is not a component of Economic environment?
 - (i)Balance of payment and changes in foreign exchange reserves
 - (ii)The nature of relationship of our country with foreign countries
 - (iii)Expansion of transportation and communication facilities
 - (iv)Volume of imports and exports of different items

ANSWER KEY OF MULTIPLE CHOICE QUESTIONS

1	D	11	B	21	A
2	B	12	C	22	B
3	C	13	D	23	C
4	C	14	D	24	A
5	C	15	C	25	A
6	A	16	D	26	B
7	B	17	D	27	A
8	A	18	C	28	C
9	A	19	FALSE	29	A
10	C	20	TRUE	30	A
				31	C

CASE BASED QUESTIONS ANSWER

Question No	a	b	c	d
32	(ii)	(iii)	(i)	(i)
33	(iii)	(i)	(ii)	(ii)
34	(i)	(i)	(i)	(ii)
35	(i)	(ii)	(ii)	(iii)
36	(iv)	(iii)	(ii)	
37	(i)	(iv)	(i)	(ii)
38	(i)	(iii)		
39	(iii)	(i)	(iv)	(ii)
40	(ii)	(iii)	(ii)	(ii)



CHAPTER 4

PLANNING

Planning means deciding in advance **what** is to be done, **when** is to be done, **how** is to be done and by **whom** is to be done. So that it is a process of thinking before doing.

Definition: “Planning is deciding the best alternative among others to perform different managerial operations in order to achieve the predetermined goals” – Henry Fayol.

Importance of Planning

1. **Planning provides direction** – Planning provides direction for action. This ensures effective implementation of plans and direction of effort towards attainment of objectives. If you don't know where you are going, no road will take you there.
2. **Planning reduces uncertainty** – Planning enables an organization to cope up with uncertainty and change. With the help of planning, an enterprise can predict future events and make due provisions for them.
3. **Planning reduces overlapping and wasteful activities** – Planning co-ordinates the activities of individuals and departments in an orderly manner, which will help to avoid wasteful activities.
4. **Planning promotes innovation and creativity** – Planning is a process of thinking in advance; there is a scope for finding better methods for productivity. This makes the managers innovative and creative.
5. **Planning facilitates decision making** – Planning helps in decision making by selecting the best alternative among the various alternatives.
6. **Planning establishes standards for control** – Plans serve as standards for evaluation of performance. It will help to ensure proper control by comparing the actual performance with the standard performance.

Features of Planning

1. **Planning Focuses on objectives** – Every organization has its own objectives and every plan must contribute towards the accomplishment of these objectives.
2. **Planning is the primary function of management** – Planning is the first function of management. All other functions are performed to implement the plan.
3. **Planning is pervasive** – Planning is required at all levels of management, top management undertakes long range plans, middle management is concerned with departmental plans and the lower level management is related to short term plans.
4. **Planning is continuous** – Planning is an on-going process. Usually a plan is prepared for a specific period of time. At the end of the period a new plan is prepared in accordance with

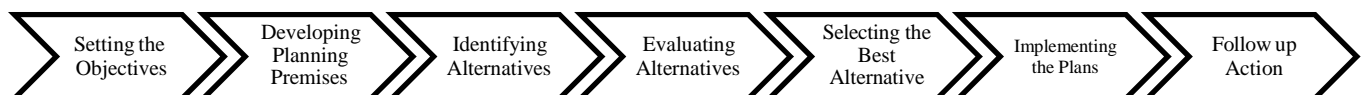
the requirement of future condition. E.g. Shortage in raw material in a month may lead to revise the plan for the next month.

- 5. Planning is futuristic** – Planning is looking ahead and preparing for the future. Hence forecasting is the essence of planning. E.g. Keeping an umbrella in our bag with us foreseeing the chance of rain.
- 6. Planning involves decision making** – If there are various alternatives to achieve an objective, then we have to select the best one (decision making) only after proper analysis. E.g. If a company has three suppliers for the same raw materials, they have to select only the best one by analyzing all the facts such as price, promptness, quality etc.
- 7. Planning is a mental exercise** – Planning is an intellectual process which involves foresight, imagination and judgment.

Limitations of Planning

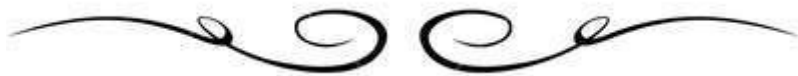
- 1. Rigidity (inflexibility)** – Planning restricts the individual skill, initiative and creativity, because employees are required to work strictly in accordance with the plans.
- 2. Planning may not work in dynamic environment** – The scope for planning is limited up to a certain extent especially in the organizations having rapid changing situations e.g. Fashionable products.
- 3. Planning reduces creativity** – Managers at middle and lower levels are just implementing the plans formulated by the top management, thus it reduces the creativity among them.
- 4. Huge Cost** – Planning is a very expensive and time consuming process which involves the collection of data, analysis, interpretation etc. Hence it is not suitable for quick decisions as well as for small concerns.
- 5. Time consuming** – Sometimes plans to be drawn up take so much time, but there is no much time left for their implementation.
- 6. Does not guarantee success** – Planning may create a false sense of security in the organization that everything is going smooth; it affects independent thinking and creativity of managers.

Planning Process (Steps in Planning)



- 1. Setting the objectives** – The first step in planning is the establishment of objectives. The objectives must be clear and specific. The objective of the entire organization is laid down first, and then it is broken down into departments and individuals. E.g. Rs.10000 profit is the objective for this month, then it is divided as how many units may be produced by production department, how many units may be sold by sales department etc.

- 2. Develop Planning Premises** – Planning is done for the future which is uncertain, certain assumptions are made about the future environment. These assumptions are known as planning premises. E.g. A business is anticipating increase in the sales of computers assuming that sales tax on computers will be decreased by the government.
- 3. Identifying alternatives** – There are alternative ways for achieving the same goal. For example, to increase sales, different ways are there, like advertisement, reducing prices, improve quality etc.
- 4. Evaluating alternatives** – The positive and negative aspects of each alternative should be evaluated based on their feasibility and consequences.
- 5. Selecting the best alternative** – After analyzing the merits and demerits of each alternative, the most appropriate one is to be selected by evaluating cost, risk, benefit to organization etc.
- 6. Implementation of plans** – Implementation means putting plans into action to achieve the objective. For the successful implementation, the plans are to be communicated to the lower levels at every stage.
- 7. Follow Up** – Plans are to be evaluated regularly to check whether they are proceeding in right way, shortfalls can be located and remedial actions can be taken well in advance.





MULTIPLE CHOICE QUESTIONS(MCQ'S)

- Q1** 'For you' was in the business of cosmetic products. The business was doing well and the company was consistently meeting its objectives. Encouraged by the good track record, the top management kept a target of 15% increase in sales in the next year. The next year, two competitors entered in the market and because of which the company could not meet its target. Identify the limitations of one of the functions of management because of which the company was not able to achieve its objectives.
- Planning does not guarantee success
 - Planning leads to rigidity
 - Planning may not work in dynamic environment
 - None of the above
- Q2** Name the function of management which bridges the gap between where we are and where we want to go.
- Planning
 - Staffing
 - Organising
 - Directing
- Q3** Which feature of planning says that planning is a forward-looking function.
- Planning is continuous
 - Planning is pervasive
 - Planning is futuristic
 - Planning is rigid
- Q4** Select the feature of planning from the following
- Planning is futuristic
 - Provides direction
 - It is pervasive
 - All the above
- Q5** ABC Ltd sets objectives prepares strategies and other plans keeping the internal and external forces in mind, enabling all individuals working in the organisation to decide what action should be taken and in which direction. Identify the importance of planning highlighted in the statement.
- Planning provides direction
 - Planning reduces uncertainty
 - It reduces overlapping
 - It facilitates decision making
- Q6** A bag manufacturer prepares next year's production plan after forecasting the demand. Identify the feature of planning
- Planning is a mental exercise
 - Planning is futuristic
 - It is continuous
 - Expensive



- Q7** Changes and events cannot be eliminated but can be anticipated and managerial response to them can be developed. Which importance of planning is highlighted in the above statement.
- Planning provides direction
 - Planning reduces overlapping and wasteful activities
 - Planning reduces the risk of uncertainty
 - It facilitates decision making
- Q8** It requires application of mind involving foresight, intelligence, imagination and sound judgement. Which feature of planning is indicated here?
- It is futuristic
 - It involves decision making
 - It is mental exercise
 - It is continuous
- Q9** Planning is required at all levels of management as well as in all departments of the organisation. It is not an exclusive function of top management nor of any particular department. Identify the feature of planning highlighted above.
- Planning is continuous
 - Planning is futuristic
 - Planning involves decision making
 - Planning is pervasive

Q10 Match the following

Column I		Column II	
A	Anticipate changes	i	Provides direction
B	Planning States in advance how work is to be done	ii	Reduces the risk of uncertainty
C	Establishes standards for controlling	iii	Promotes innovation
D	Planning encourages new ideas	iv	Provides the goals against which actual performance is being measured.

