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Answers Key:

Assertion and reason

1. **a)** Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
2. **a)** Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
3. **d)** Assertion (A) is False but Reason (R) is true.
4. **b)** Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
5. **a)** Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

Section D

6. Business environment refers to all those factors and forces, which lie outside a business enterprise and are beyond its control.These factors and forces exercise a significant influence on business.
There is close and continuous interaction between business and its environment.
The two components of business environment affected are:
(i) Economic environment
The economic elements affect the business firms in the following ways:
(i) With an increase in the rates of taxation, business expenses increase. This causes a rise in the prices of goods, leading to fall in demand for such goods.
(ii) With an increase in the inflation rates, there is a rise in the cost of production. This affects the profits of the business adversely.
(iii) A rise in the per capita and disposable income will lead to an increase in the demand for goods and services.
(ii) Legal environment
The legal environment affects the business firms in the following ways:
(i) The advertisement of alcoholic beverages is prohibited, which affects the marketing of such products.
(ii) Products like tobacco and cigarettes are required to carry a statutory warning on their packages, 'Smoking is injurious to health'.
(iii)Social Environment
The social elements affect the business firms in the following ways:
(i) Traditions It refers to such social practices that are followed for decades. Traditions like celebrations of festivals provide greater opportunities to business like confectionary, sweets, greeting cards, gift galleries, etc.
(ii) Trends It refers to changes and inclination towards new products.Emerging trend of health and physical fitness provide opportunities to business like gyms, diet drinks, mineral water, food supplements, etc.
(iii) Values It refers to concepts that a society holds in high esteem, such as freedom, social justice, equality, etc. Values affect business enterprises by making it more responsible towards society, enforcing non-discriminatory employment practices and providing freedom of choice to its customers.
(iv) Political Environment
The political elements affect the business firms in the following terms:
(i) Political unrest and threat to law and order adversely affect confidence of investors and reduce the level of investment in the economy.
(ii) Decisions regarding offering subsidy to the producers give a boost to such industries.
7. For such a company, I would choose functional structure because the company has grouped the activities or jobs of similar nature into separate departments, such as manufacturing, finance, marketing and so on.
Advantages of functional structure
Functional structure has the following advantages:
(i) It leads to occupational specialisation, since emphasis is placed on specific functions and repeated performance leading to efficient functioning.
(ii) It promotes control and coordination within a department because of similarity in the tasks performed.
(iii) It leads to increased efficiency and profits.
(iv) It leads to minimal duplication of efforts, which results in economies of scale, and this lowers the cost.
(v) It makes training of employees easier as the focus is only on a limited range of skills.
(vi) It ensures that all functions get due attention.
8. Selection is the process of identifying and choosing the best person out of a number of prospective candidates for a job.
A well-organised selection process of personnel involves the following steps.
(i) Preliminary screening It helps the manager to eliminate unqualified or unfit job seekers, based on the information supplied in the application forms.
(ii) Selection tests An employment test is a mechanism (either a paper and pencil test or an exercise) that attempts to measure certain characteristics of individuals. These characteristics range from attitudes, such as manual dexterity, to intelligence, to personality, etc.
(iii) Employment interview Interview is a formal, in-depth conversation, conducted to evaluate the applicant's suitability for the job, Through an interview, an interviewer seeks to obtain maximum information about the interviewee and the interviewee seeks information about the job and the company.
(iv) Reference and background checks Many employers request names, addresses and telephone numbers of references for the purpose of verifying information and gaining additional information of an applicant.
(v) Selection decision The final decision has to be made from among the candidates, who pass the tests, interviews and reference checks.
(vi) Medical examination After the selection decision and before the job offer, the candidate is required to undergo a medical fitness test.The job offers is given to the candidate, who is physically and mentally fit for the job.
(vii) Job offer The next step in the selection process is issuing job offer to those applicants, who have passed all the previous hurdles.It is made through a letter of appointment to confirm his acceptance and communicating to him the reporting date and time.
(viii) Contract of employment When a candidate accepts the job offer, the contract of employment is made, which is in a written form and includes job

title, duties, responsibilities, date when continuous employment starts and the basis for calculating service, rates of pay, allowances, hours of work, leave rules, sickness, grievance procedure, etc.

9. **Define marketing**

Marketing management refers to planning, organising, directing and control of the activities which facilitate exchange of goods and services between producers and consumers of products and services.

The focus of marketing management is the satisfaction of consumers' needs and wants.

Objectives of Marketing Management

The objectives of marketinfg Management are:

(i) Creation and management of demand.

(ii) Consumer satisfaction.

(iii) Attainment of organisations objectives.

10. The case highlights the use of following scientific principle and techniques

(i) Development of Each and Every Person to his/her Greatest Efficiency and Prosperity Industrial efficiency depends upon personnel competencies. According to Taylor, the concern for efficiency and prosperity should take place from the process of selection.

Each person should be scientifically selected and then assigned work as per his physical, mental and intellectual capabilities.

