

Satish Chandra Memorial School

Pumlia, Chakdaha, Nadia

BUSINESS STUDIES

CLASS : XII- COMMERCE

Some important case studies from chapter -1

Question 1:

Ashutosh Goenka was working in 'Axe Ltd.', a company manufacturing air purifiers. He found that the profits has started declining from the last six months. Profit has an implication for the survival of the firm, so he analysed the business environment to find out the reasons for this decline.

Identify the level of management at which Ashutosh Goenka was working.

State three other functions being performed by Ashutosh Goenka.

Answer:

Ashutosh Goenka was working at top level of management. The three functions being performed by him at this level are outlined below:

- i) He is responsible for formulating the overall organizational goals and strategies.
- ii) He is responsible for all the business activities and its impact on society.
- iii) He has to coordinate the activities of different departments in pursuit of common goals.

Question 2:

Rishitosh Mukerjee has recently joined AMV Ltd, a company manufacturing refrigerators. He found that his department was under-staffed and other departments were not cooperating with his department for smooth functioning of the organisation. Therefore, he ensured that his department has the required number of employees and its cooperation with other departments is improved.

Identify the level at which Rishitosh Mukerjee was working.

Also, state three more functions required to be performed by Rishitosh Mukerjee at this level.

Answer:

Rishitosh Mukerjee is working at middle level of the management. The three more functions that he has to perform at this level are stated below:

He has to assign duties and responsibilities to the people in his department.

He has to motivate the people in his department to achieve the desired objectives.

He has to interpret the policies framed by top management.

Question 3:

Sridhar's father is working as a section in-charge in a government office. Identify the level of management at which he is working? State any five functions that he has to perform at this level.

Answer:

Sridhar's father is working as a section in-charge in a government office. He is working at the lower level of management.

He has to perform the following functions at this level of management:

He has to directly oversee the efforts of the workforce.

He has to serve as a link between the workers and middle level managers.

He has to ensure sufficient availability of resources and good quality of output.

He has to provide guidance and training to workers.

He has to ensure that good working conditions are provided to the workers.

Question 4:

Mega Ltd. manufactured water-heaters. In the first year of its operations, the revenue earned by the company was just sufficient to meet its costs. To increase the revenue, the company analysed the reasons behind the less revenues. After analysis, the company decided:

to reduce the labour costs by shifting the manufacturing unit to a backward area where labour was available at a very low rate.

to start manufacturing solar water-heaters and reduce the production of electric water- heaters slowly.

This will not only help in covering the risks but also help in meeting other objectives.

Identify and explain the objectives of management discussed above.

State any two values which the company wanted to communicate to society.

Answer:

The objectives of management discussed above are:

Organisational objectives: An organisation strives to achieve multiple organizational objectives in the interest of its stakeholders like owners, employees etc. The main organizational objectives are survival, profit and growth.

Social Objectives: It is the obligation of every organisation to undertake such activities which will benefit the society at large like using eco-friendly methods, contributing towards weaker sections of the society, generating employment opportunities, promoting literacy etc.

The two values that the company wanted to communicate to the society are:

Rural development

Environment sustainability

Question 5:

XYZ Power Ltd. set up a factory for manufacturing solar lanterns in a remote village as there was no reliable supply of electricity in rural areas. The revenue earned by the company was sufficient to cover the costs and the risks. As the demand of lanterns was increasing day- by-day, the company decided to increase production to generate higher sales. For this/they decided to employ people from a nearby village as very few job opportunities were available in that area. The company also decided to open schools and creches for the children of its employees.

Identify and explain the objectives of management discussed above.

State any two values which the company wanted to communicate to the society.

Answer:

The objectives of management discussed above are:

Organisational objectives: An organisation strives to achieve multiple organizational objectives in the interest of its stakeholders like owners, employees etc. The main organisational objectives are survival, profit and growth.

