

**Class XII: Business Studies**

**Chapter 2 (Principles of management)**

1. Mr. Neeraj, the salesman in Progress Ltd., designed a new cost saving advertisement technique through his personal experience and suggests the same to his sales manager but it was not appreciated by his sales manager and he also warned him not to come with any suggestions in future. Which principle of Fayol is being overlooked by the sales manager? What should have been the appropriate way of response by the sales manager?
2. The production manager assigned a target of producing 1,000 TV sets in the month of April to a group of 10 workers. They mutually decided to produce 100 TV sets each. Among them, Vishal (one of the worker in the group) fell sick. The other workers refused to divide his work among themselves and concentrated only on the production of their own individual target of production. As a result target of 1,000 TV sets could not be achieved.

- (a) Name the principle of Fayol which is violated in the given case.
- (b) Explain the concerned principle.
- (c) What should have been the appropriate course of action

3. Rama Ltd. was engaged in the business of manufacturing auto components. Lately its business was expanding due to increased demand for cars. The competition was also increasing. In order to keep its market share intact, the company directed its workforce to work overtime. But this resulted in lot of problems. Due to increased pressure of work the efficiency of workers declined. Sometimes the subordinates had to work for more than one superiors. The workers were becoming undisciplined. The spirit of teamwork, which had characterised the company previously, had begun to wane.

Identify any three principles of management which were being violated, quoting the lines from the above case.

4. 'Puneet Constructions Ltd'. had never given any importance to the suggestions of its employees. All the employees in the company considers themselves superior than the other. They neither help anybody nor get help from anybody. Last year, Mr. Shivam was appointed as Chief Manager of the company. He was an MBA from IIM Ahmedabad and also had seven-year experience of the same post. Immediately after taking charge he decided to deal with both the problems of the company. He convened a meeting of all the employees and said, "All the employees are free to give their suggestions. Besides, the one who gives the best suggestion will be awarded a prize. In addition, he advised them to discard ego and extend help in each other's work. We will have to give it the shape of a movement. Those who participate in this movement will be promoted at the earliest." Shivam proved to be a good leader.

Identify and explain the principles of management discussed above by quoting the lines.

5. 'New Delhi Ltd.' is a famous services providing company. Mr. Aman Malhotra is its Managing Director. He continuously motivates his Research and Development department to explore new and innovative ways of doing work.. The provisions has also been made to give reward to those employees who will participate in a particular exploration. He also believes that two groups working on managerial and non-managerial posts are similar to two wheels of an organisational vehicle. If this vehicle (organisation) is to be driven in a right way then both the wheels should be properly aligned. Mr. Aman is a successful leader. Among his employees, he has instilled the feeling that no decision will be taken without consulting the subordinates. To excel in this field, is the main motive of Mr. Aman and he paid lot of attention to training of employees

Identify the principles of scientific management discussed above by quoting the lines

6. Voltech India Ltd, is manufacturing LED bulbs to save electricity and running under heavy losses. To revive from losses, the management thought of shifting the unit to backward area where labour is available at the low cost .The management also asked workers to work overtime without any additional payment and promised to increase the wages of the workers after achieving the mission .

- i) State principle of management discussed above
- ii) Identify two values which company wants to communicate to the society

7. On 27th September, 2015, PM Narendra Modi visited the headquarters of 'Facebook' in California. This news was covered by ABP News Channel. The news item highlighted the following unique features of Facebook's office:

Office spread over 4.5 lakh sq feet area of land. Within the office, the employees use skates to move from one place to another. 10000 employees working in the office, all at same level. No cabin or separate room for any employee. There is open work place to ensure mutual understanding and team work. All meeting are held in a conference room having walls made of glass. Anyone can see with whom the manager is meeting or interacting. Focus is not on working hours, rather on quality of work. There is ample provision for leisure activities, rest rooms, widespread clean and green environment and beautiful nursery at the terrace for the employees.

On the basis of above information, answer the following questions:

- a) Name the principles of Fayol followed in the Facebook's office.
- b) State any two values followed in the Facebook's office.

8. Arun and Sonia, having same educational qualifications are working as managers in Alfa Ltd. Arun belongs to rural area where employment opportunities are very less whereas Sonia belongs to urban area. Ignoring many others differences between the two, management of Alfa Ltd. appointed them as manager, on the same salary package of Rs. 40,000 per month.

- (A) Name and explain the principle of management being followed in the above case.
- (B) Identify any two values on which management of Alfa Ltd. emphasis.

