

**1. Ans. (D)**

Sol. The dimensions of the business environment highlighted in this case are identified as follows:

- **Legal Environment:** The government ordering new safety standards for smartphone batteries is an **administrative order** intended to protect consumer interests. The legal environment includes various legislations, administrative orders issued by government authorities, and court judgments that every enterprise is imperative to obey.
- **Political Environment:** The announcement of a reduction in import duties on mobile phone components reflects a **government policy decision** and the specific attitude of the elected government toward trade and business. The political environment encompasses the nature and extent of government intervention in business and the prevailing attitudes of government officials.

**2. Ans. (B)** Sol. The factor suggested by the Chief Finance Officer is **Stock Market Reaction**, as investors generally perceive a dividend increase as a positive signal, causing share prices to rise, whereas a decrease leads to a negative impact on prices.

**3. Ans. (A)** Sol. Both Assertion (A) and Reason (R) are correct, and Reason (R) is the correct explanation because **general forces** (like political or legal conditions) influence the overall environment and affect firms only indirectly, whereas **specific forces** (like customers or competitors) impact individual firms directly and immediately.

**4. Ans. (C)** Sol. The pricing objective that results in a higher price is **attaining product quality leadership**, as firms charge more to cover the high costs associated with research, development, and maintaining superior product features.

**5. Ans. (D)** Sol. This statement highlights that management principles are **contingent**, meaning their application is not absolute but depends on the prevailing situations and specific requirements of the organization at a particular time.

**6. Ans. (A)** Sol. The limitation discussed is that **planning may not work in a dynamic environment**, as the sudden introduction of government incentives and the entry of new competitors created a volatile situation that the company could not accurately assess or anticipate.

**7. Ans. (C)** Sol. The statement is incorrect because Maslow's theory assumes that a **satisfied need can no longer motivate a person**, and only unsatisfied needs at the next higher level of the hierarchy act as motivators.

**S8. Ans. (C)** Sol. '**Financing alternatives**' is identified as a factor that determines the **fixed capital requirements** of a company, as a developed financial market may provide leasing facilities as an alternative to the outright purchase of assets. On the other hand, factors such as **cash flow position**, **return on investment**, and **stock market conditions** are specifically listed as determinants of a firm's **capital structure**.

**S9. Ans. (A)** Sol. The shift is from the **Production concept**, which emphasizes maximizing profits through a large scale of production to reduce average costs, to the **Product concept**, which focuses on profit maximization through continuous product improvement and adding superior features. Transforming a television's use into a computer monitor represents a focus on **product features and utility** rather than just mass availability.

**S9 (Alt). Ans. (B)** Sol. **Branding** is the specific process of giving a name, sign, or symbol to a product to identify it and distinguish it from those of competitors. It is a comprehensive term that includes both the **brand name** (the verbal component) and the **brand mark** (the visual symbol or design).

**S10. Ans. (A)** Sol. 'A divisional structure promotes **flexibility and initiative** because each division functions as an **autonomous unit**, which leads to faster decision-making. This structure is ideal for diversified companies like Deccan Motors as it allows divisional heads to gain experience in all functions related to a specific product line, preparing them for higher management positions.'

**S11. Ans. (C)** Sol. 'Responsibility is defined as the **obligation of a subordinate** to properly perform the duty that has been assigned to them by a superior. It arises from the superior-subordinate relationship, where the subordinate is bound to execute the tasks entrusted to them and is responsible for the outcome.'

**S12. Ans. (B)** Sol. 'The source of recruitment used is **recommendations of employees**, which involves attracting applicants who are introduced by the company's current staff, including their friends or relatives. This method is often reliable because the existing employees act as a preliminary screening layer, knowing both the candidate's background and the company's requirements.'

**13. Ans. (B)** Sol. Statement I is **false** because entry to a true profession is restricted through examinations or acquiring an educational degree (e.g., law or medicine). Statement II is **true** because management does not yet meet these criteria strictly, as anyone can be appointed as a manager irrespective of their educational qualifications.

**14. Ans. (C)** Sol. The incentive provided is **Perquisites**, which are fringe benefits offered by companies over and above the basic salary. These include specific allowances like car facilities, housing, and medical benefits to motivate and retain talented employees.

**15. Ans. (B)** Sol. The match is correct because a **Policy** is a general statement that guides thinking (a-iv), and a **Programme** is a detailed statement outlining objectives, rules, and budgets for a specific project (b-ii). Furthermore, a **Method** is the prescribed way a task is performed (c-i), and a **Strategy** is a comprehensive plan for accomplishing objectives considering the environment (d-iii).

**16. Ans. (A)** Sol. The primary purpose of opening a **Demat Account** with a Depository Participant is for **holding and transferring securities in electronic (dematerialised) form**. This system was introduced to eliminate problems associated with physical certificates, such as theft, forgery, and transfer delays.

**S17. Ans. (B)** Sol. 'Performance appraisal' is the specific step in the staffing process that involves evaluating an employee's current and/or past performance against certain pre-determined standards. This process is essential as it provides the employee with feedback on their performance and helps the organization define future expectations.

**S18. Ans. (C)** Sol. A 'high level of competition' generally requires a business to maintain larger stocks of finished goods to meet urgent customer orders and avoid losing sales to competitors. This necessity to hold more inventory directly increases the amount of working capital required to sustain operations.

**S19. Ans. (B)** Sol. Statement I is false because giving followers a high degree of independence to formulate their own objectives is a characteristic of the 'Laissez-faire or Free-rein' leadership style, rather than the democratic style. Statement II is true as the autocratic leadership style is characterized by one-way communication where subordinates are expected to obey commands without consultation.