Social Objectives: It is the obligation of every organisation to undertake such activities which will benefit the society at large like using eco-friendly methods, contributing towards weaker sections of the society, generating employment opportunities, promoting literacy etc.

The two values that the company wanted to communicate to the society are:

Rural development

Promoting literacy

Question 6:

Your grandfather has retired as the Director of a manufacturing company. At what level of management was he working? What functions do you think he was performing at that level? State any two,

Answer:

Since he has retired from the post of Director of a manufacturing company, he was working at the top level of management.

The main functions that he was performing at this level are outlined below:

He was responsible for the success and failure of the organization.

He was responsible for all the business activities and its impact on society.

He had to coordinate the activities of different departments in pursuit of common goals.

Question 7:

Ritu is the manager of the northern division of a large corporate house. At what level does she work in the organisation? What are her basic functions?

OR

Your grandfather has retired from an organisation in which he was responsible for implementing the plans developed by the top management. At which level of management was he working? State one more function performed at this level.

OR

Deepak's father has retired as a purchase manager of a company. At what level of management was he working? What function do you think he was performing at that level of management?

OR

Dheeraj is working as an Operations Manager in Tifco Ltd. Name the managerial level at which he is working. State any four functions he will perform as the Operations Manager in this company.

OR

Rajat is working as a Regional Manager in Tifco Ltd. Name the level at which he is working. State any four functions he will perform as the Regional Manager in this company.

Answer:

Ritu / grandfather / Deepak's father / Deeraj / Rajat, all of them are working at the middle level of management.

The four functions that he will have to perform at this level are stated below

- i) He has to ensure that his department has the necessary staff.
- ii) He has to assign duties and responsibilities to the people in his department.
- iii) He has to motivate the people in his department to achieve the desired objectives.
- iv) He has to co-operate with the other departments for ensuring smooth functioning of the organization.

Question 8:

Vaibhav Garments Ltd/s target is to produce 10,000 shirts per month at a cost of ₹150 per shirt. The production manager could achieve this target at the cost of ₹160 per shirt. Do you think the production manager is effective? Give reasons for your answer.

Answer:

Yes, the production manager of Vaibhav Garments Ltd. is effective as he could achieve the target to produce 10,000 shirts in a month.

Question 9:

Mr. Nitin Singhania's father has a good business of iron and steel. He wants to go to the USA for his MBA but his father thinks that he should join the business. On the basis of emerging- trends, do you think that Mr. Singhania should send his son to the USA? Give any three reasons in support of your answer.

Answer:

Yes, according to me, Mr. Singhania should send his son to USA for his MBA because management is being recognised as a profession to a great extent because of the following reasons:

Well defined body of knowledge: Management is considered to be a well-defined body of knowledge that can be acquired through instructions. As a separate discipline, it contains a set of theories and principles formulated by various management experts. Moreover, it is taught in various schools and colleges all over the world.

Ethical code of conduct: Management, in practice, like other professions, is bound by a code of conduct which guides the behaviour of its members. Therefore, acquiring a degree in management will equip him with the good managerial,, skills and approach.

Service motive: A good management course will provide him an insight into the multiple goals that an organisation should pursue. This knowledge will help him to serve both the objectives of profit maximization and social welfare effectively for his company.

ADDITIONAL CASE STUDIES:

Question 1:

Jayant is working as Head Relationship Manager in the wealth management division of a private sector bank. He has created an internal environment which is conducive to an effective and efficient performance of his team of ten relationship management executive” A typical day at work in Jay ant’s life consists of a series of interrelated and continue functions. He decides the targets for his department which are in line with the objectives of the organization as a whole. The future course of action for his team members is laid out well in advance. The various resources required by the relationship managers like an iPad with GPS system, account opening forms, brochures, details of account holders etc. are made readily available to them. The executives are given sufficient authority to carry out the work assigned to them. Jayant works in close coordination with the Human Resource Manager in order to ensure that he is able to create and maintain a satisfactory and satisfied workforce in his department. Through constant guidance and motivation, Jayant inspires them to realise their full potential. He offers them various types of incentives from time to time keeping in view their diverse individual needs. Moreover, he keeps a close watch on their individual performances in order to ensure that they are in accordance with the standards set and takes corrective actions whenever needed.