9. Nutan Tiffin Box service was started in Mumbai by Mumbai Dabbawalas. The Dabbawalas who are the soul of entire Mumbai aim to provide prompt and efficient services by providing tasty homemade tiffin to all office goers at right time and place. The service is uninterrupted even on the days of bad weather, political unrest and social disturbances. Recently they have started online booking system through their website 'mydabbawala.com'. Owing to their tremendous popularity amongst the happy and satisfied customers and members, the dabbawalas were invited as guest lecturers by top business schools. The Dabbawalas operate in a group of 25-30 people along with a group leader. Each group teams up with other groups in order to deliver the tiffin on time. They are not transferred on frequent basis as they have to remember the addresses of their customers. They follow certain rules while doing trade- No alcohol during working hours; No leave without permission; Wearing of white cap & carrying ID cards during business hours.

Recently on the suggestion of a few self motivated fellow men, the dabbawalas thought out and executed a plan of providing food left in tiffins by customers to slum children. They have instructed their customers to place red sticker if food is left in the tiffin, to be fed to poor children later.

- a) Explain any two principles of management given by Fayol from above paragraph
- b) Give any two values which the Dabbawalas want to communicate to the society.

10. Mohan always comes 1 hour late in the office and leave half an hour before the scheduled time. No penal action is taken against him. Other employees also started coming late in the office. Management is very disturbed with this and has started scolding the employees.

- (a) Which management principle is being violated in the given case?
- (b) Explain the principle.

- (c) Mention one probable adverse consequence of violation of the given principle
- (d) State the value being ignored by employees in above case.

11. “Aapka Vidyalaya” believes in holistic development of students and encourages team building through a mix of curricular, co curricular and sports activities. On its founders day a stage performance had to be put up. A committee of ten prefects was constituted to plan different aspects of the functions. They all decided to use recycled paper for decoration. There was a spirit of unity and harmony among all and all the members supported each other. With mutual trust and belongingness the programme was systematically planned and executed .Kartik ,one of the prefects realised that unknowingly he group had applied one of the principles of management while planning and executing the programme.

- a) Identify the Principle of management applied for the success of the organisation.
- b) State any two features of management highlighted in the above para.
- c) Identify any two values which “Aapka Vidyalaya” communicated to the society.

12. ABC ltd is engaged in producing electricity from domestic garbage. There is almost equal division of work and responsibilities between workers and management. The management even takes workers into confidence before taking important decisions. All the workers are satisfied as the behaviour of the management is very good.

- a) State the principle of management described in the above para.
- b) Identify two values which the company wants to communicate to the society.

13. Name and explain the principle of management which encourages the works to develop and carry out their plans for improvements in the organisation.

Name and explain the technique of scientific management which helps in eliminating unnecessary diversification of products and thus results in saving cost

14. Prashant toys Ltd manufactures and sells toys of different types. Two founders of the company , Prashant and Nishant jointly look after the overall management of the company. Since there is no clear cut demarcation of authority between the two often contradictory orders are passed to production and marketing people. Sometimes the situation becomes embarrassing to production and marketing manager.

- a) Which principle of management is being violated in the above case.
- b) State two steps the company should take to overcome the problem.

### **CH-3(BUSINESS ENVIORNMENT)**

#### **Case Studies**

1. A recent rate cut in the interest on loans announced by the Banks encouraged Amit, a science student of Progressive School to take a loan from State Bank of India to experiment and develop cars to be powered by fuel produced from garbage. He developed such a car and exhibited it in the Science Fair organised by Directorate of Education. He was awarded first prize for his invention. Identify and explain the dimensions of business environment discussed in the above case.
2. With change in the consumption habits of people, Neelesh, who was running a sweet shop shifted to chocolate business. On the eve of Diwali he offered chocolates in attractive packages at reasonable prices. He anticipated huge demand and created a website chocolove.com for taking orders online. He got lot of orders online and earned huge profit by selling chocolates. Identify and explain the dimensions of business environment discussed in the above case.
3. ‘Understanding of environment by business managers enables them not only to identify and evaluate, but also to react to the forces external to their firms.’ In light of the statement, explain any four points of importance of business environment.

4. Accent Electronics Ltd.' was operating its business in Malaysia. The company started exporting its products to India when the Prime Minister announced relaxation in import duties on electronic items. The company appointed retailers in India who had direct online links with the suppliers to replenish stocks when needed. Identify and explain the dimensions of business environment discussed in the above case
5. The court passed an order that all schools must have water purifier for the school children as:
  - (i) Society in general is more concerned about quality of life;
  - (ii) Innovative techniques are being developed to manufacture water purifier at competitive rates;
  - (iii) Incomes are rising and children at home are also drinking purified water. The Government is also showing positive attitude towards the water purifier business. Identify the different dimensions of business environment by quoting from the above details.
6. The court passed an order to ban polythene bags as
  - (i) These bags are creating many environmental problems, which affect the life of people in general.
  - (ii) Society, in general, is more concerned about the quality of life. The government decided to give subsidy to jute industry to promote this business. Innovative techniques are being developed to manufacture jute bags at low rates. Incomes are rising and people can afford to buy these bags.