- | | | | | |
|----|-----|-----|-----|-----|
| | A | B | C | D |
| a. | ii | i | iv | iii |
| b. | ii | i | iii | iv |
| c. | i | iii | iv | ii |
| d. | iii | ii | iv | i |

- Q11** Name the step in the process of planning which is considered “the real point of decision making”.
- Setting objectives
 - Developing premises
 - Evaluating alternatives
 - Selecting the best alternative
- Q12** “If the end result is clear it becomes easier to work towards the goal.” Identify the step of one of the functions of management highlighted above.
- Developing premises
 - Implementation of plan
 - Follow up action
 - Setting of objectives



- Q13** ‘Planning ensures clarity in thought and action; work is carried on smoothly without interruption. Useless and redundant activities are minimised or eliminated’. Which importance of planning is highlighted here?
- Planning establishes standards for controlling
 - Planning reduces overlapping and wasteful activities
 - Planning reduces the risk of uncertainties
 - Planning provides directions
- Q14** “Following a pre-determined plan, when circumstances have changed, it may not turn out to be in the organization’s interest.” Identify the limitation of planning highlighted above.
- planning leads to rigidity
 - planning may not work in the dynamic environment
 - planning does not guarantee success
 - planning reduces creativity
- Q15** This is the step where other managerial functions also come into the picture as it concerned with putting the plan into action i.e doing what is required. Identify the step of one of the functions of management discussed above.
- Evaluating the alternatives
 - Selecting an alternative
 - Implementation of plan
 - Follow up action.
- Q16** Rahul, sales executive of mankind Pharma ltd. Put forth the idea of using artificial intelligence in the marketing of its products which will help in saving time, cost and energy for both ends. The marketing manager appreciated him but suggested to continue with the already developed marketing strategy. which limitation of planning is reflected in the above case.
- Planning is time consuming
 - Planning reduces creativity
 - Planning leads to rigidity
 - Planning does not guarantee success
- Q17** Which of the following steps in the process of planning states that the managers are required to make some assumptions about the future?
- Setting objectives
 - Developing premises
 - Identifying the alternative course of action
 - Implementation of plan
- Q18** Which step in the planning process ensures that objectives are achieved according to plan?
- Setting objectives
 - Selecting an alternative
 - Implementing plan
 - Follow up action



- Q19** Detailed plans require scientific calculations to ascertain facts and figures. The cost incurred sometimes may not justify the benefits derived from the plan. Which limitation of planning is mentioned in the above case.
- Planning is a time-consuming process
 - Planning involves huge cost
 - Planning may not work in dynamic environment
 - Planning does not guarantee success
- Q20** Arrange the following in correct sequential order.
- Identifying alternatives
 - Selecting an alternative
 - Setting up of objectives
 - Implementation of plan
 - Developing premises
 - Evaluating the alternatives
 - Follow up action
- (i) (iii)(ii)(vi)(v)(iv)(vii)
 - (iii)(v)(i)(vi)(ii)(iv)(vii)
 - (iii)(i)(ii)(vi)(v)(iv)(vii)
 - (iii)(v)(i)(vi)(ii)(vii)(iv)
- Q21** “If there were no goals and standard, then finding deviations would not be possible. The Nature of corrective action required depends upon the extent of deviations from the standard.” Identify the importance of one of the functions of management is referred above.
- Planning reduces overlapping of activities
 - Planning provides the basis for controlling
 - Planning reduces the risk of uncertainty
 - Planning promotes innovative idea
- Q22** Mr. Jonathan, after completing his MBA decided to start a cooler manufacturing business. He sets the target of earning 20% profit on sale in the first year. He gathered information from the potential market and analyzed that the demand is increasing day by day. He called a meeting of departmental managers and discussed all the alternative strategies to achieve the objective. He decided to use integrated marketing techniques to ensure maximum profit through customer satisfaction. Identify the function of management performed by Mr.Jonathan.
- Controlling
 - Staffing
 - Organizing
 - planning
- Q23** ‘ A plan is framed, it is implemented and is followed by another plan and so on’ which feature of planning is highlighted in the above statement?
- Planning is futuristic
 - Planning is a mental exercise
 - Planning is continuous
 - Planning is pervasive



ASSERTION AND REASON BASED MCQ'S

Directions: There are two statements marked as **Assertion (A)** and **Reason(R)**. Read the statements and choose the appropriate option from the options given below;

- (a) Both Assertion (A) and Reason(R) are true and Reason (R) is correct explanation of Assertion (A)
- (b) Both Assertion (A) and Reason(R) are true but Reason (R) is not the correct explanation of Assertion (A)
- (c) Assertion (A) is true but Reason(R) is false
- (d) Assertion (A) is false but Reason(R) is true

- Q24** **Assertion (A)** : Planning may not work in a dynamic environment
 Reason (R) : Planning cannot foresee everything and thus, there may be obstacles to effective planning
- Q25** **Assertion (A)** : Planning leads to rigidity.
 Reason(R) : The well-defined plan already drawn decide the future course of action and managers may not be in a position to change it.
- Q26** **Assertion (A)** : Sales forecast is the basis on which a business firm prepares its annual plan for production and sales
 Reason(R) : Planning is the primary function of management.
- Q27** **Assertion (A)** : Competition in the market can upset financial plan
 Reason(R) : Planning leads to rigidity
- Q28** **Assertion (A)**:The various functions of planning are inter related, however planning provides the basis of all other functions.
 Reason (R) : Planning is a continuous activity
- Q29** **Assertion (A)** : Planning provides direction
 Reason(R) : Planning is the first function of management, new ideas can take the shape of concrete plans.
- Q30** **Assertion (A)** : Middle management and other decision makers are neither allowed to deviate from the plan nor they are permitted to act on their own.
 Reason(R) : Planning in a way reduces creativity since people tend to think along the same lines as others
- Q31** **Assertion (A)** : Planning is pervasive
 Reason (R) : It is an exclusive function of top management or of some particular department or manager.
- Q32** **Assertion (A)** : Monitoring the plan is equally important to ensure that objectives are achieved.
 Reason(R) : To see whether plans are being implemented and activities are performed according to schedule is also part of planning process.



SOURCE BASED QUESTIONS/CASE STUDY-BASED MCQ'S

I

Read the paragraph given below and answer the following questions:

Swift India Ltd. Is involved in assembling Computers. The company has drawn a well defined plan to achieve a target of 10% increase in profit at the end of 2019. Each employee has a target output of 2 computers per day. Mr. Shahir , an enthusiastic young engineer suggested an alternative method which would reduce the assembling time as well as the cost of production. The supervisor appreciated him for his creative thinking skill but revealed that he is not in a position to deviate from the plan. He asked him to complete the job as per the plan .

They assembled five different computers with different configuration successfully having an efficient marketing plan. But due the unprecedented pandemic , lockdown was imposed and they could not carry out work , thereby causing huge loss to the company. After lockdown was eased, they revised their target as per the human as well as physical resources. The company considered various policy changes towards the sector to decide the future plan of action.

- Q33** ‘ Due to the unprecedented pandemic , lockdown was imposed and they could not carry out work , thereby causing huge loss to the company.’ Which limitation of planning is high lightened in the above line?
- Planning does not guarantee success
 - Planning leads to rigidity
 - Planning may not work in dynamic environment
 - None of the above
- Q34** Which step of planning is highlighted in the line “After lockdown was eased, they revised their target as per the human as well as physical resources”
- Setting objectives
 - Developing premises
 - Evaluating alternatives
 - Selecting the best alternative
- Q35** Which step of planning is highlighted in the line” The company considered various policy changes towards the sector to decide the future plan of action”.
- Setting objectives
 - Evaluating alternatives
 - Selecting the best alternative
 - Developing premises
- Q36** “ The company has drawn a well defined plan to achieve a target of 10% increase in profit at the end of 2019. Each employee has a target output of 2 computers per day.” Identify the importance of planning reflected in the above lines.
- Reduces the risk of uncertainty
 - Establishes standards for controlling
 - Provides Direction
 - Both (c) & (d)
 -



Q37 “The supervisor appreciated him for his creative thinking skill but revealed that he is not in a position to deviate from the plan. He asked him to complete the job as per the plan”. Which limitation of planning is discussed above?

- a. Planning does not guarantee success
- b. Planning leads to rigidity
- c. Planning may not work in dynamic environment
- d. Planning reduces creativity

II Read the paragraph given below and answer the following questions:

Mr. Nagesh, an MBA scholar was offered a salary of 15,00,000 by a well reputed company of Dubai through campus selection. He refused the offer and returned to his home town Visakhapatnam and decided to start paddy cultivation with the idea of group farming. He set specific goals with activities to be performed to achieve the goal.

It was difficult initially as no one trusted the idea of farming in the present market conditions. He could motivate and encourage the farmers through different strategies. Through forecasting demand, he prepared an annual plan for production and sales. He not only identified but also evaluated all possible alternative to make the land fertile and to achieve the targeted production. Through correct foresight and logical and systematic thinking based on analysis of facts, all alternative were examined and evaluated. He implemented the plan well. Due to his continuous monitoring, he is able to achieve the target for all these years.

Q38 “Through correct foresight and logical and systematic thinking based on analysis of facts, all alternative were examined and evaluated” . identify the step of the function of management referred in the above para.

- a. Developing premises
- b. Evaluating alternatives
- c. Selecting the best alternative
- d. None of the above

Q39 “He refused the offer and returned to his home town Visakhapatnam decided to start paddy cultivation with the idea of group farming. He set specific goals with activities to be performed to achieve the goal.” Identify the step-in planning performed by Mr. Nagesh.

- a. Developing premises
- b. Evaluating alternatives
- c. Setting up of objectives
- d. None of the above

Q40 ‘Through forecasting demand, he prepared an annual plan for production and sales’ Identify the feature of the function of management identified .

- a. Planning focus on achieving objectives
- b. Planning is futuristic
- c. Planning is pervasive
- d. Planning is continuous

ANSWER KEY

1	C	11	D	21	B	31	C
2	A	12	D	22	D	32	B
3	C	13	B	23	C	33	C
4	D	14	C	24	A	34	A
5	A	15	C	25	A	35	D
6	B	16	C	26	B	36	D
7	C	17	B	27	B	37	B
8	C	18	D	28	B	38	B
9	D	19	B	29	B	39	C
10	A	20	B	30	A	40	B

CHAPTER – 5

ORGANISING

Meaning of Organising: Organising can be defined as a process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources for attainment of identified and desired goals.

Organising as a structure: The organisation structure can be defined as the framework within which managerial and operating tasks are performed.

Organising as a process: Organising is defined as the process of identifying and grouping the work to be performed, assigning duties to job positions and establishing relationships for the purpose of accomplishing objectives.

Steps in the Process of Organising

- 1. Identification and division of work:** Identifying and dividing the work into manageable activities so that duplication can be avoided.
- 2. Departmentalisation:** Activities of a similar nature are grouped together. It facilitates specialisation. (Departments can be created on the basis of territory (north, south, etc.) and products (garments, footwear etc).
- 3. Assignment of duties to job positions:** Jobs are allocated to the members of each department according to their skills and competencies for effective performance.
- 4. Establishing reporting relationships:** Authority responsibility relationships are clearly established so that each individual knows who he has to take orders from and to whom he is accountable. This helps in coordination amongst various departments.