In context of the above case:

Identify the concept being referred to in the following line, “He has created an internal environment which is conducive to an effective and efficient performance of his team of ten relationship management executives.”

Identify and describe the various functions of the concept as identified in part (a) of the question by quoting lines from the paragraph.

Answer:

The concept of management is being referred to in the following line, “He has created an internal environment which is conducive to an effective and efficient performance of his team of ten relationship management executives.”

The various functions of the management concept mentioned in the above paragraph are listed below:

Planning: It is the function of determining in advance what is to be done and who is to do it.

“He decides the targets for his department which are in line with the objectives of the organization as a whole. The future course of actions for the team members are laid out well in advance.”

Organising: Organising is the process of bringing together human, physical and financial resources and

establishing productive relations among them for the purpose of achieving the desired goals efficiently and effectively.

“The various resources required by the relationship managers like an iPad with GPS system, account opening forms, brochures, details of account holders etc. are made readily available to them. The executives are given sufficient authority to carry out the work assigned to them.”

Staffing: The managerial function of staffing involves manning the organisational structure in order to fill in the roles designed into the structure.

“Jayant works in close coordination with the human resource manager in order to ensure that he is able to create and maintain a satisfactory and satisfied workforce in his department.”

Directing: Directing involves leading, influencing and motivating employees to perform the tasks assigned to them.

“Through constant guidance and motivation, Jayant inspires them to realise their full potential. He offers them various types of incentives from time to time keeping in view their diverse individual needs.”

Controlling: Controlling is the management function of ensuring that events conform to plans.

“Moreover, he keeps a close watch on their individual performances in order to ensure that they are in accordance with the standards set and takes corrective actions whenever needed.”

Question 2:

Sooraj works as a salesman in a company selling pet accessories and food. He has been given a target of selling 1200 units of the food packets in a month by offering a maximum of 10% discount to his customers. In order to meet his monthly sales target, on the last two days of the month, he offers 15% discount to his customers.

In the context of the above case:

Is Sooraj effective in his work? Explain by giving a suitable reason in support of your answer.

Answer:

Yes, Sooraj is effective in his work as he has been able to meet his monthly sales target of selling 1200 units of the food packets.

Question 3:

Sujata works as a designer in an export house. As per the terms of an order received by the export house, she has to get 1000 units of denim jackets made in 15 days @ RS. 2000 per jacket. She is able to complete her target production in 20 days because in order to complete the order in 15 days she would have made the workers work over time. As a result, the cost of production per jacket may have

increased by RS. 100.

In the context of the above case:

Is Sujata efficient in her work? Explain by giving a suitable reason in support of your answer.

Answer:

Yes, Sujata is efficient in her work as she has been able to get 1000 units of denim jackets made @ RS. 2000 per jacket.

Question 4:

Anju and Manju are good friends. Considering the fact that the activities involved in managing an enterprise are common to all organizations, after completing their masters in business management, both of them take up a job at managerial level in different organizations as per their individual areas of interest. Anju takes up a marketing job in a retail company and strives to increase sales whereas Manju joins an NGO and works diligently to realize its objective related to providing employment to specially abled persons. Both of them have to perform a series of continuous, composite, but separate functions. On some days, Anju may spend more time in planning a future display layout and on another day, she may spend time in sorting out an employee's problem. Both Anju and Manju make conscious efforts to build a feeling of team spirit and coordination among diverse individuals with different needs who work under them. The effect of their management is noticeable in their respective departments as the targets are met according to plans, employees are happy and satisfied, and there is orderliness in its functioning rather than chaos.

In context of the above case:

Identify the various features of management highlighted in the above paragraph by quoting lines from it.