Workers should be given required training to learn the 'best method' developed as a consequence of scientific approach. This would ensure greatest efficiency and prosperity for both, workers and the organisation.

(ii) Standardisation of Work Standardisation is the process of setting standards for every business activity, process, raw materials, time, machinery and methods, to achieve efficiency. These standards should be the benchmarks, which must be adhered to during production. The objectives of standardisation are

(a) To reduce a given line or product to fixed types, sizes and characteristics.

(b) To provide interchangeability of manufactured parts and products.

(c) To establish standards of excellence and quality in materials.

(d) To establish performance standards of men and machines.

(iii) Method Study This technique is conducted to find out the 'one best method or way' of performing a particular task.

Every activity starting from procurement of raw materials till the delivery of final product to the customer forms part of method study.

The objective of this study is to minimise the cost of production and maximise the quality and satisfaction of the customer.

11. Steps in the process of planning to be followed by a manager before performing the step of evaluation of alternatives

(i) Setting objectives

(ii) Developing premises

(iii) Identifying alternative courses of action

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Steps involved in the process of planning are as follows

Steps in Planning Process

1. Setting objectives
2. Developing premises
3. Identifying alternative courses of action
4. Evaluating alternative courses.
5. Selecting an alternative
6. Implementing the plan
7. Follow-up action

(i) Setting objectives The first and foremost step is setting objective. Every organisation must have certain objectives. Objectives may be set for the entire organisation or for each department or unit with in the organisation. Objectives or goals specify what the organisation wants to achieve. It could mean an increase in sales by 20% which could be an objective of the entire organisation.

(ii) Developing premises Premises refers to making assumptions regarding future. Premises are the base on which plans are made. It is a kind of forecast, made keeping in view existing plans and any past information about various policies. There should be total agreement on all these assumptions.

(iii) Identifying alternative courses of action After the setting up of objectives, the managers make a list of alternatives through which the organisation can achieve its objectives as there can be many ways to achieve the objectives and managers must know all those ways to reach these objectives.

(iv) Evaluating alternative courses After making the list of various alternatives alongwith the assumptions supporting them, the manager starts evaluating each and every alternative and note down the positive and negative aspects of each alternative. After this, the manager starts eliminating the negative aspects and the one with maximum positive aspects is selected as best alternative.

(v) Selecting an alternative This is the real point of decision-making. The best plan has to be adopted and implemented. The ideal plan, of course, would be the most feasible, profitable and with least negative consequences. After preparing the main plan, the organisation has to make number of small plans to support the main plan.

(vi) Implementing the plan This is the step where other managerial functions also come into the picture. This step is concerned with putting the plan into action, i.e. doing what is required, e.g. If there is a plan to increase production then more labour and more machinery will be required. This step would also involve organising labour and purchase of machinery.

(vii) Follow-up action To see whether plans are being implemented and activities are performed according to schedule, is also part of the planning process. Monitoring the plans is equally important to ensure that objectives are achieved properly.

Section C

12. Environmental scanning helps an enterprise to recognize qualitative information in advance, which can be used to prepare it for facing likely challenges. e.g. if any new multinational company is entering the Indian market, the manager of an Indian firm dealing with same product, as that of the multinational company, should take it as a warning signal. He should take measures like improving the quality of his product, heavy advertisement etc to face the challenge.

13. Three advantages of planning are:

(i) By stating in advance what is to be done, planning provides direction for action

(ii) Planning helps the manager to look into the future and thus, it facilitates decision-making.

(iii) Planning establishes standards for controlling.
Two limitations of planning are:
(i) When plans are not implemented into action, they become meaningless, due to which an organisation suffers.
(ii)Planning is a time-consuming process.

14. The benefits of training and development to an organisation are as follows:
(i) Training is a systematic learning, always better than hit and trial methods, which lead to wastage of efforts and money.
(ii) It enhances employee productivity both in terms of quantity and quality and leading to higher profits.
(iii) Training equips the future manager, who can take over in case of emergency.
(iv) Training increases employee morale reduces absenteeism and employee turnover.
(v) It helps in obtaining effective response to fast changing environment.

15. Functions of middle level management are:
(a) Provide a link between the top level management and supervisory level of management.
(b) Interpretation of policies framed by top management.
(c) Preparing the organisational set-up in their departments for fulfilling the objectives implied in various business policies.
(d) Finding out the suitable, operative and supervisory personnel and assigning duties and responsibilities to them for the execution of the plans of the concerned departments.
(e) Compiling detailed instructions regarding operations and issuing them to the assistants and operatives to focus and guide their efforts accordingly.

16. (a) Mr. Sharma is effective but not efficient because he is able to achieve his target but at a higher production cost as for the same output, more inputs (labour, cost and electricity) were used.
(b) Mr. Gupta is efficient as more goods are produced with fewer resources, i.e., cutting down costs but not effective as he could not achieve his target and, therefore, the goods could not reach the market and hence the demand for them declines.
(c) Managers should achieve their goals with minimum resources, i.e., as efficiently as possible while maintaining a balance between effectiveness and efficiency. High efficiency associated with high effectiveness should be the aim of all managers.