Importance of Organising

- 1. Specialisation:** It leads to specialisation by a systematic allocation of jobs resulting in reduced workload and enhanced productivity.
- 2. Clarity in working relationships:** It leads to clarity in working relationships by specifying who is to report to whom.
- 3. Effective administration:** It helps in effective administration by providing a clear description of jobs and working relationships.
- 4. Optimum utilisation of resources:** It leads to optimum utilisation of resources by avoiding duplication of work and minimizing wastage of resources and efforts.
- 5. Growth and expansion:** It helps in expansion and growth by allowing an enterprise to add more job positions, departments and product lines.
- 6. Adaptation to change:** It helps in adaptation to change by allowing the organisation structure to be suitably modified as per the changes in business environment.



7. Development of personnel: It helps in development of personnel by delegation of work to subordinates.

Span of Management: Span of management refers to the number of subordinates that can be effectively managed by a superior.

A narrow span of management has tall organisation structure whereas, a wide span of management has short organisation structure.

Types of Organisation Structure

1. Functional structure: Functional structure is an organisational structure formed by grouping of jobs of similar nature according to functions and organising these major functions as separate departments. e.g.marketing, finance, production etc.

2. Divisional structure: A divisional structure is the organisation structure which comprises of separate business units or divisions. Generally, manpower is grouped on the basis of different products manufactured. For example, a large company may have divisions like cosmetics, clothing, footwear etc.

Concept of Delegation: Delegation is the transfer of authority from superior to subordinate, entrustment of responsibility and creation of accountability for performance which helps a manager to extend his area of operations.

Elements of Delegation:

Authority: It refers to the right of an individual to command his subordinates and to take action within the scope of his position.

Responsibility: It refers to the obligation of a subordinate to properly perform the assigned duty.

Accountability: It refers to the answerability for the final outcome of the assigned task.

Importance of Delegation

1. Effective management
2. Employee development
3. Motivation of employees
4. Facilitation of growth
5. Basis of management hierarchy
6. Better coordination

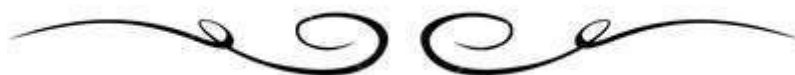
Concept of Decentralisation: Decentralisation implies selective dispersal of authority and believes that people are competent, capable and resourceful. It recognises the decision-maker's need for autonomy. Decentralisation refers to systematic delegation of authority through all the levels of management and in all the departments except that which can be exercised only at central points.

Importance of Decentralisation

1. Relief to the top management
2. Initiative amongst subordinates

3. Talent for the future
4. Growth
5. Decision-making
6. Control

Basis	Authority	Responsibility	Accountability
Origin	It arises from formal position.	It arises from delegated authority	It arises from responsibility.
Flow	Authority flows from top to bottom, i.e. the superior has authority over the subordinate.	It flows upwards, i.e. a subordinate will always be responsible to his superior	It flows upwards, i.e. a subordinate will be accountable to a superior for satisfactory performance of work.
Delegation	Can be delegated.	Cannot be entirely delegated.	Cannot be entirely delegated.





MULTIPLE CHOICE QUESTIONS:

- Q1 Identify the correct sequence of steps to be followed in an organising process.
(A) Departmentalisation, Establishing reporting relationships, Assignment of duties, Identification and division of work
(B) Identification and division of work, Departmentalisation, Assignment of duties, Establishing reporting relationships
(C) Identification and division of work, Assignment of duties, Departmentalisation, Establishing reporting relationships
(D) Identification and division of work, Establishing reporting relationships, Departmentalisation, Assignment of duties.
- Q2 Name the process which co-ordinates human efforts, assembles resources and integrates both into a unified whole to be utilised for achieving specified objectives.
(a) Management
(b) Planning
(c) Organising
(d) Directing
- Q3 Decentralization is an extension of delegation.
A. True
B. False
C. Partially True
D. Partially False
- Q4 It is defined as the framework within which managerial and operating tasks are performed.
(a) Span of management
(b) Organisational structure
(c) Informal organisation
(d) None of the above
- Q5 As the span of management increases in an organisation, the number of levels of management in the organisation
(a) Increases
(b) Decreases
(c) Remains unaffected
(d) None of the above
- Q6 Sojan has joined as a Marketing Head in a cosmetic company. He always ensures that the work has been divided into small and manageable activities and also the activities of similar nature are grouped together. Identify the related step in organising process being mentioned in the above lines.
(a) Identification and division of work
(b) Assignment of duties
(c) Departmentalisation
(d) Establishing reporting relationships
- Q7 Which of the following is not a merit of functional structure?
(a) It promotes control and co-ordination within a department.
(b) It makes training of employees easier, as the focus is only on a limited range of skills.
(c) It leads to occupational specialisation.
(d) It ensures that different products get due attention.

Q8 Akshay has been given the task of arranging for five-day conference for foreign delegates. In order to ensure smooth functioning of the event, he has made two people as co-ordinators to take care of activities related to registration and refreshment. Identify the function of management being carried out by Akshay.

- (a) Planning
- (b) Staffing
- (c) Organising
- (d) Directing

Q9 'IFB Ltd.', is engaged in manufacturing of washing machines. The target of the organisation is to manufacture 500 washing machines a day. There is an occupational specialisation in the organisation which promotes efficiency of employees. There is no duplication of efforts in such type of organisation structure. Identify the type of organisation structure described above.

- (A) Divisional Organisation
- (B) Functional Organisation
- (C) Informal Organisation
- (D) None of the above

Q10 Under this type of organisational structure, manpower is grouped on the basis of different products manufactured.

- (a) Divisional structure
- (b) Functional structure
- (c) Network structure
- (d) Matrix structure.

Q11



Which type of structure is followed in the above image?

- (a) Functional structure
- (b) Relational structure
- (c) Divisional structure
- (d) None of the above.



- Q12 Shobha Industries Ltd. has grown in size. It was a market leader but with changes in business environment and with the entry of MNCs, its market share is declining. To cope up with the situation, the CEO starts delegating some of his authority to the General Manager, who also felt himself overburdened and with the approval of CEO disperses some of his authority to various levels throughout the organisation. Identify the concept of management discussed above.
- (a) Delegation
 - (b) Accountability
 - (c) Decentralisation
 - (d) Departmentalisation
- Q13 The scope of authority _____ as we go higher up in the management hierarchy.
- (a) Increases
 - (b) Decreases
 - (c) Remains same
 - (d) None of the above
- Q14 Authority granted to an employee should be
- (a) More than the responsibility entrusted to him
 - (b) Less than the responsibility entrusted to him
 - (c) Equal to the responsibility entrusted to him
 - (d) All of the above
- Q15 Which of the following cannot be delegated?
- (a) Responsibility and accountability
 - (b) Authority and responsibility
 - (c) Accountability and responsibility
 - (d) All of the above
- Q16 When decision-making authority is retained by higher management levels, an organisation is said to be
- (a) Decentralised
 - (b) Centralised
 - (c) Fragmented
 - (d) None of the above
- Q17 Decentralisation is _____ when checking required on decisions taken by lower levels of management is least.
- (a) least
 - (b) greatest
 - (c) low
 - (d) None of the above
- Q18 Which of the following statement is true?
- (a) In a decentralised organisation, there is no need of supervision over the activities of a subordinate
 - (b) A large size organisation can be totally decentralised.
 - (c) Decentralisation is extending delegation to the lowest level
 - (d) The purpose of decentralisation is to lessen the burden of the manager.



- Q19 Delegation is a pre-requisite to the efficient functioning of an organisation because_____.
- A. It enables a manager to use his time on high priority activities
 - B. It also satisfies the subordinate's need for recognition
 - C. It provides the subordinates with opportunities to develop and exercise initiative
 - D. All the above
- Q20 A company has its registered office in Mumbai, manufacturing unit at Aurangabad and Marketing and Sales department at Pune. The company manufactures consumer products. Which type of organisation structure should be adopted by the company to achieve its target?
- A. Formal structure
 - B. Divisional structure
 - C. Formal organisation structure
 - D. Informal organisation structure
- Q21 A tall structure has a_____.
- A. Narrow span of management
 - B. Wide span of management
 - C. No span of management
 - D. Less levels of management
- Q22 The class teacher of XII C asked the class to prepare videos of events related to Ek Bharat Shreshtha Bharat. Different videos related to News presentation, Bhasha sangham, Folk song and ppt of the culture and tradition of pairing state had to be made. The students were divided into different groups based on their skill and expertise in technical knowhow. The class leader was entrusted to coordinate the activities, assign each groups the tasks and develop reporting relationships among them. Identify the function of management highlighted above?
- A. Planning
 - B. Organising
 - C. Staffing
 - D. Directing

- Q23 Match the following concepts in Column I with their explanation in Column II.

A. Organisation Structure	(i) Number of subordinates under a superior
B. Decentralisation	(ii) The framework within which managerial and operating tasks are performed.
C. Span of management	(iii) An optional policy decision of the top management

- A. (i), (ii), (iii)
- B. (i), (iii), (ii)
- C. (ii), (iii), (i)
- D. (iii), (ii), (i)



ASSERTION AND REASON BASED MCQ'S

- Q24 Assertion (A) :** Decentralisation should be applied with caution by the top management.
Reason (R): It can lead to organisational disintegration if the departments start to operate on their own guidelines which may be contrary to the interest of the organisation
- A. Both Assertion (A) and Reason (R) are true.
 B. Both Assertion (A) and Reason (R) are false.
 C. Assertion (A) is true and Reason (R) is false.
 D. Assertion (A) is false and Reason (R) is true.
- Q25 Assertion (A) :** While authority is delegated, responsibility is imposed, accountability is assumed.
Reason(R): Authority can be delegated by a manager to a subordinate, which means granting of authority to subordinate to operate within prescribed limits. Responsibility is the obligation of a subordinate to properly perform the assigned duty. Accountability implies being answerable for the final outcome.
- A. Both Assertion (A) and Reason (R) are true.
 B. Both Assertion (A) and Reason (R) are false.
 C. Assertion (A) is true and Reason (R) is false.
 D. Assertion (A) is false and Reason (R) is true.
- Q26 Assertion (A) :** Organising leads to effective administration.
Reason (R): In these similar jobs are grouped under one department which leads to unification of efforts
- A. Both A and R are true. R is the correct explanation of A.
 B. Both A and R are true but R is not correct explanation of A
 C. A is correct but R is incorrect.
 D. A is incorrect but R is correct
- Q27 Assertion (A) :** Organisation structure is the outcome of the organising process.
Reason (R): Organising leads to the proper usage of all material, financial and human resources.
- (A) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A)
 (B) Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A)
 (C) Assertion (A) is True but Reason (R) is False.
 (D) Assertion (A) is False but Reason (R) is True.
- Q28 Assertion (A):** Responsibility is derived from authority and accountability is derived from responsibility.
Reason(R): Responsibility is the obligation of a subordinate to properly perform the assigned duty, for which he/she has been delegated authority by his/her superior.
 Once authority has been delegated and responsibility accepted, one cannot deny accountability.
- A. Both Assertion (A) and Reason (R) are true.
 B. Both Assertion (A) and Reason (R) are false.
 C. Assertion (A) is true and Reason (R) is false.
 D. Assertion (A) is false and Reason (R) is true.



