1 MARKERS

1. The decision mentioned is INVESTMENT DECISION, and the type is CAPITAL BUDGETING DECISION.

   Investment Decision - it helps to decide how the funds will be invested in different assets.

   Capital Budgeting Decision - it determines involves committing the finance on a long-term basis i.e. in long-term fixed assets.
The marketing function concerned is **promotion**.

2) The factor mentioned is **LEVEL OF COLLABORATION**.

4) **FUNCTIONAL** organisational structure promotes efficiency in utilisation of manpower.
5) Process includes all these activities or primary functions that the management has to perform in order to get things done and achieve organisational goals. It includes planning, organising, staffing, directing and controlling.

Many exercised RIGHT TO BE HEARD since he was dissatisfied with the product and wanted to be heard and felt hence filed a complaint.
As an element of delegation, responsibility means the obligation to perform work due to delegated authority and because of superior-subordinate relationship. A subordinate is responsible to his superior for work performance and must obey orders.

8) In functional foremanship, speed boss ensures that work is completed timely, effectively and efficiently. He works under the production manager and is concerned with execution of work.

[END OF 1 MARKERS]
13 MARKERS

9) Functions performed by NGOs for consumer protection are:

1. Carrying out comparative testing of product samples in accredited laboratories and publishing results for the benefit of all to inform about relative qualities.

2. Publishing journals, articles etc. informing about common consumer problems, solutions, hence increasing awareness.

3. Providing consumers legal aid, assistance etc. while filing complaints in consumer courts.
10) Functions performed by SEBI -

1) REGULATORY FUNCTION

Conducting case enquiries, inspections, audits etc.

2) REGULATORY FUNCTION

Calling for information by conducting enquiries, inspections and audits.

Line - “on regular inspection and by conducting enquiries of the brokers involved”

2) PROTECTIVE FUNCTION

Controlling insider trading and imposing penalty on violation.

Line - “The SEBI imposed a heavy penalty on Mr. Sanjay Nehra”
11) a) Two communication barriers mentioned:

1) ORGANISATIONAL BARRIERS
   Organisation policy
   "all decision making of the enterprise were in the hands of his father"

2) PSYCHOLOGICAL BARRIERS
   Distrust
   "His father didn't believe his employers. As a result... managers in the same sense"
11) b) Organisational barriers
   Organisational facilities - facilities such as frequent meetings, suggestion box etc. encourage easy communication. Their absence discourage communication.

   Psychological Barriers
   Lack of Attention - if the listener is pre-occupied with another matter, effective communication cannot happen due to lack of attention.
12) a) To fill up the vacancy of Human Resource Manager, **INTERNAL** source of recruitment has been used. The source is **PROMOTION**.

To fill up the vacancy of Marketing Head (Ashish), **EXTERNAL** source of recruitment has been used. The source is **PLACEMENT AGENCIES AND MANAGEMENT CONSULTANCY FIRMS**

To fill up the vacancy of Assistant Manager (Kamal), **EXTERNAL** source of recruitment has been used. The source is **CASUAL CALLERS**.
12) b) Merit of Promotion (Internal source):
   1) enhances motivation of employees and even leads to a chain of promotion at lower levels.

Merit of Placement Agencies and Management Consultancies (External source):
   1) it provides extremely qualified personnel

Merit of Casual Callers (External Source):
   1) it gives wider choice and fresh talent to organisation
   2) it is cheaper than other sources.
13) Limitations of Planning:

1) IT IS TIME CONSUMING
Planning is a time consuming process and may leave very little time for actual implementation of plans.

2) IT REDUCES CREATIVITY
Planning is generally done by the top management. The lower hierarchy managers only implement the plan, without acting on their own. Thus much creativity and innovation that was inherent in them gets lost.

3) IT MAY NOT WORK IN A DYNAMIC ENVIRONMENT
An organization interacts with its external environment which is dynamic. Planning cannot cover all the changes, such as changes in government policy, changes in consumer tastes etc. Since it is cannot foresee everything, it may not be as effective.

END OF 3 MARKERS
14) a) The communication tool used is Public Relations.

Public Relations includes a variety of programmes aimed at protecting and promoting the company's image and its individual products in the eyes of the public. It's purpose is disseminate information and build goodwill.

b) Role of Public Relations (PR)

1) Press Relations - PR department keeps in touch with media and gives information about the company so that it is reliable. Information from any other source can get distorted.
(2) PRODUCT IMAGE AND RELEASE - P.R. department has to disseminating information about the products of the company so that people are aware of it. This also stimulates salesforce and builds credibility.

(3) CORPORATE COMMUNICATION - Speeches, meetings etc. conducted by top management helps to build goodwill and also helps to inform public about new policies, etc. Newsletters, brochures etc. are also helpful.

