

# CBSE Business Studies Question Paper With Solutions

SET 3 - 66/4/3

<b>Time Allowed :3 Hours</b>	<b>Maximum Marks :80</b>	<b>Total questions :34</b>
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## General Instructions

**Read the following instructions very carefully and strictly follow them:**

1. There are total 34 questions in this paper.
2. Answers to questions carrying 3 marks may be from 50 to 75 words.
3. Answers to questions carrying 4 marks may be in about 150 words.
4. Answers to questions carrying 6 marks may be in about 200 words.
5. Attempt all parts of a question together.
6. Questions no. 1 to 20 are Multiple Choice Questions (MCQs), carrying 1 mark each.

**1.** Read the following statements Assertion (A) and Reason (R). Choose the correct option from the given options.

**Assertion (A) :** Amount of Earnings is a major determinant of the decision about dividend.

**Reason (R) :** Dividends are paid out of current and past earnings.

(A) Both Assertion (A) and Reason (R) are true and Reason (R) is correct explanation of Assertion (A).

(B) Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).

(C) Assertion (A) is true but Reason (R) is false.

(D) Assertion (A) is false but Reason (R) is true.

**Correct Answer:**

(A) Both Assertion (A) and Reason (R) are true and Reason (R) is correct explanation of Assertion (A).

**Solution:**

The assertion states that earnings are a major determinant of dividend decisions, which is absolutely true as companies can only pay dividends from their earnings. The reason correctly explains this by stating that dividends are paid from current and past earnings, making it a direct and accurate explanation of the assertion.

Dividend policy fundamentally depends on the company's profitability and retained earnings. Current earnings provide the immediate capacity to pay dividends, while past earnings (retained earnings) represent accumulated profits available for distribution. Together, they form the financial basis for dividend decisions, making the reason a perfect explanation for the assertion.

**Final Answer:** (A) Both Assertion (A) and Reason (R) are true and Reason (R) is correct explanation of Assertion (A).

**Quick Tip**

In assertion-reason questions, first verify each statement's validity separately, then examine if the reason properly explains the assertion.

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2. Choose the incorrect statement with respect to levels of management from the following:
- (A) Operational level management is responsible for implementing and controlling plans and strategies developed by top management.
  - (B) At middle level management, managers interpret the policies framed by top management.
  - (C) At operational level management with the efforts of supervisors wastage of materials is minimised.
  - (D) At top level management, managers are responsible for the welfare and survival of the organisation.

**Correct Answer:**

(C) At operational level management with the efforts of supervisors wastage of materials is minimised.

**Solution:**

While all options describe management levels accurately, option (C) is incorrect because it

misrepresents the primary focus of operational management. The minimization of material wastage is indeed a supervisory responsibility, but this is not the defining characteristic of operational level management.

Operational management's core responsibility is the execution of day-to-day operations according to middle management's directives. While supervisors do minimize wastage, this is just one aspect of their broader operational responsibilities. The other options perfectly describe: (A) operational management's implementation role, (B) middle management's interpretive function, and (D) top management's strategic focus on organizational survival.

**Final Answer:** (C) At operational level management with the efforts of supervisors wastage of materials is minimised.

#### Quick Tip

For "incorrect statement" questions, eliminate options that are completely true first. The remaining option often contains partial truths or misrepresentations.

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3. 'Merely allocating work is not enough. Each individual should also know who he has to take orders from and to whom he is accountable'. The above statement is related to one of the steps of organising process. Identify the step from the following:

- (A) Identification and division of work
- (B) Departmentalisation
- (C) Assignment of duties
- (D) Establishing authority and reporting relationship

**Correct Answer:**

- (D) Establishing authority and reporting relationship

**Solution:**

The organizing process involves several key steps, and the quoted statement specifically refers to clarifying the chain of command within an organization. This is the essence of 'Establishing authority and reporting relationships', which ensures every employee understands: 1. From whom they receive orders (superiors) 2. To whom they report (accountability) 3. Their position in the organizational hierarchy

While (A) involves breaking down work into manageable tasks and (B) groups similar activities into departments, neither addresses the reporting structure. Option (C) assigns tasks but doesn't establish accountability lines. Only option (D) directly corresponds to creating clear superior-subordinate relationships, which is fundamental for organizational efficiency and employee clarity.