- Q29 Assertion (A):** A Functional Structure leads to occupational specialization since emphasis is placed on specific function.
Reason(R): This promotes efficiency in utilization of manpower as employees perform similar tasks within a department and are able to improve performance.
- (A) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A)
 (B) Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A)
 (C) Assertion (A) is True but Reason (R) is False.
 (D) Assertion (A) is False but Reason (R) is True.
- Q30 Assertion (A):** Responsibility always flows downwards from superior to subordinate.
Reason (R): Responsibility is the obligation of a subordinate to properly perform the assigned duty.
- (A) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A)
 (B) Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A)
 (C) Assertion (A) is True but Reason (R) is False.
 (D) Assertion (A) is False but Reason (R) is True.
- Q31 Assertion (A):** Decentralization has narrow scope as it is limited to superior and his immediate subordinate.
Reason (R): Decentralization is an optional policy decision and is done at the discretion of the top management.
- (A) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A)
 (B) Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A)
 (C) Assertion (A) is True but Reason (R) is False.
 (D) Assertion (A) is False but Reason (R) is True.
- Q32 Assertion (A):** Divisional Structure is suitable for those business enterprises where a large variety of products are manufactured using different productive resources.
Reason (R): It leads to minimal duplication of efforts which results in economies of scale and the lower cost.
- (A) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A)
 (B) Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A)
 (c) Assertion (A) is True but Reason (R) is False.
 (d) Assertion (A) is False but Reason (R) is True.



I SOURCE BASED /CASE BASED MCQ'S (33 – 35)

After completing a course in travel and tourism, Karan started his own travel agency. In order to ensure smooth functioning of his business, he decided to create fourteen job positions divided into four departments on the basis of functions namely, front office department including online queries, reservations department for airways, railways and roadways, accommodation booking department, and securing payments department. In order to avoid any interdepartmental conflicts he decides to specify clearly the lines of authority and areas of responsibility for each job position.

In the context of the above case answer the following questions:

- Q33 Name the steps in the process of management function being described in the above lines?
 (a) Identification and division of work
 (b) Departmentalisation
 (c) Establishing reporting relationship
 (d) All of the above
- Q34 Identify the type of framework created by Karan within which all managerial and operating tasks are to be performed in his organisation.
 (A) Divisional Organisation
 (B) Functional Organisation
 (C) Informal Organisation
 (D) None of the above
- Q35 This structure may lead to conflict of interests if two or more departments are not compatible.
 A. True
 B. False
 C. Partially True
 D. Partially False

I. SOURCE BASED/CASE BASED MCQ'S (36-40)

After a hiatus of more than one-and- a-half year due to corona virus outbreak, schools in Kerala are set to open in a staggered manner from November 1 starting with classes 1 to 7,10 and 12 and with due compliance to covid protocols. In this backdrop, all the KV schools of the state prepared themselves to welcome their students with utmost vigilance and in staggered manner. For this purpose all the activities to be taken care of were identified and different task groups were created like time table committee, cleaning committee, discipline committee and so on. Different teachers and sub staff were assigned duties and they were under the overall supervision of the Principal. Coordinating relationships were established among the various groups to enable smooth interaction and clarity of roles and necessary decision making power was given to all levels so that proper functioning of the school could take place hassle free.

- Q36 Identify the function of management highlighted above?
 (A) Controlling
 (B) Planning
 (C) Organising
 (D) Directing



- Q37 'For this purpose all the activities to be taken care of were identified and different task groups were created'.
Identify the step involved in the function of management identified in Q.no.36 highlighted in the above line.
(A) Identification and division of work
(B) Assignment of duties
(C) Departmentalisation
(D) Establishing reporting relationships
- Q38 '..... time table committee, cleaning committee, health committee, discipline committee and so on'.
Identify the step involved in the function of management identified in Q.no.36 highlighted in the above line.
(A) Identification and division of work
(B) Assignment of duties
(C) Departmentalisation
(D) Establishing reporting relationships
- Q39 'Different teachers and sub staff were assigned duties and they were under the overall supervision of the Principal.'
Identify the step involved in the function of management identified in Q.no.36 highlighted in the above line.
(A) Identification and division of work
(B) Assignment of duties
(C) Departmentalisation
(D) Establishing reporting relationships
- Q40 '.....and necessary decision making power was given to all levels so that proper functioning of the school could take place hassle free.'
Identify the concept of management highlighted above?
(A) Delegation
(B) Centralisation
(C) Decentralisation
(D) Span of management

ANSWER KEY

1	B	11	A	21	A	31	D
2	C	12	C	22	B	32	C
3	A	13	A	23	C	33	D
4	B	14	C	24	A	34	B
5	B	15	A	25	D	35	A
6	C	16	B	26	A	36	C
7	D	17	B	27	B	37	A
8	C	18	C	28	A	38	C
9	B	19	D	29	A	39	B
10	A	20	B	30	D	40	C

CHAPTER 6

MARKETING MANAGEMENT

Market in modern sense - Refers to the aggregate potential demand for a product or service.

Marketing – Marketing can be defined as an exchange transaction between buyer and seller. All activities connected with transfer of goods and services from the producer to the consumer come within the purview of marketing. They include production, transportation, storage, advertising etc. Though selling and sales promotion are integral part of marketing, **marketing is a broader term and is concerned with the identification of needs and wants of consumers and finding out ways and means for satisfying them.**

According to Philip Kotler – “Marketing is a social process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging products and services of value with others.”

Features of marketing: -



1. **Needs and Wants** – Marketing process helps the people in getting what they want. The focus of marketing is on the satisfaction of their needs and wants. A marketer’s job is to identify the needs of consumers and develop products or services accordingly.
2. **Creating a market offering** – Market offering means a complete offer of a product or service. While offering products to customers, it should include the features like size, quality, taste, price, availability etc.
3. **Customer value** – Consumer buys a product based on its value to satisfy their need. So, the marketer should always add value to his products, so that the customer prefers it.
4. **Exchange Mechanism** – It refers to a process through which two or more parties come together to obtain the desired product or service from someone, in return making a payment to the other. Essential conditions in exchange mechanism are as follows:
 - a. Two parties – buyer and seller.
 - b. Offering something – Seller offer a product and the buyer, money.
 - c. Ability to communicate – Each party should communicate and deliver the product or service.
 - d. Freedom – Each party has the freedom to accept or reject the offer.

- e. Voluntary – Acceptance or rejection of the offer must not be on compulsion.

Marketing concepts (Marketing management philosophies)



Philosophies	Production concept	Product concept	Selling concept	Marketing concept	Societal marketing concept
Basis	Production concept	Product concept	Selling concept	Marketing concept	Societal marketing concept
Starting point	Factory	Factory	Factory	Market	Market, Society
Focus	Quantity	Quality	Existing product	Customer needs	Customer needs and welfare of society
Means	Availability of products and affordable prices	Product improvement through better quality	Selling and promotional measures	Integrated marketing (Selling of satisfaction rather selling a product)	Integrated marketing
Ends	Profit through volume of production	Profit through quality products	Profit through sales volume	Profit through customer satisfaction	Profit through customer satisfaction and welfare of society

Functions of marketing

- Gathering and analyzing market information** – This will help to identify the needs of customers and can take vital decisions. It is highly useful for **analyzing opportunities, threats, strength and weakness of the firm.**



2. **Marketing plan** – A proper marketing plan should be **developed to achieve the marketing objectives of the firm**. E.g., to increase the market share of a product in next one year by 20%.
3. **Product designing and development** – The product should be **developed and designed to meet the customer needs**. Marketing department should always be on the look out to make necessary changes in the product such as packing, price, size, colour, shape and design.
4. **Standardization and grading** – **Standardization** refers to producing goods in **predetermined standards such as quality, price, packaging** etc. which ensures uniformity and consistency. So that buyers need not inspect, test and evaluate such goods in their future purchases.

Grading is the process of **classifying products into different classes on the basis of quality, size, weight etc.** It is needed in agricultural products. This helps in realizing higher price for better quality.

5. **Packaging and Labelling** – **Package is a container or a wrapper or a box** in which a product is enclosed. It is done for protecting the goods from damage in transit and storage, now a days it is also used to establish the brand. **Labelling refers to designing and developing the label to be put on the package to give the specifications of the product in the package.**
6. **Branding** – It is the process of **giving a name or symbol** to a product for identifying and differentiating it from the products of competitors. E.g., BMW, TATA, JIO, Pears, Coco-cola etc.
7. **Customer support service** – **These are after sales services, handling customer complaints, maintenance services, technical services and customer information.** All these will provide maximum satisfaction to the customers.
8. **Pricing** – Price of a product means the **amount of money that have to pay to obtain a product**. A sound pricing policy is an important factor for selling the products to customers. The pricing policy of a firm should attract all types of customers.
9. **Promotion** – It means **informing the customers about the firm's products and persuading them to buy these products**. Promotion techniques include advertising, personal selling, sales promotion and publicity.
10. **Physical distribution** – **It involves planning, implementing and controlling the flow of materials and finished goods** from the origin to the point of use to meet the customer requirement at a profit. A suitable distribution channel must be selected by the marketing management in this regard.
11. **Transportation** - It is an integral part of marketing as it helps in making available the product at the terminal point of consumption.
12. **Storage or warehousing** – Goods are produced in anticipation of future demand. They have to be stored properly in warehouses to protect them from damages.



Marketing mix

It is the term used to describe **the combination of four inputs/variables/various ingredients which constitute the core of the company's marketing system**, the product, the price structure, the promotional activities and the place of distribution. It is also known as four 'Ps' of marketing mix, namely **Product, Price, Place (distribution) and Promotion**.