Answer:

The various features of management highlighted in the above paragraph are stated below:

Management is all pervasive: "Considering the fact that the activities involved in managing an enterprise are common to all organizations, after completing their masters in business management, both of them take up a job at managerial level in different organizations as per their individual areas of interest."

Management is a goal-oriented process: "Anju takes up a marketing job in a retail company and strives to increase sales whereas Manju joins an NGO and works diligently to realize its objective related to providing employment to specially abled persons."

Management is a continuous process: "Both of them have to perform a series of continuous, composite,

but separate functions. Like on some days, Anju may spend more time in planning a future display layout and on another day, she may spend time in sorting out an employee's problem."

Management is a group activity: "Both Anju and Manju make conscious efforts to build a feeling of team spirit and coordination among diverse individuals with different needs who work under them."

Management is an intangible force: "The effect of their management is noticeable in their respective departments as the targets are met according to plans, employees are happy and satisfied, and there is orderliness in its functioning rather than chaos."

Question 5:

Real Alliance Ltd. is a well-known cement company in India. It is able to earn adequate revenues to cover costs. Its capital base, number of employees and production turnover has increased manifolds over the years. The rate of profitability of the business is also creditable. The employees of the company are happy and satisfied with their remuneration, working conditions, promotion policy etc. As a part of its moral obligation, the company has taken many initiatives for providing employment to specially abled persons and promoting literacy in the villages adopted by it.

In the context of the above case:

Identify and explain the various types of objectives of management being fulfilled by Real Alliance Ltd by quoting lines from the paragraph.

List any two values that Real Alliance Ltd. wants to communicate to the society.

Answer:

The various objectives of management being fulfilled by Real Alliance Ltd are stated below:

Organisational objectives: An organization strives to achieve multiple organisational objectives, mainly:

Survival: "It is able to earn adequate revenues to cover costs."

Growth: "Its capital base, number of employees and production turnover has increased manifolds over the years."

Profit: "The rate of profitability of the business is also creditable."

Personal objectives: These objectives relate to the needs of the employees of the organization which must be given due consideration.

"The employees of the company are happy and satisfied with their remuneration, working conditions, promotion policy etc."

Social objectives: It is expected that every organization should undertake certain initiatives for the welfare of the society at large.

“As a part of its moral obligation, the company has taken many initiatives for providing employment to specially abled persons and promoting literacy in the villages adopted by it.”

The two value that Real Alliance Ltd. wants to communicate to the society are:

- I) Social welfare
- II) Respect for their employees

Question 6:

Esha works as the cost and risk management head of a company in power sector. As a result of her excellent managerial competence, the company is able to reduce costs and increase productivity. The company belongs to infrastructure sector, wherein regular amendments are made in the government regulations and policies. She holds regular meetings to ensure that people in her department are not only aware of the related changes but are also able to adapt to these changes effectively. This helps the company to maintain its competitive edge. She motivates and leads her team in such a manner that individual members are able to achieve personal goals while contributing to the overall organisational objective. In the process of fulfilling her duties for the growth of the organisation, she helps in providing competitive services, adopting new technology, creating more employment opportunities etc. for the greater good of the people at large.

In context of the above case:

Identify the various reasons that have made management so important by quoting lines from the paragraph.

Answer:

The various reasons mentioned in the above paragraph that have made management so important are stated below:

Management increases efficiency as it leads to reduction in costs due to optimum utilisation of resources.

“As a result of her excellent managerial competence the company is able to reduce costs and increase productivity.”

Management creates a dynamic organisation so that it is able to incorporate the corresponding changes in its working with any change in its business environment.

“The company belongs to infrastructure sector, wherein regular amendments are made in the government regulations and policies. She holds regular meetings to ensure that people in her department are not only aware of the related changes but are also able to adapt to these changes

effectively. This helps the company to maintain its competitive edge.”

Management helps in achieving personal objectives of the employees in the organisation.