(4) LOBBYING - P.R. department maintains close contact with various ministries concerned with business and industry and often communicate about policies affecting them.
5. COUNSELLING — P.R. department advises the top management about programmes they must undertake to improve public image, such as setting up a school in a backward rural area.
15) a) The type of organisation which permits Steelco Ltd
the flow of communication in all directions is
INFORMAL organisation.

b) advantage -

Informal organisation helps to fulfil social needs of the
employees as they can communicate on the basis of
same interests, friendships etc. Thus, human element
is given due importance.

c) Values:

1) social responsibility fulfilled by providing facilities such
   as schools, hospitals etc.
2) attempt towards development by creating employment
   opportunities
6) Dimensions of business

1) ECONOMIC ENVIRONMENT

"recent cut in the interest on loans..."

- Economic environment consists of all those factors that affect the production and distribution of wealth.
- It includes inflation rates, interest rates, disposable income, GDP, foreign value of currencies etc.
- Components are:
  - Balance of payment
  - Volume of export and import
  - Economic structure prevalent
  - GDP at current and constant prices.
- Example: a fall in interest rates will encourage loans both by businesses and individuals.
TECHNOLOGICAL ENVIRONMENT

- Cars to be designed and powered by fuel produced from garbage.

Technological Environment consists of all these scientific inventions and innovations that develop:
- New ways to produce products
- New methods to operate business efficiently

Example: invention of just in time Inventory and manufacturing has enabled firms to maintain minimal levels of inventory.

Airlines have their websites for booking tickets.
Element of directing performed is Motivation (by giving incentives and satisfying needs to perform better).

Features of motivation:

1. **IT IS AN INTERNAL FEELING**
   Motions are urges and desires that are internal to an individual.

2. **IT IS A COMPLEX FORCE**
   The needs of one in different individuals are different and therefore heterogeneous. What may motivate one subordinate may not motivate another as effectively.
(3) IT PRODUCES GOAL DIRECTED BEHAVIOUR

Through the process of motivation, an attempt is made to satisfy the needs of the subordinates. To fulfill the unmet needs, search behaviour is initiated which is directed towards achievement of goal that may satisfy the need.

(4) MOTIVATION CAN BE POSITIVE OR NEGATIVE

Positive motivation includes rewards, recognition etc.
Negative motivation includes threatening, punishment etc.
Both stimulate the subordinate to perform in the desired manner.
Principles of Management are important because:

1) PROVIDING MANAGERS WITH USEFUL INSIGHTS INTO REALITY

Principles of Management add to the knowledge of the manager. They help them to learn from past mistakes and solve recurring problems quickly. Thus, a manager's understanding is enhanced.

2) SCIENTIFIC DECISIONS

Principles of Management help managers to take decisions which are thoughtful, objective and justifiable. They are based on facts and are timely and relevant. They have to be based on logical thinking, rather than blind faith.
3. FULFILLING SOCIAL RESPONSIBILITY

With the increased awareness of consumers and other stakeholders of a business organisation, businesses are forced to fulfil their social responsibility. Management principles and theory are also developed in this regard. Also, the interpretation of principles changes with changing circumstances.

4. MANAGEMENT TRAINING, EDUCATION AND RESEARCH

Principles of management are at the heart of management theory and thus become the base of management education in professional institutes of MBA such as IIMs. Aptitude tests for the same are based on them. Further refinement of principles also takes place, resulting in improvements. Example: Cost accounting, operations research.
19) Functions of financial markets:

1) Mobilisation of savings and channelling them into the most productive investments.

Financial markets help to direct savings into productive investments and provide a ready market for them. Thus, they perform the allocative function and lead to growth.

2) Facilitating price discovery.

Pricing of instruments traded in financial markets are decided by forces of demand and supply. Firms demand the finance, households supply it. The point where these forces meet decides the price.
3) PROVIDES LIQUIDITY

Financial markets provide liquidity to the instruments being traded either through the mechanism of disinvestment and reinvestment. It is a continuous market.

4) REDUCES COST OF TRANSACTIONS

Financial markets provide information to both parties involved in a transaction, thus reducing cost, time, and risk of error. In their absence, obtaining information about the instruments traded would be costly and time consuming.

END OF 4 MARKERS
20) a) Formal Communication

Lines: “One of his colleagues sent a text message about it to his immediate superior.”

20) a) Formal Communication

Lines: “Sent a text message about it to his immediate superior and when General Manager came to know about it, he ordered…” (Using official channels, exercise of formal and informal communication)

Informal Communication

Lines: “Mr. Nataraj in turn sent a text message to the employees of the organization requesting them to donate blood for the..."
b) **Features of Informal Communication are**

1. It emerges from within the firm
2. It spreads throughout the organization, with its branches going in various directions, with utter disregard to the levels of authority. Hence it is called grapevine.

3. It helps in faster transmission of information

c) **Values**

1. Importance of taking precautions - fumigation and cleanliness
2. Sensitivity, generosity - request for donation
Types of plans discussed here are:

1. **OBJECTIVE**
   
   Line: "One of our objectives was to earn 10% profit..."
   
   An objective defines the future state of affairs that an organisation strives to reach. It is the end result that is desired and aimed for.

2. **POLICY**

   Line: "It was decided that raw materials will be purchased on three months credit from farmers..."
   