Elements of marketing mix

1. PRODUCT – Product means goods or services or anything of value which is offered for sale in the market It is the most important component of marketing mix, which involves planning, developing and producing the right type of goods and services needed by the consumer.

Branding

It refers to the process of giving a name or sign or a symbol to a product for identifying and distinguishing it from competitors. E.g., Titan, Audi, Bata, Lifebuoy, Pears etc.

Terms related to branding:

- a. **Generic name** – It means the name of whole class of a product. E.g., soap, book, pen, camera, paracetamol etc.
- b. **Brand** – It is a name, term, symbol or design to identify the goods or services. E.g., Pears, Classmate, Reynolds, Canon etc.
- c. **Brand name** – It is a part of the brand consisting of a word, letter or group of these that can be pronounced. E.g., Lux, Reynolds etc.
- d. **Brand mark** – It is a part of brand that appears as a symbol, design, picture etc. which cannot be pronounced. E.g., symbol of LIC, emblem of SBI etc.
- e. **Trade mark** – It is the legal version of a brand. It is a brand name or brand mark registered with legal authorities. Once it is registered it is legally protected and others cannot use this as a duplicate.

Packaging

It refers to the designing and producing the container or wrapper of a product. It has an important role in the marketing success or failure of a product.

Levels of packaging

- 1. Primary packaging** – The immediate container of a product is called primary packet. e.g., the plastic cover of a shirt, tube for shaving cream, tooth paste etc. and a bottle for horlicks.
- 2. Secondary packaging** – It gives an additional protection for the product. E.g., the cardboard box for a toothpaste tube.
- 3. Transportation packing** – It is a further packaging of products for helping in storage and transportation. E.g., a toothpaste manufacturer may send the goods to the retailers in a large box containing 100 pieces.



Labelling

Labelling refers to the designing and developing the label to be put on the package. It may be attached to the product and carries information about the product and the producer in the form of a tag, sticker etc.

2 PRICE

Pricing – Price of a product is the amount of money paid by the buyer (or received by the seller) in consideration of purchase of a product or service. Pricing is the function of determining product value in terms of money before it is offered to consumers for sale. A good pricing policy enables a firm to achieve maximum sales revenue.

Factors affecting price determination

1. **Product cost** – It includes cost of production, selling and distribution expenses. While fixing prices for the products or service, a margin of profit over the cost should be considered. The cost of a product consists of the following:
 - a. **Fixed cost** – do not vary with the volume of production. E.g., Rent, salary, insurance etc.
 - b. **Variable cost** – Cost which varies based on the volume of production. E.g., raw material cost, labour cost, power etc.
 - c. **Semi-variable cost** – Cost which varies with the level of production, but not in direct proportion. E.g., Commission to a salesman beyond a particular level.
2. **Utility and demand** – Pricing is affected by the elasticity of demand. In case of inelastic demand, a firm can fix a higher price and vice versa.
3. **Extent of competition** – If there is no competition in the market, a firm can fix the price for its product by its own, and they are the price makers. If the competition is very high in the market, the price should be fixed by considering the price of competitors, and they become the price takers.
4. **Government and legal regulations** – The prices of certain products are regulated by government. E.g., cement, sugar, etc.
5. **Pricing objectives** – If the firm wants to maximize profit in short run, it would charge high price and if it wants to capture maximum market share for its products, it would charge only a low price. Some pricing objectives are:
 - a. To Obtain market share leadership
 - b. To Survive in a competitive market
 - c. To Attain product *quality* leadership (high prices may be charged for maintaining high quality)

Marketing methods used – Price fixation is also affected by various elements like distribution system, advertising, sales promotion, type of packaging, credit facilities, after sales services, guarantee etc.

3. PLACE (PHYSICAL DISTRIBUTION)

In order to ensure availability of products at the right Place, two factors require consideration; they are Channel of distribution and Physical distribution.

A. Channels of distribution

The path taken by the goods in their movement from the producer to the consumer is referred to as the channel of distribution.

B. Physical movement / physical distribution

Physical distribution involves the handling and movement of goods from production centre to the place of consumption.

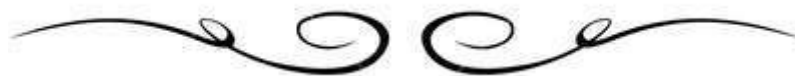
4. PROMOTION

All activities connected with informing and persuading the customers are collectively known as promotion mix. It includes Advertising, Personal selling, Sales promotion and Publicity.

- 1. Advertising** - Advertising is any paid form of non-personal presentation and promotion of ideas, goods or service of an identified sponsor. The message which is presented or disseminated is known as advertisement.
- 2. Personal Selling** - It implies a face-to-face contact or conversation between seller and buyer by which the consumers will be motivated to purchase the products.
- 3. Sales Promotion** – It refers to short-term activities, which are aimed at promoting sales such as rebates, discounts, free gifts, contests, refunds, premium etc.
- 4. Public Relations**

Public relation can be defined as publicity through media which is very important in present day business. It is ranked second after personal selling in promotional mix. Since they can be used very effectively to reach the most influential people, this is considered as an effective tool for promotion.

Public relations tools: News, Speeches, Events, Written materials, Public service activities etc.





MULTIPLE CHOICE QUESTIONS (MCQ'S)

- Q1** Out of the options given below which of the functions can be considered as the function of marketing?
- (a) Gathering and analysing market information
 - (b) Market planning
 - (c) Standardisation and Grading
 - (d) All of the above
- Q2** Marketing can be best understood as
- (a) pre-production activity.
 - (b) post production activity.
 - (c) pre & post production activity
 - (d) selling activity
- Q3** Which element of marketing mix include assortment/variety of product:
- (a) Product Mix
 - (b) Price Mix
 - (c) Place Mix
 - (d) Promotion Mix
- Q4** Which element of marketing mix covers customer support services?
- (a) Product
 - (b) Price
 - (c) Place
 - (d) Promotion
- Q5** The concept which focuses on Intensive promotion is called
- (a) production concept.
 - (b) product concept.
 - (c) marketing concept.
 - (d) Selling concept
- Q6** Which among the following marketing concept can be considered as an extension of marketing concept?
- (a) Product concept
 - (b) Societal marketing concept
 - (c) Production concept
 - (d) Selling concept



Q7 Which among the following refers to the process of classification of products into different groups on the basis of their quality and characteristics

- (a) Grading
- (b) Standardisation
- (c) Product designing
- (d) Product planning

Q8 Match the various 'Levels of Packaging' in Column-I with their respective examples in Column-II:

Column-I		Column-II	
(a)	Primary Packaging	(i)	A big card board box which is containing say 100 units of Tooth paste.
(b)	Secondary Packaging	(ii)	A Tooth paste tube.
(c)	Transportation Packaging	(iii)	A card board box of Tooth paste.

- (a) (i), (iii), (ii)
- (b) (ii), (iii), (i)
- (c) (iii), (ii), (i)
- (d) (iii), (i), (ii)

Q9 Mr Sundaram, the marketing manager of Super plastics wanted to expand his business. He started to frame a specific plan for increasing the level of production, promotion of his products and finding out the target groups. Name the function of marketing which he is engaged at

- (a) Promotion
- (b) Branding
- (c) Physical distribution
- (d) Market planning

Q10 A major decision area under one of the functions of marketing is the decision regarding marketing intermediaries to be used. Name the function.

- (a) Physical Distribution
- (b) Gathering and analysing market information
- (c) Promotion
- (d) Transportation



Q11 A person feeling hungry may get food by offering to give money or some other product or service in return to someone who is willing to accept the same for food. The important feature of marketing illustrated above is:

- (a) Exchange mechanism
- (b) Customer value
- (c) Creating a market offering
- (d) Needs and wants

Q12 Traditional trade or Kirana stores constitute 90% of the FMCG (fast moving consumer goods) business in India. HUL is the market leader in FMCG with over 60 lakh outlets. According to industry estimates, Patanjali products are currently available in two lakh traditional retail outlets. ‘Availability of the product’ is the single largest driver of FMCG sales. A Shopper research suggests that 30%-40% consumers shift preference if their favourite brand is not available at the store.

In the context of above case: identify the component of marketing mix being discussed

- a) Product
- b) Price
- c) Place
- d) Promotion

Q13 In today’s world, through social media, news spread in a flash. Moreover, if it is bad news, it acquires a speed that is virtually impossible to stop. Hence, all corporates are more susceptible to a tarnished image today than in any other day and age. The loss of goodwill may lead to decreased revenue, loss of clients or suppliers and fall in market share. Over the years, therefore, most of the companies have set up a separate department to manage the public opinions about them. The department works in close coordination with the various interest groups like consumers, government, suppliers etc. and strives to handle effectively if any controversies arise.

In the context of above case: identify the element of promotion mix being referred to

- a) Sales Promotion
- b) Advertising
- c) Personal selling
- d) Public Relations

Q14 ‘Shudh Hava Ltd/ is engaged in manufacturing of air conditioners and desert coolers. The company offers a wide range of products to meet the requirements of people from varied income groups. Recently the company has developed a new product, an air purifier that improves the quality of air by filtering out all allergens and microbes. The company introduced the product on two variants namely ‘Nano Tech’ and ‘Nano Tech Premium’. In order to persuade people to buy the product it is offering easy payment options in equal monthly instalments for different time periods. Moreover, every buyer will be offered ‘scratch a card’ option to win instant gifts like decorative items, T-shirts etc. The company is also planning to organise competitive events based on skill and luck in various malls in

different cities. Name the ‘type of promotion strategy’ adopted by the company to boost the sales of air purifiers in the context of Sales Promotion.

- a) Advertising
- b) Personal selling
- c) Sales Promotion
- d) above case

Q15 As soon as Coca Cola reduced its selling price on 2Ltr Bottle to Rs75, soon Pepsi followed with a price reduction in its selling price and priced its 2Ltr bottle at Rs 74.50 .Which factor of Pricing is being discussed here?

- (a) Utility and demand
- (b) Extent of completion in the market
- (c) Marketing Methods used
- (d) Pricing objectives.

Q16 Brooke Bond’s Red label, Green Label, and Yellow label is the best example of :

- (a) Labelling
- (b) Branding
- (c) Grading
- (d) None of these

Q17 Identify the component of promotion mix being described in the given exhibit?