**Final Answer:** (D) Establishing authority and reporting relationship

#### Quick Tip

When questions mention "reporting," "accountability," or "orders," they typically refer to authority relationships in the organizing process.

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4. A multinational sweets and snacks company had been into catering business for the last many years. To add to its prospects and to grow in the long run, it wants to increase its sales volume, the number of products and capital investment. The organisational objective of management it seeks to achieve is:

- (A) Survival
- (B) Profit
- (C) Growth
- (D) Corporate Social responsibility

**Correct Answer:**

- (C) Growth

**Solution:**

The scenario describes a company aiming for expansion through: 1. Increased sales volume (market expansion) 2. Product line diversification 3. Enhanced capital investment  
These are classic indicators of the 'Growth' objective, which focuses on long-term organizational development beyond mere survival or profit. While (B) Profit is a general objective, the specific emphasis on scaling operations through multiple parameters confirms growth as the primary goal. Option (A) Survival relates to basic continuity, while (D) CSR involves social welfare - neither matches the expansion-oriented context provided. Growth is measured quantitatively (sales, products) and qualitatively (market position), both

highlighted in the question.

**Final Answer:** (C) Growth

#### Quick Tip

Growth objectives often involve multiple expansion indicators (sales, products, investment), while survival focuses on continuity and profit on financial returns.

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5. Rajat was carrying on a business of manufacturing plastic disposables like plastic plates, plastic cups and plastic straws. He heard about the upcoming ban on single use plastics. He was able to identify this external environmental trend which could hinder his firm's performance. So he took action and shifted to manufacturing the plates, cups and straws from bamboo and palm leaves. As a result, his business not only survived but was able to generate profit. The point of importance of Business Environment highlighted above is:

- (A) It enables the firm to identify opportunities and getting the first mover advantage.
- (B) It helps the firm to identify threats and early warning signals.
- (C) It helps in tapping useful resources.
- (D) It helps in assisting in planning and policy formulation.

**Correct Answer:**

- (B) It helps the firm to identify threats and early warning signals.

**Solution:**

The case demonstrates environmental scanning's critical role in: 1. Identifying regulatory threats (plastic ban) 2. Recognizing early warning signals (upcoming legislation) 3. Enabling proactive adaptation (shift to eco-friendly materials)

While (A) mentions opportunities, the scenario emphasizes threat identification. Option (C) refers to resource acquisition, but Rajat's success came from anticipating external changes, not resource utilization. Though (D) is partially correct, the core lesson is about environmental threats recognition (legal changes) that allowed strategic redirection before crisis hit. This exemplifies how monitoring the business environment provides vital threat intelligence for organizational resilience.

**Final Answer:** (B) It helps the firm to identify threats and early warning signals.

### Quick Tip

Threat identification questions often feature regulatory changes, competition, or market shifts that require proactive response.

6. \_\_\_\_\_ is the process by which a manager synchronises the activities of different departments.

- (A) Management
- (B) Planning
- (C) Co-ordination
- (D) Directing

**Correct Answer:**

- (C) Co-ordination

**Solution:**

Coordination is the essence of managerial function that ensures: 1. Harmonization of departmental activities 2. Synchronization of efforts toward common goals 3. Elimination of conflicts between units

While (A) Management is broader, coordination specifically addresses inter-departmental alignment. Planning (B) sets objectives, and Directing (D) involves instructing staff, but neither specifically synchronizes cross-functional activities. Coordination acts as the binding force that unifies all management functions (planning, organizing, staffing, directing, controlling) across departments to achieve organizational efficiency and unity of action.

**Final Answer:** (C) Co-ordination

### Quick Tip

Coordination questions often contain keywords like "synchronize," "harmonize," or "integrate departments."