Identify the different dimensions of business environment by quoting the lines from the above particulars.

7. A leading FMCG company manufacturing potato chips as its premium snack feels the need to steer ahead of its competitors. It asks for suggestions from its employees. The employees feel that the market for potato chips as a segment has become commoditized. They suggest that innovation in finger snacks was much more & it would also help the firm overcome the volatility & severe shortage of chips- grade potatoes in India. Besides change in prices of potato often lead to change in profit margins of the firm. Keeping in mind the fact that consumers are health conscious the company executes the suggestions of its employees by introducing variant of finger snacks including multi grain, pulses & regional flavours under its 'Kingo' brand.
  - (i) Which environment awareness is being identified by the company?
  - (ii) Identify the dimension of business environment by quoting from above lines.
  - (iii) Define the dimension so identified above.
  - (iv) List any two values shown by the company.
8. Tara, after completing her MBA, decided to go for a startup. After surveying the market & studying the needs of well informed customers, she decided to start an on- line apparel store rather than going in for brick and mortar clothing store. With Jabong, Myntra and many other fashion on line stores as competitors in the market, she creates a niche market for her firm by providing differentiated services by providing nip & tuck services to its prospective buyers making it a compelling proposition for even those who kept away for fear of having to visit corner alteration shops for a better fit. For this she carried out a survey of what women look for and studied the Indian body types to design the sizes accordingly. The new market conditions required her to hire trained personnel with higher competence & greater commitment so as to wean away customers visiting brick & mortar shops for their made to order & customization services. Quoting the lines from above, identify the impact of government policy change on Tara's firm.
9. Naman and Govind 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 their Professor Mr. Mehta who liked the idea and suggested them to first analyze 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 emphasized 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.

(i) Identify and state the component of business environment highlighted in the above Para.

(ii) State any two features of business environment as discussed by Professor Mehta with Naman and Govind.

(iii) Also state two points of importance of business environment as stated by Professor Mehta in the above situation. (1+2+2)

10. Cab service company, Uber had announced that it will now allow private car owners in Delhi to offer rides to passengers. It introduced the new feature from December 16 after Delhi government announced its odd even formula to be implemented from January 1. Fares for shared riders will be 10-30% cheaper, the company had said. It was followed by Ola, that announced that they too would offer ride sharing to passengers in Delhi-NCR. Ola will offer a 50% discount on Ola Share fares over the coming month. Meru cab has also launched its ride sharing features. It additionally gives customers who opt for the ride-share feature, a fixed 30% discount on the estimated trip fare.

In the above case,

(a) Identify points of importance of business environment highlighted.

(b) State two impacts of change of government policy on business and industry and what actions have been taken by companies in the above case to cope up with these changes?

11. Sunanda Papers decided to set up its industrial unit in backward village of Madhya Pradesh, due to its strategic location i.e. easy availability of wood to make paper. Moreover, due to unemployment, cheap labour is available in abundance. The village has no electricity so it decided to tap renewable solar energy in place of using diesel generators to meet its power requirements. The government offered industrial land at cheaper rate for the development of backward area and also provided subsidy for installing solar panels.

a) Identify the dimension business environment discussed in above case by quoting the line .

b) Also identify and explain from the given case the two benefits reaped by Sunanda papers by understanding the business environment.

12. Identify the Dimension of Business Environment relating to the statement given below:

a) The increasing interest of the urban people in health and fitness.

b) With the increase in the income of the people the increase in their demand for certain commodities.

c) Discrimination in the remunerations of men and women doing the similar type of work.

d) Opposition of certain political parties to FDI in organized retailing.

e) The adverse impact on the cotton cloth industry with the coming up of the clothes made of synthetic thread in the market.

13. Lately many companies have planned for significant investment in organized retail sector in India. Several factors have prompted their decision in this regard. Customers' income is rising. People have developed a taste for better quality products even though they have to pay more. The government is also showing positive attitude towards rising retail sector. Law has permitted cent percent foreign direct investment in some sectors of retailing.

Identify the changes in business environment under different dimensions quoting the lines from the above para.

14. "The managers have to respond suitably to cope with changing environment". Enlist any six managerial responses.