- (a) Advertising
- (b) Sales Promotion
- (c) Public relation
- (d) Personal selling

Q18 “Coconut Joy Ltd.” are the manufacturer of vegetarian frozen dessert food products made with coconut milk, agave syrup and other certified ingredients. The founders of the company Lovely and Lalita originally developed this treat to meet their own needs but found that their friends and families around were also keen to use the products. It was not only the vegetarians, but also those who could not get enough environment friendly sustainable food, that appreciated the product. It did not take long for Lovely and Lalita to recognise the potential of their little venture. In the beginning they started from their home with the product being sold through local family parties that enable guests to personally meet the owner. This helped to establish strong connections with the prospective buyers and the company could put the product on shelves of natural food store. The company used* all marketing activities to grow and expand. The company began sponsoring booths at festivals, drawing attention to its newly created vegetarian products. It also disseminated relevant information to media about its products and the people who helped in building the



company's reputation. Lovely and Lalita were invited for an interview with one of the leading TV channels in which they talked about their environment friendly vegetarian products. To show its gratitude to customers, local business and government officials who supported the company from the beginning, "Coconut Joy Ltd." hosted a gala event and involved all of them to raise funds for a few local NGO's. The company also asked its fans and customers to send songs and poetry conveying their impression about "Coconut 'Joy's Ltd." products.

Identify the communication tool used by "Coconut Joy Ltd".

- a) Sales promotion
- b) Advertising
- c) Personal selling
- d) Public Relations

Q19 Madhuri refused to buy an insulated lunch box for ₹1200 as she felt that the real worth of the product was much less than its monetary value. Identify the factor related to pricing decision being described in the given case.

- (a) Cost of the product
- (b) The utility and demand
- (c) Government and legal regulations
- (d) Pricing objectives

Q20 A salesman of a company dealing in pet foods is paid a fixed salary of ₹20000 per month and furthermore, ₹20 extra per unit of the product sold beyond the target sales. Identify the type of cost being described in the given example.

- (a) Fixed cost
- (b) Variable cost
- (c) Semi-variable cost
- (d) None of the above

Q21 Under which of the following situations is a company not likely to fix a lower price for its product?

- (a) When the competition has introduced a substitute product
- (b) If the demand for a product is inelastic
- (c) When the company wants to attain market share leadership
- (d) When the demand for the product is low



- Q22** Which of the following statements is not true with regard to the concept of product?
- (a) It is a bundle of utility.
 - (b) It is a source of satisfaction.
 - (c) It is confined to physical product.
 - (d) All of the above.
- Q23** The package of KRM Rava 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:
- (a) Describing the product and specifies its contents .’
 - (b) Identification of the Product or Brand.
 - (c) Helps in promotion of Product
 - (d) Providing information required by law.

ASSERTION –REASONING BASED (MCQs)

There are two statements marked as **Assertion (A)** and **Reason(R)**. Read the statements and choose the appropriate option from the options given below;

- (e) **Both Assertion (A) and Reason(R) are true and Reason (R) is correct explanation of Assertion (A)**
 - (f) **Both Assertion (A) and Reason(R) are true but Reason (R) is not the correct explanation of Assertion (A)**
 - (g) **Assertion (A) is true but Reason(R) is false**
 - (h) **Assertion (A) is false but Reason(R) is true**
- Q24** **Assertion (A)** : Market is a meeting place of both buyer and seller for exchange of goods and service.
- Reason (R)** : It provides the buyer to choose and procure its desired products from alternative options available at a single place.
- Q25** **Assertion (A)** :Marketing is regarded as an exchange of goods and services for money or money’s worth.
- Reason (R)** :Such exchange is considered as the essence of marketing.
- Q26** **Assertion(A)** : Only a product or service can be marketed
Reason (R) : Anything that is of value for others can be marketed
- Q27** **Assertion (A)** : Personal selling reaches limited people
Reason (R): Personal selling is highly flexible as message can be adjusted



Q28 Assertion (A) : Most marketing organisations undertake various promotional activities and spend substantial amount of money on the promotion of their goods through using number of tools such as advertising, personal selling and sales promotion techniques.

Reason (R) : The success of a market offer will depend upon how well these ingredients are mixed to create superior value for the customers and simultaneously achieve their sale and profit objectives

Q29 Assertion (A): Advertising is economical as compared to other promotional strategies

Reason (R): The total advertising cost is spread over a large number of people

Q30 Assertion (A) : Maggie (Noodles) extended this name to many of its new products introduced such as Tomato Ketchup, soups etc.

Reason (R): Labelling helps in the promotion of products.

Q31 Assertion (A) : The job of a Marketer is to add value of the product so that customer prefers it I relation to the competing products and decides to purchase it.

Reason (R): A product will be purchased only if it is perceived to be giving greatest benefit for the money.

Q32 Assertion (A): Marketing adds value to the product by storing it from the time of its manufacturing to the time it is needed.

Reason (R): It is a place utility. In order to have value, an item must be in the right place at the right time with the right people.

SOURCE BASED /CASE STUDY BASED MCQ'S (33-40)

I Read the paragraph given below and answer the following questions:

The Marketing Manager, Ms Sunitha Sharma of Global Ltd was not satisfied with the Marketing philosophy implemented in her company. She examined several marketing philosophies trying out each concept

First of all, she prepared a large-scale production plan. She believed that economies of production would be obtained from the large-scale production. It would reduce the cost per unit and by fixing a balanced price she would be able to attract customers to her side. But this idea did not work out

Afterwards, she thought that she would be able to attract a lot of new customers when the emphasis of the company shall be shifted from quantity of production to quality of products. But this view also did not succeed

Highly dissatisfied Ms Sunitha again changed her view. Now the basis of her thinking was that 'If the goods are not bought but they have to be sold'. In order to give a practical shape to this thinking she took the help of aggressive selling techniques, but once again it did not serve the purpose.

Finally, she focused her attention on 'Consumer satisfaction and social welfare'. This Marketing Philosophy gave her full success.

Q33 Identify the Marketing Philosophy under which the emphasis is laid on large-scale production:

(a) Production philosophy

(b) Product philosophy



- (c) Selling philosophy
- (d) Social marketing philosophy

Q34 Identify the Marketing Philosophy out of the following which contains the essence of Quality Production:

- (a) Production philosophy
- (b) Product philosophy
- (c) Selling philosophy
- (d) Societal marketing philosophy

Q35 At last, the Marketing Manager focused her attention on ‘Consumer satisfaction and social welfare’ and he succeeded. Identify the Marketing Philosophy used here:

- (a) Marketing philosophy
- (b) Selling philosophy
- (c) Societal Marketing philosophy
- (d) None of the above

SOURCE BASED/CASE STUDY BASED MCQ'S

II Read the paragraph given below and answer the following questions:

Mr. Ravi Prakash is a business man. He decided to start a new venture of recycling of paper and use recycled paper for making notes books, register and other paper related stationery product. In order to increase sale in short term he decided to give special discount to his first 1,000 customers. To capture large share of market he decided to appoint Sales-men who will visit offices, schools and residential areas to convince prospective buyers through personalized presentation. In order to cut the cost of production he decided to produce stationery on large scale. In order to establish good image among the public in large he decided to tell public about his “GREEN INITIATIVES” In his previous ventures.

Q36 “In order to increase sale in short term he decided to give special discount to his first 1,000 customers”. This is an example of :

- a) Advertisement.
- b) Personal selling.
- c) Sales Promotion.
- d) Public Relation

Q37 “To capture large share of market he decided to appoint Sales-men who will visit offices, schools and residential areas to convince prospective buyers through personalized presentation”. Which tool of promotion is used by Ravi here?

- a) Advertisement.
- b) Personal selling.
- c) Sales Promotion.
- d) Public Relation.



- Q38** “In order to establish good image among the public in large he decided to tell public about his “GREEN INITIATIVES” In his previous ventures.” This statement reflects which element of promotion mix?
- a) Advertisement.
 - b) Personal selling.
 - c) Sales Promotion.
 - d) Public Relation.
- Q39** Which method of Promotion is ignored by Mr. Ravi Prakash?
- a) Advertisement.
 - b) Personal selling.
 - c) Sales Promotion.
 - d) Public Relation
- Q40** “In order to cut the cost of production he decided to produce stationery on large scale”. Identify the marketing Philosophy adopted by Mr.Ravi Prakash in his business.
- a) Marketing philosophy
 - b) Selling philosophy
 - c) Production Philosophy
 - d) None of the above

ANSWER KEY

Q1	D	Q11	A	Q21	B	Q31	A
Q2	C	Q12	C	Q22	C	Q32	B
Q3	A	Q13	D	Q23	A	Q33	A
Q4	C	Q14	C	Q24	A	Q34	B
Q5	D	Q15	B	Q25	B	Q35	C
Q6	B	Q16	C	Q26	D	Q36	C
Q7	A	Q17	B	Q27	B	Q37	B
Q8	B	Q18	D	Q28	A	Q38	D
Q9	D	Q19	B	Q29	A	Q39	A
Q10	A	Q20	C	Q30	B	Q40	C

**CBSE SAMPLE PAPER***(Courtesy : www.cbse.nic.in)*

	<p style="text-align: center;">Sample Question Paper 2021-22Term 1</p> <p style="text-align: center;">Subject: Business Studies</p> <p>Time: 90 minutes Max. Marks: 40</p>
	<p>General instructions:</p> <ol style="list-style-type: none">1. The Question Paper contains 3 sections.2. Section A has 24 questions. Attempt any 20 questions.3. Section B has 24 questions. Attempt any 20 questions.4. Section C has 12 questions. Attempt any 10 questions.5. All questions carry equal marks.6. There is NO negative marking.
	Section - A
1.	<p>“What distinguishes a successful manager from a less successful one is the ability to put the principles into practice.” Which aspect of the nature of management is highlighted in the above statement?</p> <p>a) Management as a science b) Management as an art c) Management as a profession d) Management is an intangible force.</p>
2.	<p>_____ provides a rational approach for setting objectives and developing appropriate courses of action for achieving predetermined objectives.</p> <p>(a) Directing (b) Staffing (c) Planning (d) Controlling</p>