**S20. Ans. (A)** Sol. Both statements are correct, and the reason is the correct explanation because the safety and fairness of deals in the stock market are guaranteed by the fact that exchange membership is strictly regulated. By operating under a well-defined legal framework, the stock exchange ensures that the investing public is protected from unauthorized or fraudulent dealings.

**21. Names of the two marketing management philosophies:**

1. **Marketing Concept**
2. **Societal Marketing Concept**

**Explanation of the philosophies:**

1. **Marketing Concept:** This philosophy focuses on identifying the needs of present and prospective buyers and satisfying them in an effective manner. Premier Ltd. follows this by designing clothes after understanding buyer needs and assuming that profit maximization is achievable only through decisions centered on **customer satisfaction**.
2. **Societal Marketing Concept:** This is an extension of the marketing concept that adds the dimension of the long-term well-being of society. The company demonstrates this through its **ecological concern**, using organic and recycled materials to reduce pollution and funding environmental education programs to benefit the community.

**S23. Ans. Controlling** Sol. The Production Manager is performing the **Controlling** function of management, which involves monitoring organizational performance towards the attainment of goals. To find out and resolve the problem, he must follow the steps of **comparing actual performance with standards, analysing deviations** to find the cause of the 3,000-unit shortfall, and **taking corrective action**.

**S27. Ans. Rihan Ltd.** Sol. **Rihan Ltd.** will be able to give a better return to its shareholders because its **Return on Investment (ROI) of 10% is equal to the cost of debt (10%)**; "trading on equity" only provides a higher return when ROI exceeds the cost of debt. **Calculations:**

- **Rihan Ltd.:** EBIT = ₹20,000; Interest = Nil; EBT = ₹20,000; Tax (40%) = ₹8,000;
- **Earnings After Tax (EAT) = ₹12,000.**

- **Lara Ltd.:** EBIT = ₹20,000; Interest = ₹20,000 (10% of ₹2,00,000); EBT = Nil; **EAT = Nil.**

**S28. Ans. Right to be Heard and Right to Seek Redressal** Sol. Rishabh exercised the **Right to be Heard**, as he had the right to file a complaint and communicate his dissatisfaction to the insurance company. He also exercised the **Right to Seek Redressal**, which entitles a consumer to get relief or compensation, such as the reasonable amount ordered by the District Commission, when a service falls short of expectations.

**S29. Ans. Unity of Command and Equity** Sol. The first principle violated is **Unity of Command**, which states that an individual employee should receive orders from, and be responsible to, only one superior to avoid confusion and dual subordination. The second is the principle of **Equity**, which emphasizes that managers should be kind and just to their workers and that there should be no discrimination on grounds of gender, as seen in the promotion of only women employees.

### **S30. Ans. Organizing Process**

**\*\* (i) Identification and division of work.\*\* Sol.** This first step involves identifying and dividing the total work into small and manageable activities so that duplication of efforts is avoided and the burden of work is shared among employees. In this case, the core team brainstormed the total work required for the farewell and divided it into manageable activities like catering, decor, and music. [User Case]

**\*\* (ii) The next three steps in the process of organizing are:\*\***

- **Departmentalisation:** Once work is divided into small activities, similar activities are grouped together into manageable units called departments. For the farewell, students could group 'catering' and 'refreshments' into one committee and 'decor' and 'tentage' into another. [User Case]
- **Assignment of duties:** After forming departments, it is necessary to allocate work to various members based on their skills and competencies. The core team would assign specific responsibilities to individual students or sub-groups based on their interests and abilities. [User Case]
- **Establishing authority and reporting relationships:** This final step involves clarifying who has to take orders from whom and to whom they are accountable. This creates a hierarchical structure and helps in the coordination of all activities to ensure the event is a success.

### **S31. Ans. Elements of Marketing Mix**

**Sol.** The elements of the marketing mix highlighted in the case are:

- **Product:** This refers to the goods or services offered to the market to satisfy a need. Novel Stores offers high-quality bakery, dairy products, and ready-to-cook meal kits designed to cater to diverse customer needs. [User Case]
- **Promotion:** This involves activities that communicate the merits of the product and persuade customers to buy it. The store uses attractive schemes like 'buy one, get one free' and weekly discounts advertised in newspapers to attract customers. [User Case, 285]
- **Place (Physical Distribution):** This element covers all activities required to move the goods from manufacturers to the customers at the right place and time. Novel Stores ensures availability through home delivery for online orders and physical store pick-up options, maintaining an efficient distribution system.

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### S33. Ans. Selection Process Steps

**Sol.** The three steps performed and the one step not mentioned before the job offer are as follows:

- **Steps Performed:**

1. **Preliminary Screening:** This step helps the manager eliminate unqualified job seekers based on information in application forms or introductory interviews. Yummi Foods used this to remove applicants who did not meet basic qualifications. [User Case]
2. **Selection Tests:** These are mechanisms used to measure characteristics of individuals such as intelligence or personality. Shortlisted candidates at Yummi Foods took tests designed to measure these specific traits. [User Case]
3. **Employment Interview:** A formal, in-depth conversation conducted to evaluate a candidate's suitability. Yummi Foods invited successful test-takers for an in-depth conversation. [User Case]

- **Step Not Mentioned:**

- **Reference and Background Checks:** This step involves contacting previous employers or known persons provided as references to verify the details and information supplied by the candidate. The case mentions jumping straight from the interview to a job offer, omitting this verification stage. [User Case, 328] (Alternatively, the **Selection Decision**, which is the final choice made from the candidates who pass tests and interviews, was also not explicitly detailed.)

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