“She motivates and leads her team in such a manner that individual members are able to achieve personal goals while contributing to the overall organisational objective.”

“The employees of the company are happy and satisfied with their remuneration, working conditions, promotion policy etc.”

Management helps in the development of society by contributing effectively towards it in multiple ways.”In the process of fulfilling her duties for the growth of the organization, she helps in providing competitive services, adopting new technology, creating more employment opportunities etc. for the greater good of the people at large.”

Question 7:

Ramarjuna joins an IT firm as a system analyst after completing his masters in Computer Science. As the nature of his work demands he has to work in very close coordination with all the departmental heads in the firm, very soon Ramarjuna realizes that each departmental head has own individual style of working. They differ greatly in their day-to-day approach to work. They tend to deal with a given situation, an issue or a problem through a combination of their own experience, creativity, imagination, initiative and innovation.

In the context of the above case:

Identify and explain the nature of management highlighted in the above case.

Answer:

In the above case, management is being considered as an art.

Art is the skillful and personal application of existing knowledge to achieve desired results. The evaluation of management as an art is given below:

Existence of theoretical knowledge: Art presupposes the existence of certain knowledge. Management fulfills this criterion as there exist a number of theories and principles on management which have been formulated by various management experts.

Personalised applications: Art is a personalised concept. Management fulfills this criterion as a good manager works through a combination of his own experience, creativity, imagination, initiative and innovation to carry out the assigned work.

Based on practice and creativity: All art is practical. Management fulfills this criterion as a person becomes a better manager with constant practice and experience. This also leads to emergence of different styles of management.

S.No	Features of Art	Evaluation of Management as an Art
1.	Existence of theoretical knowledge	Fulfills this criterion
2.	Personalized applications	Fulfills this criterion
3.	Based on practice and creativity	Fulfills this criterion

Question 8:

Dharam is a well-known businessman in the field of publishing. He owes the success of his business to his own education in business management and his team of certified management consultants. Therefore, he decides to send both his children Danush and Damini abroad to acquire a degree in business management in their individual area of expertise. He feels that all over the world there is marked growth in management as a discipline, but still it is not considered to be a full-fledged profession for certain reasons.

In the context of the above case:

Explain the reasons because of which Dharam considers management as a discipline.

Critically examine the various reasons because of which management is not considered to be a full-fledged profession.

Answer:

Dharam considers management as a discipline because there exist a number of theories and principles on management which have been formulated by various management experts. It is taught in various schools and colleges, all over the world, as a separate subject of study.

Management is not considered to be a full-fledged profession because of the following reasons:

- i) Restricted entry: Unlike management, the entry to the other professions is restricted

through an examination or eligibility criteria like specific percentage in a particular degree or diploma. However, management as profession does not fulfill this criterion as anyone can be called a manager regardless of his/her academic qualifications.

- ii) Professional association: Unlike managers, all working professionals have to be a member of an affiliated professional association which regulates their entry, grants certificate of practice and formulates and enforces code of conduct. For example, the practicing lawyers have to be a member of Bar Council of India, the practicing doctors should have membership of All India Medical Association etc. However, in case of management, although there exist several management associations like the AIMA (All India Management Association), neither does it have any statutory backing nor is it mandatory for the practicing managers to be a member of such associations.

Question 9:

Kartik joins a garment factory as a plant supervisor in Lucknow. He observes that the output of some workers is very low as compared to the standards set for their performance. On analyzing the reasons for the same, he finds out that a lot of time of the workers is wasted in getting the requisite materials issued from the store. Whereas on asking, the store keeper complains that there is no harmony in the working of the production department as a whole. Every day the workers approach him at the last minute to procure different kinds of threads, laces, mirrors, buttons etc. If it is not available in the store then he has to place an order with the purchase officer. As a result, a lot of time of the workers is wasted. So, in order to integrate the various production activities, henceforth, Kartik ensures, that the store keeper is informed well three days in advance about the requisite material. Consequently, the store keeper is able to keep the materials ready for the workers every morning in accordance with their requirements.