3.	<p>Marketing mix is the set of _____ that the firm uses to pursue its marketing objectives in the target market.</p> <p>(a) Production tools</p> <p>(b) Promotional tools</p> <p>(c) Marketing tools</p> <p>(d) Selling tools</p>
4.	<p>Which level of management is responsible for the welfare and survival of the organisation?</p> <p>(a) Top level of management</p> <p>(b) Middle level of management</p> <p>(c) Supervisory level</p> <p>(d) Both (b) and (c)</p>
5.	<p>Name the principle of management given by Fayol which when applied would mean that the workers and management both honour their commitments without any prejudice towards one another.</p> <p>(a) Discipline</p> <p>(b) Mental Revolution</p> <p>(c) Remuneration of employees</p> <p>(d) Scalar chain</p>
6.	<p>A brand or part of the brand that is given legal protection is called _____</p> <p>(a) Brand Mark</p> <p>(b) Trademark</p> <p>(c) Brand</p> <p>(d) Brand name</p>
7.	<p>Identify the dimension of the characteristic of management- “it is multidimensional”, which specifies that the task of management is to make the strengths of human resources effective and their weaknesses irrelevant towards achieving the organisation's objectives.</p> <p>(a) Management of work</p> <p>(b) Management of people</p> <p>(c) Management of operations</p> <p>(d) Management of goals</p>



8.	<p>involves a variety of programmes designed to promote and protect a company's image and its individual products in the eyes of the public.</p> <p>(a) Advertising (b) Personal selling (c) Publicity (d) Public relations</p>
9.	<p>Which type of organisational structure will you suggest for a firm which has diversified activities and operations requiring a high degree of specialisation ?</p> <p>(a) Centralised structure (b) Decentralised Structure (c) Divisional structure (d) Functional structure</p>
10.	<p>“Changes or events cannot be eliminated but they can be anticipated and managerial responses to them can be developed.” is suggested by the following importance of planning:</p> <p>(a) Planning facilitates decision making (b) Planning promotes innovative ideas (c) Planning provides direction (d) Planning reduces the risks of uncertainty.</p>
11.	<p>“Grouping similar nature jobs into larger units called departments” is the step in the process of one of the functions of management. Identify the function of management.</p> <p>(a) Planning (b) Organising (c) Directing (d) Staffing</p>
12	<p>The Statement “Planning is a primary function”, suggests that.....</p> <p>(a) Planning precedes other functions (b) Planning requires logical and systematic thinking (c) Plan is framed, it is implemented, and is followed by another plan, and so on (d) Planning is required at all levels of management as well as in all departments of the organisation.</p>



13	<p>A major decision area under one of the functions of marketing is the decision regarding marketing intermediaries to be used. Name the function.</p> <p>(a) Physical Distribution (b) Gathering and analysing market information (c) Promotion (d) Transportation</p>
14.	<p>“The nature of the relationship of our country with foreign countries”, is a major element of which of the following components of the Business Environment?</p> <p>(a) Social Environment (b) Legal Environment (c) Political Environment (d) Economic Environment</p>
15.	<p>Which of the following statements is incorrect?</p> <p>(a) Marketing is a social process (b) Focus of the marketing activities is on customer needs (c) Marketing is merely a post production activity. (d) Marketing mix is a wider term than product mix.</p>
16.	<p>Planning is closely connected with _____ and _____</p> <p>(a) Responsibility and accountability (b) Delegation and decentralization (c) Stability and security (d) Creativity and innovation</p>
17.	<p>_____ is an important function of marketing which is important not only for protection of the product but also serves as a promotional tool.</p> <p>(a) Grading (b) Labeling (c) Packaging (d) Branding</p>



18.	<p>As part of regulations to be followed by advertisers, the advertisement for a new brand of baby food for infants provides important information for potential buyers that it is “Not recommended for infants under the age of four months”. Which dimension of the business environment is highlighted in the above statement?</p> <p>(a) Social Environment (b) Legal Environment (c) Political Environment (d) Economic Environment</p>
19.	<p>The principle of management given by Fayol which aims at preventing overlapping of activities is:</p> <p>(a) Division of work (b) Unity of Command (c) Unity of Direction (d) Order</p>
20.	<p>_____ ensures that the subordinate performs tasks on behalf of the manager thereby reducing his workload and providing him with more time to concentrate on important matters.</p> <p>(a) Decentralization (b) Delegation of authority (c) Authority (d) Accountability</p>
21.	<p>_____ is a process of classification of products into different groups on the basis of some important characteristics such as quality, size, etc.</p> <p>(a) Standardization (b) Grading (c) Product Development (d) Selling</p>
22.	<p>The sum total of all individuals, institutions and other forces that are outside the control of a business enterprise but that may affect its performance is known as</p> <p>(a) Business environment (b) Social environment (c) Political environment (d) Economic environment.</p>



23	<p>Name the concept that refers to the number of subordinates that can be effectively managed by a superior and determines the number of levels of management in the organisation.</p> <p>(a) Organisation structure</p> <p>(b) Span of management</p> <p>(c) Hierarchy of authority</p> <p>(d) Delegation of Authority</p>
24	<p>Taylor believed that there was only one best method to maximise efficiency. This method can be developed through study and analysis. Identify the principle of Scientific management being discussed above:</p> <p>a) Harmony not discord</p> <p>b) Science not rule of thumb</p> <p>c) Development of each and every person to his or her greatest efficiency and prosperity</p> <p>d) Cooperation not individualism</p>
Section -B	
25.	<p>India has launched its most advanced Geo-imaging satellite which will allow better monitoring of the subcontinent, including its borders with neighbouring countries, by imaging the country 4-5 times a day. The satellite is capable of near real time monitoring of floods and cyclones. The factor constituting the Business Environment being discussed above is:</p> <p>(a) Social environment</p> <p>(b) Economic environment</p> <p>(c) Technological environment</p> <p>(d) Political environment</p>
26.	<p>Which step in the process of planning will precede the step in which the manager is required to make certain assumptions about the future, which are the base material upon which the plans are drawn.</p> <p>(a) Implementing the plan</p> <p>(b) Identifying alternative courses of action</p> <p>(c) Setting objectives</p> <p>(d) Selecting an alternative.</p>
27	<p>“Availability and affordability of the product were considered to be the key to the success of a firm.” Identify the concept of marketing management highlighted by this statement.</p> <p>(a) Production concept</p> <p>(b) Product Concept</p> <p>(c) Societal concept</p> <p>(d) Marketing Concept</p>



28.	<p>Aiming to revive Jammu and Kashmir's attraction as a top location for film shooting the J&K film policy, 2021 offers a host of incentives to the filmmakers, such as subsidies and low long term interest rates, for films with patriotic and certain other themes shot in J&K, for giving work opportunities to local artistes, etc. This will have an impact on business enterprises in the state. Which component of business environment is highlighted above:</p> <p>(a) Specific and general forces</p> <p>(b) Technological environment</p> <p>(c) Economic environment</p> <p>(d) Totality of external forces</p>
29	<p>The Topper group is looking to make a foray into manufacturing of semiconductors and it has set up a business to seize the business opportunity and add to its prospects in the long run. The company has already pivoted into a number of new projects like electronics, 5G network equipment, as well as semiconductors. Which economic objective of management does the business seek to fulfill?:</p> <p>(a) Survival</p> <p>(b) Growth</p> <p>(c) Profit</p> <p>(d) Efficiency</p>
30.	<p>Product cost sets the lower limits of the price, the utility provided by the product and the intensity of demand of the buyers sets the upper limit. So, in case of inelastic demand, total revenue.....when price increases</p> <p>(a) Rises</p> <p>(b) Falls</p> <p>(c) Constant</p> <p>(d) Both (a) and (b)</p>
31.	<p>“A manager in a conscious manner has to ensure that even where members of a department willingly cooperate, coordination gives direction to the willing spirit.”The characteristic of coordination being highlighted above is :</p> <p>(a) Coordination is the responsibility of all managers.</p> <p>(b) Coordination is a deliberate function.</p> <p>(c) Coordination integrates group efforts.</p> <p>(d) Coordination is a continuous process</p>



32	<p>For the following two statements choose the correct option:</p> <p>Statement I: Accountability can be delegated</p> <p>Statement II: Responsibility can be delegated completely</p> <p>Choose the correct option from the options given below:</p> <p>(a) Statement I is correct and II is wrong</p> <p>(b) Statement II is correct and I is wrong</p> <p>(c) Both the statements are correct</p> <p>(d) Both the statements are incorrect</p>
33	<p>The CEO of Radhe Cycles Pvt Ltd. Mr. Kumar wants to get maximum output from the employees at a competitive cost. On the other hand Ramakaant, an employee of the company wants to get the maximum salary while working the least. The Principle of management given by Fayol being violated by Ramakaant is -----.</p> <p>(a) Remuneration</p> <p>(b) Equity</p> <p>(c) Discipline</p> <p>(d) Subordination of individual interest to general interest.</p>
34	<p>Arrange the following steps in the process of organising in the correct sequence:</p> <p>(a) Assignment of duties</p> <p>(b) Departmentalisation</p> <p>(c) Identification and division of work</p> <p>(d) Establishing reporting relationship</p> <p>Choose the correct option:</p> <p>(a) (a) ; (b) ; (d); (c)</p> <p>(b) (c) ; (b) ; (a); (d)</p> <p>(c) (c) ; (b) ; (d); (a)</p> <p>(d) (b) ; (c) ; (a); (d)</p>



35	<p>The production department at Karishmaa Ltd, a firm manufacturing readymade garments for men has an objective to increase production by 10% but the Sales department does not approve of the increase in production, till changes are brought about in the product to incorporate latest fashion. These kinds of conflicts bring to light the following importance of the force that can help to accomplish the linking of activities of various departments:</p> <p>(a) Growth in size (b) Functional differentiation. (c) Specialization (d) Efficiency</p>
36	<p>Planning requires logical and systematic thinking rather than guess work. The feature of planning being referred to in the above statement is:</p> <p>(a) Planning is a continuous process (b) Planning is futuristic (c) Planning is pervasive (d) Planning is a mental exercise</p>
37	<p>Silico Ltd. has appointed the former Consulting executive of Shri Shakti Ltd. Rajan Bahl as its Vice President. What will be his basic task?</p> <p>(a) To integrate diverse elements and coordinate activities of different departments. (b) To carry out plans formulated by top managers. (c) To oversee the efforts of the workforce. (d) Help to maintain quality of output.</p>
38	<p>The marketing management philosophy which is based on the premise that any activity which satisfies human needs but does not pay attention to the ethical and ecological aspects of marketing cannot be justified is known as:</p> <p>(a) Marketing concept (b) Societal marketing concept (c) Production concept (d) Product concept</p>