7. Lyka Ltd. launched its new range of herbal shampoos at the beginning of the year. As per legal framework, Lyka Ltd. provided the name and address of the manufacturer, the weight,

manufacturing date, expiry date, maximum retail price etc. on the package and label of the herbal shampoo. The consumer right highlighted above is:

- (A) Right to choose
- (B) Right to be informed
- (C) Right to consumer education
- (D) Right to safety

**Correct Answer:**

- (B) Right to be informed

**Solution:**

The scenario demonstrates the **Right to be informed** under consumer protection laws, which mandates that manufacturers must disclose: 1. Basic product information (name/address of manufacturer) 2. Quantitative details (weight/volume) 3. Quality indicators (manufacturing/expiry dates) 4. Pricing information (MRP)

This right empowers consumers to make informed choices and verify product authenticity. While (A) Right to choose relates to product selection freedom, and (D) Right to safety concerns product harm prevention, the listed disclosures specifically fulfill information needs. Option (C) about consumer education is broader than the specific disclosure requirements shown.

**Final Answer:** (B) Right to be informed

#### Quick Tip

When questions mention product labeling/disclosures, they typically test the Right to be informed. Safety questions involve product hazards, while choice questions mention alternatives.

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8. \_\_\_\_\_ is the step in the controlling process where standards may have to be revised in case the deviation can not be corrected through managerial action.

- (A) Setting Performance Standards
- (B) Measurement of Actual performance
- (C) Comparing Actual Performance with standards and analysing deviations
- (D) Taking corrective action

**Correct Answer:**

(D) Taking corrective action

**Solution:**

The controlling process culminates with corrective action when: 1. Performance gaps persist after analysis 2. Operational adjustments fail to resolve deviations 3. Standards themselves are identified as unrealistic

This step may involve: • Revising targets/benchmarks • Reallocating resources • Process redesign • Strategic realignment

Options (A)-(C) are preliminary steps where standards are set (A), performance measured (B), and variances analyzed (C). Only in the corrective phase (D) are standards reconsidered when other interventions prove inadequate.

**Final Answer:** (D) Taking corrective action

**Quick Tip**

Corrective action is the only controlling step that loops back to modify standards when deviations indicate flawed benchmarks rather than execution errors.

9. Match the functions of Securities and Exchange Board of India given in Column-I with their headings given in Column-II:

Column-I	Column-II
A. Training of intermediaries of securities markets	(i) Regulatory function
B. Regulation of takeover bids by companies	(ii) Protective function
C. Controlling insider trading and imposing penalties for such practices	(iii) Development function

Choose the correct alternative:

(A) A(ii); B(iii); C(i)

(B) A(i); B(ii); C(iii)

(C) A(iii); B(i); C(ii)

(D) A(iii); B(ii); C(i)

**Correct Answer:**

(C) A(iii); B(i); C(ii)

**Solution:**

The correct matching is based on SEBI's threefold mandate: 1. **Development Function (A-iii)**: Training intermediaries builds market capacity 2. **Regulatory Function (B-i)**: Takeover regulation maintains market 3. **Protective Function (C-ii)**: Insider trading controls safeguard investors

Key distinctions: • Development activities grow market infrastructure (training, research) • Regulatory functions oversee market operations (takeovers, listings) • Protective measures prevent exploitation (fraud prevention, investor awareness)

Option (C) correctly aligns: training=development, takeovers=regulation, insider trading=protection.

**Final Answer:** (C) A(iii); B(i); C(ii)

#### Quick Tip

SEBI's functions follow a pattern: Development=market growth activities, Regulatory=rule enforcement, Protective=investor safeguards.

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**10.** 'It is a process that allocates or directs funds available for investment into their most productive instrument opportunity'. This is known as:

- (A) Financial planning
- (B) Financial Intermediation
- (C) Allocative function
- (D) Capital budgeting

**Correct Answer:**

- (C) Allocative function

**Solution:**

The allocative function refers to: 1. Efficient capital distribution across investment avenues 2. Channeling funds to highest-yield opportunities 3. Optimal resource deployment in financial markets

Distinguishing features: • (A) Financial planning focuses on fund requirements estimation • (B) Financial intermediation connects savers/borrowers • (D) Capital budgeting evaluates specific projects

The "most productive opportunity" phrase specifically denotes allocation efficiency - matching available capital with optimal returns, which is the core of allocative function. This maximizes overall economic productivity.

**Final Answer:** (C) Allocative function

#### Quick Tip

Allocation questions emphasize "optimal distribution" or "most productive use" of funds, distinct from planning or intermediation.

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**11. Statement I:** That part of a brand which can be spoken is called a brand name.