   Policy is a general statement that guides efforts in a particular..."
direction and are the solution to a general problem. They define the broad parameters within which a manager may function.

3) Procedure

"She also decided to follow the steps required for... her own outlets."

Procedure specifies the routine steps to be followed in a chronological order in a particular circumstance. They are generally far insides to follow.

4) Method

"An appointed manner... who decides the exact manner in which production activities are to be carried out."

Method details the prescribed manner or way to carry out a particular task. It helps to save cost, time, and effort."
BUDGET

Line: "also prepared a statement showing the number of
workers that will be required in the factory."

Budgets are statements that quantify facts, expressed in
numerical terms. They involve forecasting of the requirement.

STRATEGY

Line: "about her sales target for different products, arising
for the forthcoming quarter."

Strategy is a comprehensive plan involving setting objectives,
choosing a course of action and allocating resources.

RULE

Line: "while working ... a penalty of £100 per day for not
wearing caps, gowns and apron was announced."

Rule in the simplest plan, involving a managerial decision
informing what is to be done. It is a specific statement
with no flexibility.
22) STEPS IN CONTROLLING

- Setting performance standards
- Measurement of actual performance
- Comparing actual performance with standards
- Analyzing deviations
- Taking corrective action.
Steps involved in controlling are:

1. Setting Performance Standards
   These are the benchmarks that must be adhered to in production. Standards can be both qualitative and quantitative but must be stated specifically and clearly.
   Example: 100 units a week per worker. They must be objective and realizable.

2. Measurement of Actual Performance
   Actual performance can be measured using sampling, progress reports, accounting statistics, inspection etc. They must be measured in the same units as the standards.
   This measurement must be a continuous process rather than at the end of the production.
3) Comparing Actual Performance with Standards

Actual performance must be compared with standards set to find out deviations, if any. This is necessary to ensure that work is being done according to plans or not.

4) Analysing Deviations

Deviations must be identified and analysed to ensure a proper corrective action.

- Critical Point Control - deviations in areas critical to organization's success are worked upon. These are key result areas
Management by Exception - only those significant deviations which are beyond the permissible limit must be brought to the notice of the management.

5. Taking Corrective Action
Corrective Action must taken only in cases where deviations are in critical areas and go beyond acceptable range. Examples are: training employees, assigning improving production process, replacing machinery etc. When management cannot correct them, standards must be revised.

END OF 5 MARKERS
6 MARKERS

23) a) CALCULATING E.P.S. FOR CURRENT YEAR

Earning before interest and Tax (EBIT)  800,000

Less: Interest @ 10%  (400,000)

Earning before Tax  400,000

Less: Tax @ 40%  (160,000)

Earning after Tax (EAT)  240,000

Number of shares of £10 each  600,000

Earning per share (EAT) / No. of shares  0.40

Since, current year’s E.P.S. is less than last year’s, therefore the shareholders’ loss due to diversification. The R.O.I. (EBIT / Capital Employed) is 8%, which is less than 10%. Its interest. It is unfavourable financial leverage.
25) b) Factors which favour issue of debentures —

1) CONTROL
Debt does not dilute the control of the management
and prevents a take over bid

2) COST OF DEBT
The interest rate was not too high, so the company
could go for debt

3) RISK
The financial risk must have been under control
to be able to issue debt. This means the business
risk was not too high.
24) a) The aspect neglected by marketer is **LABELLING**.

b) Functions of labelling:

1. **Describe the Product and specify its Contents**
   A label displays the product information and specifies its contents and benefits.
   For example: an **eye** or **hair oil** label would specify the ingredients and mention the benefits.

2. **Identify the Product and Brand**
   The label mentions the name of the brand, along with details of the manufacturer, date of expiry, batch number, MRP etc.
3) Helps in Grading of Products
   A label mentions the quality specification of the product and grades them accordingly into different categories so that a high quality product gets a high price. For example: tea has red label, green label etc.

4) Helps in Promotion
   A label displays promotional messages, tag lines and promotional schemes such as buy 1 get 1 free. This helps to attract consumers.

5) Provides information required by law
   A label displays information that must be is mandatory to be provided by law. Such as, all cigarette packs must say that smoking is injurious for health.
25) Characteristics of Management

- Pervasive
- Continuous
- Intangible
- Dynamic

Characteristics of Management are:

1. **MANAGEMENT IS AN ALL-PERVASIVE FUNCTION**

   Management functions must be performed by all types of organisations, all levels of management and in all departments. Hence it is a pervasive function.
2. **MANAGEMENT IS A CONTINUOUS PROCESS**

   The functions of management are separate and composite that are continuously performed. It is a managerial cycle with no end to the performance of functions.

3. **MANAGEMENT IS AN INTANGIBLE FORCE**

   Management is an intangible force that cannot be seen but can be felt in the way an organization functions, when there is no chaos, employees are happy and satisfied etc.

4. **MANAGEMENT IS A DYNAMIC FUNCTION**

   A business interacts in a with its internal dynamic environment. Therefore, it must change itself and its goals according to the change in the environment to be successful.