39	<p>Ravi joined a marketing firm as a Sales manager. On his first day in the company, during the orientation programme, the CEO of the company told Ravi that he will have to simultaneously perform the functions of management (planning, organising, staffing, directing, controlling) all the time. Which characteristic of management was the CEO referring to?</p> <p>(a) Management is a continuous process</p> <p>(b) Management is all pervasive</p> <p>(c) Management is multidimensional</p> <p>(d) Management is goal oriented</p>
40	<p>Unlike professions such as medicine or law which require a practising doctor or lawyer to possess valid degrees, nowhere in the world is it mandatory for a manager to possess any such professional degree. Identify the characteristic of the profession being discussed above which is not being strictly met by management.</p> <p>(a) Well defined body of knowledge</p> <p>(b) Restricted Entry</p> <p>(c) Professional Association</p> <p>(d) Ethical code of conduct</p>
41	<p>“Following a pre-decided plan, when circumstances have changed, may not turn out to be in the organisation's interest.” The limitation of planning being referred to in the above statement is.....</p> <p>(a) Planning does not guarantee success</p> <p>(b) Planning may not work in a dynamic environment</p> <p>(c) Planning leads to rigidity</p> <p>(d) Planning is a time consuming process.</p>
42	<p>The technique of Scientific Management given by Taylor, which aims to establish interchangeability of manufactured parts and products is</p> <p>(a) Method Study</p> <p>(b) Motion study</p> <p>(c) Standardization</p> <p>(d) Differential Piece wage system.</p>



43	<p>For the following two statements choose the correct option: Statement I: Advertising is an impersonal form of communicationStatement II: Advertising lacks direct feedback Choose the correct option from the options given below:</p> <p>(a) Statement I is correct and II is wrong (b) Statement II is correct and I is wrong (c) Both the statements are correct (d) Both the statements are incorrect</p>
44	<p>KTX Group is rolling out an initiative to help create wealth for its employees through the implementation of Employee Stock option. Through motivation and leadership the management will help individuals to develop team spirit, cooperation and commitment to the success of the group. The following importance of management is highlighted above:</p> <p>(a) Management helps in achieving personal objectives (b) Management helps in the development of society (c) Management creates a dynamic organisation (d) Management increases efficiency</p>
45	<p>If there is a plan to increase production then more labour, more machinery will be required. This step in the process of planning will involve organising for labour and purchase of machinery. Identify the step in the planning process being discussed above.</p> <p>(a) Identifying alternative courses of action (b) Setting objectives (c) Selecting an alternative (d) Implementing the plan</p>
46	<p>Taylor proposed eight specialists from whom each worker will have to take orders from as part of the technique of Functional Foremanship specified by him. Those with technical, mastery, intelligence and grit may be given----- work. Those with energy and good health may be assigned work.</p> <p>(a) Planning, Execution (b) Execution, Planning (c) Production, Planning (d) Implementation, Production</p>



47	<p>A person feeling hungry may get food by offering to give money or some other product or service in return to someone who is willing to accept the same for food. The important feature of marketing illustrated above is:</p> <p>(a) Exchange mechanism</p> <p>(b) Customer value</p> <p>(c) Creating a market offering</p> <p>(d) Needs and wants</p>
48	<p>Assertion :(A) Planning is futuristic</p> <p>Reason: (R) Planning is concerned with the future which is certain and does not require forecast</p> <p>(a) Both (A) and (R) are correct (b) (A) is correct (R) is incorrect</p> <p>(c) Both (A) and (R) are correct, and R is the correct explanation of R</p> <p>(d) Both (A) and (R) are correct, and R is not the correct explanation of R</p>
Section C	
	<p>Read the following text and answer question number 49-54 on the basis of the same.</p> <p>'Saarathi', the name has been associated with the manufacturing and sale of Fashion products since 1960, when Kapil Saarathi opened his first retail fashion clothing outlet in Ahmedabad. Saarathi Cosmetics was incorporated in India in 1940, and became a member of the S & M family of companies in 1959. Saarathi Perfumes began operations in Gujarat in an existing administrative S&M facility in 1985. An important difference between S&M and most other companies is that instead of operating as one large corporation it operates as 180 smaller companies each focused on a specific product and area, implying selective dispersal of authority, recognising the decision makers need for autonomy, as decision making authority is pushed down the chain of command. It enables the company to maintain short lines of communication with customers and employees, and accelerate the development of talent.</p>
49	<p>Identify the philosophy that is being followed by S&M through which it is dividing the decision making responsibilities among hierarchical levels.</p> <p>(a) Delegation of authority</p> <p>(b) Decentralization of authority;</p> <p>(c) Division of work</p> <p>(d) Span of management.</p>



50.	<p>‘Why is there, need to apply the philosophy being followed by S&M, with caution?</p> <p>(a) As it can cause a delay in communication</p> <p>(b) As it can cause disintegration of the organisation</p> <p>(c) As it can increase the workload of the top management</p> <p>(d) As it can reduce the chances of growth of the firm.</p>
51	<p>The application of the philosophy discussed above can foster a sense of competition amongst the departments, which in turn will help the firm in the following manner:</p> <p>(a) Facilitates growth</p> <p>(b) Better control</p> <p>(c) Relief to top management</p> <p>(d) Quick decision making.</p>
52	<p>Quote the line from above which highlights the importance of the philosophy towards providing management education to employees.</p> <p>(a) “Maintain short lines of communication</p> <p>(b) ‘Accelerate the development of talent’</p> <p>(c) ‘selective dispersal of authority;</p> <p>(d) ‘Recognises decision makers need for autonomy’</p>
53	<p>As “The decision making authority is pushed down the chain of command” at S&M enterprises, it provides the benefit of quick decision making to the organisation because:</p> <p>(a) There is no requirement for approval from many levels</p> <p>(b) Organisation is able to generate more returns</p> <p>(c) There are innovative performance systems</p> <p>(d) It's a means of management education</p>
54	<p>The philosophy being followed by S&M is not followed by most other companies. This tells us that the philosophy is :</p> <p>(a) Optional</p> <p>(b) Compulsory</p> <p>(c) Limited to superior and his subordinate</p> <p>(d) Merely done to lessen the burden of the manager</p>



55	<p>Mohammad Kanjiwal, a beekeeper since April 2021 is now part of the growing tribe of at least 50 urban dwellers across Maharashtra raising bees and harvesting honey in their balconies, rooftops and back gardens. As he had been focussed on eating right the thought of domesticating honey bees to promote healthy consumption habits and seeing honey being cultivated right before his eyes was mesmerising for him. Identify the factor constituting the general environment being discussed above.</p> <p>(a) Economic environment (b) Social environment (c) Technological environment (d) Political environment</p>
56	<p>Zolo, a marketer of cars having 40 % of the current market share of the country aims at increasing the market share to 70% in next few years. For achieving this objective the manager of the company specified the action programme covering various aspects. Identify the function of marketing discussed above:</p> <p>(a) Customer support services (b) Gathering and Analysing market information(c) Product designing and development (d) Marketing Planning</p>
57	<p>Style and Fit, a footwear manufacturing company has decided to offer 50 % off on all its products due to the fall in demand of its products as more efficient substitutes have been introduced in the market. Identify the pricing objective included by the firm which has made the firm resort to discounting its product.</p> <p>(a) Obtaining market share leadership (b) Surviving in the competitive market (c) Attaining product quality leadership (d) Protect the interest of public</p>



58	<p>A sanitizer manufacturing company wants to become a market leader. For this purpose the manager follows an activity with certain logical steps. The first step suggested by him is to increase profits by at least 30% in the next quarter. What will be the last step of the activity being followed by the manager.</p> <p>(a) Follow-up action (b) Identifying alternative course of action (c) Setting objectives (d) Evaluating alternative courses of action</p>
59	<p>In Shalleen Pvt Ltd. there is one head Shalleen who has two lines of authority under her. One line consists of Sara-Rajat-Abhishek-Ismail-Chris. Another line of authority under Shalleen is Lata-Rupa-Geet-Hussain-Preeti. According to a Principle of Management given by Fayol, If Ismail has to communicate with Hussain who is at the same level of authority then illustrate the route he will have to traverse.</p> <p>(a) Ismail-Abhishek-Rajat-Sara-Shalleen-Lata-Rupa-Geet-Hussain (b) Hussain-Geet-Rupa-Lata-Shalleen-Sara-Rajat-Abhishek-Ismail (c) Ismail-Chris-Shalleen-Preeti-Hussain (d) Ismail-Abhishek-Rajat-Sara-Lata-Rupa-Geet-Hussain</p>
60	<p>According to the technique of Scientific management “Differential Piece Wage system” How much more will a worker making 60 units earn as compared to a worker making 49 units? If the standard output per day is 50 units and those who make standard output or more than standard get Rs. 75 per unit and those below get Rs. 65 per unit.</p> <p>(a) Rs. 4500 (b) Rs. 3185 (c) Rs. 1315 (d) Rs. 3250</p>

Q.NO.	MARKING SCHEME
	CLASS XII (2021-22)
	TERM 1
	SUBJECT: BUSINESS STUDIES
1.	(b)
2.	(c)
3.	(c)
4.	(a)
5.	(a)
6.	(b)
7.	(b)
8.	(d)
9.	(d)
10.	(d)
11.	(b)
12.	(a)
13.	(a)
14.	(c)
15.	(c)
16.	(d)
17.	(c)
18.	(b)
19.	(C)
20.	(b)
21.	(b)
22.	(a)
23.	(b)
24.	(b)
25.	(c)
26.	(c)
27.	(a)
28.	(c)
29.	(b)
30.	(a)
31.	(b)
32.	(d)
33.	(d)
34.	(b)
35.	(b)
36.	(d)
37.	(a)
38.	(b)
39.	(a)
40.	(b)
41.	(c)

42.	(c)
43.	(c)
44.	(a)
45.	(d)
46.	(a)
47.	(a)
48.	(b)
49.	(b)
50.	(b)
51.	(a)
52.	(b)
53.	(a)
54.	(a)
55.	(b)
56.	(d)
57.	(b)
58.	(a)
59.	(a)
60.	(c)