In context of the above case:

Identify and explain the quality of management that Kartik has introduced in the working of the production department as a corrective measure to control the output of the workers.

State briefly any two points highlighting the importance of quality of management identified in part (a).

Answer:

Coordination is the quality of management that Kartik has introduced in the working of the production department as a corrective measure to control the output of the workers.

Coordination is the process which helps to integrate the efforts of different individuals with diverse needs to secure a unity of action in the pursuit of common goals.

The two points highlighting the importance of coordination are stated below:

- i) Growth in the size: With the growth in the size of an organisation, there is a proportionate

increase in the number of its employees. So there is a greater need to unify the efforts of diverse individuals towards the realisation of organisational goals.

- ii) Functional differentiation: As a result of functional differentiation in an organization, its people and activities get divided into small departments on the basis of functions like marketing, finance etc. Since each such department tends to formulate its own objectives, policies etc., there is a need to reconcile the goals pursued by each of such departments with the goals of the organization as a whole.

Question 10:

Geetika is working in a private sector bank. One of her key function relates to the formulation of the overall organisational goals and strategies of the bank. Identify the level of management at which she is working? State any three other functions that she has to perform at this level.

Answer:

Geetika is working at the top level of management in the private sector bank. The three other functions that she has to perform at this level are outlined below:

- i) She is responsible for the success and failure of the organisation.
- ii) She is responsible for all the business activities and its impact on society.
- iii) She has to coordinate the activities of different departments in pursuit of common goals.

Question 11:

Arundhati has been promoted to the post of Marketing Division Head of a soft drink company. Identify the level of management at which she will be working henceforth. State any four functions that she will have to perform at this level.

Answer:

Henceforth, Arundhati will be working at middle level of management.

The four functions that she will have to perform at this level are stated below:

- I) She has to ensure that her department has the necessary staff.
- II) She has to assign duties and responsibilities to the people in her department.
- III) She has to motivate the people in her department to achieve the desired objectives.
- IV) She has to co-operate with the other departments for ensuring smooth functioning of the organization.

Question 12:

Ajay and Sanjay are childhood friends. Sanjay had lost his right hand in an accident in childhood. They meet after a long time in a restaurant. On being asked, Sanjay tells Ajay that he feels very discontented in managing his family business after the death of his father as it doesn't match with his areas of interest. Ajay knows that Sanjay possess extraordinary skills in management although he hasn't acquired any professional degree in management.

Therefore, he asks Sanjay to wind up his business in India and join him in his hotel business in Dubai as an Assistant Manager in Sales and Marketing Division.

In context of the above case:

- i) Can Sanjay be deployed at the post of Assistant Manager in Sales and Marketing Division though he hasn't acquired any professional degree in management? Explain by giving suitable justifications in support of your answer.
- ii) List any two values that are reflected in this act of Ajay.

Answer:

- i) Yes, Sanjay can be deployed at the post of Assistant Manager in Sales and Marketing Division although he hasn't acquired any professional degree in management as management is not considered to be a full-fledged profession because of the following reasons:

Restricted entry: Unlike management, the entry to the other professions is restricted through an examination or eligibility criteria like specific percentage in a particular degree or diploma. However, management as a profession does not fulfill this criteria as anyone can be called a manager regardless of his/her academic qualifications.

Professional association: Unlike managers, all working professionals have to be a member of an affiliated professional association which regulates their entry, grants certificate of practice and formulates and enforces code of conduct. For example, the practicing lawyers have to be a member of Bar Council of India, the practicing doctors should have membership of All India Medical Association etc. However, in case of management, although there exist several management association like the AIMA (All India Management Association), neither does it have any statutory backing nor is it mandatory for the practicing managers to a member of such associations.

- ii) The two values that are reflected in this act of Ajay are:

Compassion

Responsibility.

By, Bhabani Sankar Sir