**Statement II:** That part of the brand which is given legal protection is called Trademark.

Choose the correct option from the following:

- (A) Statement I is true and Statement II is false
- (B) Statement II is true and Statement I is false
- (C) Both the statements are true
- (D) Both the statements are false

**Correct Answer:**

- (C) Both the statements are true

**Solution:**

Both statements accurately describe brand components: 1. **Brand Name (Statement I):** The verbal/audible portion (e.g., "Nike") distinguishable from visual marks like logos 2.

**Trademark (Statement II):** The legally protected brand element (name/logo/slogan) that identifies goods/services

Key clarifications: • Brand names are indeed speakable components • Trademarks require registration for legal protection • Both concepts are complementary - a brand name can become a trademark when registered

No contradictions exist between the statements, making option (C) correct.

**Final Answer:** (C) Both the statements are true

### Quick Tip

In brand-related questions, remember: Brand name = verbal identity, Trademark = legal identity. They often coexist.

12. \_\_\_\_\_ is the process of holding securities in electronic form.

- (A) Financial Intermediation
- (B) Dematerialisation
- (C) Allocative function
- (D) Mobilisation of securities

**Correct Answer:**

- (B) Dematerialisation

**Solution:**

Dematerialization (Demat) specifically refers to: 1. Conversion of physical certificates to electronic records 2. Maintenance of securities in NSDL/CDSL depositories 3. Elimination of paper-based transactions

Critical distinctions: • (A) Financial intermediation involves banks/mutual funds • (C)

Allocation concerns capital distribution • (D) Mobilization refers to fund collection

The electronic holding aspect is unique to demat accounts, which revolutionized securities trading by enabling: • Instant transfers • Reduced fraud • Automated corporate actions

**Final Answer:** (B) Dematerialisation

### Quick Tip

”Electronic form” is the giveaway for dematerialization questions. Other options describe processes, not security holding methods.

13. Payal was working in a Multinational company. Her father gifted her a smart phone worth 40,500 on her birthday. The mobile phone was purchased by her father from his friend’s shop. After few months, the mobile phone started creating problems. Payal tried to contact the manufacturer many times but he did not respond. Ultimately Payal decided to file

a complaint against the manufacturer. The appropriate grievance redressal machinery where Payal can file a complaint is:

- (A) District Forum/Commission
- (B) State Commission
- (C) National Commission
- (D) Supreme Court

**Correct Answer:**

- (A) District Forum/Commission

**Solution:**

The Consumer Protection Act's three-tier system applies based on claim value: 1. **District Forum:** Claims up to 1 crore (40,500 falls here) 2. **State Commission:** 1 crore - 10 crore 3. **National Commission:** Above 10 crore

Key considerations: • Payal is a "consumer" as product was for personal use • Manufacturer liability exists despite indirect purchase • Supreme Court isn't part of consumer forums hierarchy • Jurisdiction determined by product value, not respondent's location

Since the phone's value (40,500) is well below 1 crore threshold, District Forum is the proper venue.

**Final Answer:** (A) District Forum/Commission

#### Quick Tip

Consumer forum jurisdiction depends strictly on claim amount: District (≤1cr), State (1-10cr), National (>10cr).

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**14.** Which of the following is NOT a feature of 'Directing' function of management?

- (A) Directing initiates Action.
- (B) Directing takes place at every level of management.
- (C) Directing ensures that activities are performed as per plans.
- (D) Directing flows from top to bottom.

**Correct Answer:**

- (D) Directing flows from top to bottom.

**Solution:**

The incorrect statement about directing is (D) because: • Directing occurs **at all levels** (supervisors direct workers, managers direct supervisors) • It's **multi-directional** (upward, downward, lateral) • Contrasts with planning which is top-down

Correct features include: (A) Directing activates plans into motion (B) Pervasive across hierarchy (C) Aligns execution with plans through supervision

The "top to bottom" description fits planning's hierarchical nature, not directing's interactive communication process.

**Final Answer:** (D) Directing flows from top to bottom.

**Quick Tip**

For "NOT a feature" questions, identify the universal characteristic that doesn't apply. Here, directing's multi-directional nature contradicts the one-way flow in option D.