17. Delegation of authority is a process of sharing of tasks and authority between a manager and his subordinates. Delegation takes place when a manager passes on to his subordinates some of his tasks or functions, together with the necessary authority to perform the tasks or functions. The manager who so delegates also holds his subordinates answerable for due performance of the assigned tasks.
Difference between delegation and decentralisation of authority:
(a) Scope. Scope of delegation of authority is limited as it is confined to a manager and his immediate subordinates in work unit. It refers to entrusting the authority by an individual to another. Scope of decentralisation of authority is wider than delegation. It involves systematic delegation of authority at all levels and in all functions of the organisation. It is an extension of delegation to the lowest level in the organisation.
(b) Purpose. Delegation of authority means getting things done through subordinates. In a work unit which consists of the head of the unit and his subordinates, work is assigned to the subordinates so as to reduce the burden of the head of the unit. Decentralisation is a vital decision intended to prepare the organisation for handling major expansion of its activities. It is also necessary to cope with complexities of changes in the technological, competitive and other conditions in the environment.
(c) Nature. Delegation of authority is a must in every organisation as every manager has limited capacity. Decentralisation is an optional policy which depends on the discretion of the top management.
(d) Status. Delegation is a process which involves a manager and his subordinate and is followed to share tasks. Decentralisation is the result of policy decision of top management.
(e) Freedom of action. The superior exercises more control over the subordinate for his performance under delegation. Less freedom is given to the subordinate. More freedom of action is given to the subordinate under decentralisation.

18. Delegation of authority is a source of development of managers. It opens up opportunities for managers to acquire leadership, other skills and competence. They are required to exercise their authority, to handle situations and to solve managerial problems. They are also required to get things done by their subordinates, by motivating and influencing them. Through the experience and competence acquired, managers are prepared for taking up higher responsibilities in course of time.

19. (i) The internal/external sources of recruitment used by 'Montac Enterprises Ltd' to fill up the above stated vacancies are
(a) Promotion It is an internal source of recruitment in which an employee is shifted to a higher post. Leena's vacancy was filled by using this source.
(b) Placement agencies and management consultants It is an external source of recruitment. These agencies provide a nationwide service in matching personnel demand and supply. Vikas's vacancy was filled by using this source.
(c) Casual callers It is again an external source of recruitment through which the organisation keep a database of unsolicited applicants in their files. Atul's vacancy was filled by using this source.
(ii) One merit each of Promotion It helps to increase the motivation and improves loyalty and satisfaction of employees.
Placement agencies and management consultants They help organisations to recruit technical, professional and managerial personnel easily.
Casual callers : It is an in expensive method of recruitment.

Section B

20. The term "Level of Management" refers to a line of demarcation between various mgt. positions in an organisation.

21. Management principles are relative not absolute. Yes, management principles are not absolute. They can not be applied blindly in all situations and in all organizations. They have to be applied keeping in view the prevailing situation. They require the room for modification as same principle may produce different result in different situations.

22. i) Responsibility to use resources
ii) Care for his customers
iii) Adaptability
iv) Commitment to serve the stakeholders in a better manner.

23. Planning is the function of management which is being discussed in the given case. Planning is deciding in advance what to do, how to do, when to do and who has to do it. Thus, it involves setting objectives and developing an appropriate course of action to achieve these objectives.

24. The features of demonetisation are (any three)
(a) Change in Currency It is the act of stripping or discontinuing a currency unit of its legal status by government.

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(b) Contingent Success or failure of demone tisation is dependent upon various factors.
(c) Objective The objective of demonetisation can be curbing corruption, fake currency, illegal activity and making cashless economy.
(d) Crunches Generally after demonetisation, people face cash crunches for a shorter period.

25. The process by which a manager synchronises the activities of different departments is known as coordination.
Coordination is the force that binds all the other functions of management. It is the common thread that runs through all activities. It is implicit and inherent in all functions of an organisation.

26. Subordination of individual interest to general interest principle is being followed by Vaibhav Sharma.
The interest of an organisation is to achieve its goals. These goals are achieved after integrating the efforts of different individuals who are working in the organisation to satisfy their own personal needs. Sometimes, an individual starts giving priority to his own interest.
Thus, the interests of various stakeholders, i.e. owners, shareholders, creditors, financers and the society cannot be sacrificed for one individual

Section A

27. (d) Coordination
28. (b) Equity
29. (b) Work should be divided into smaller tasks.
30. (b) Programme
31. (a) retention of decision making authority
32. (a) Top level
33. (a) Management
34. (d) technological environment
35. (d) Both statenments are false
36. (c) sales promotion
37. (c) Economic environment
38. (a) Planning may not work in dynamic environment
39. (b) Organising
40. (c) Campus recruitment
41. (b) Aptitude

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