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**15.** 'Marbury biscuits' launched its new range of oat cookies in three varieties. They decided to distribute free samples of their biscuits in schools as a part of their promotional campaign. Identify the tool of promotion used by 'Marbury Biscuits':

- (A) Advertising
- (B) Personal Selling
- (C) Sales Promotion
- (D) Public Relations

**Correct Answer:**

- (C) Sales Promotion

**Solution:**

The scenario describes a classic **sales promotion** technique, characterized by:

1. **Short-term incentive:** Free samples create immediate trial opportunities
2. **Tactical objective:** Designed to stimulate quick purchases and product adoption
3. **Targeted distribution:** Schools represent a strategic location to reach children (primary consumers) and parents (purchasers)

Detailed analysis of alternatives: • (A) Advertising involves paid, non-personal mass

communication (TV/print ads), absent here • (B) Personal Selling requires direct seller-buyer interaction, not occurring with sample distribution • (D) Public Relations focuses on building long-term goodwill through unpaid media, whereas this is a direct product push

Sales promotion specifically includes: Free samples Coupons Contests Price discounts

The free sample strategy achieves multiple goals: - Reduces consumer risk in trying new products - Creates word-of-mouth marketing - Potentially converts trial users to regular buyers

**Final Answer:** (C) Sales Promotion

#### Quick Tip

Free samples always indicate sales promotion. Look for immediate purchase incentives rather than long-term brand building.

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**16.** Which of the following is an advantage of Informal organisation?

(A) It provides stability to the organisation because behaviour of employees can be fairly predicted since there are specific rules to guide them.

(B) It leads to effective accomplishment of goals by providing a framework for the operations to be performed.

(C) It enhances the employee's job satisfaction since it gives them a sense of belongingness in the organisation and allows them to find like minded people.

(D) It helps in avoiding duplication of efforts as there is no ambiguity in the role that each member has to play.

**Correct Answer:**

(C) It enhances the employee's job satisfaction since it gives them a sense of belongingness in the organisation and allows them to find like minded people.

**Solution:**

The informal organization refers to the natural social networks that develop among employees beyond formal structures. Its key advantages include:

1. **Psychological benefits:** - Fulfills social needs (Maslow's hierarchy) - Creates identity and belongingness - Reduces workplace stress through friendships

2. **Communication efficiency:** - Enables faster information flow through grapevine - Bypasses rigid formal channels

3. **Innovation support:** - Informal interactions often spark creative ideas - Allows testing concepts before formal proposals

Analysis of incorrect options: • (A) describes formal organization's predictability • (B) references formal structure's goal orientation • (D) mentions formal organization's role clarity

The correct option (C) captures the informal organization's unique ability to satisfy social needs that formal structures cannot address, directly impacting job satisfaction and emotional well-being. Research shows employees with strong informal ties exhibit: Higher engagement Lower turnover Better stress management

**Final Answer:** (C) It enhances the employee's job satisfaction since it gives them a sense of belongingness in the organisation and allows them to find like minded people.

#### Quick Tip

Informal organization advantages always emphasize social/emotional benefits, never structural efficiency which is formal organization's domain.

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17. The picture given below is the package of a perfume bottle:

Image description: A decorative box containing perfume bottle

Identify the level of packaging of the box shown above:

- (A) Primary package
- (B) Secondary packaging
- (C) Transportation packaging
- (D) Both (A) and (B)

**Correct Answer:**

- (B) Secondary packaging

**Solution:**

Packaging levels are defined by their relationship to the product:

1. **Primary Packaging:** - Direct product contact (e.g., perfume bottle itself) - Preserves

product quality - Travels with product to end user

2. **Secondary Packaging:** - Groups primary packages (e.g., the decorative box) - Adds aesthetic/marketing value - Often discarded after purchase - Provides: • Branding space • Product information • Retail display appeal

3. **Transportation Packaging:** - Bulk handling/warehousing (e.g., corrugated shipping cases) - Protection during logistics - Never seen by end consumers

The described box is secondary packaging because: Contains the primary package (bottle) Enhances presentation Typically removed during product use Different from shipping containers

Option (D) is incorrect because primary and secondary packaging are distinct levels - the bottle is primary, its box is secondary.

**Final Answer:** (B) Secondary packaging

#### Quick Tip

Remember: Primary=product contact, Secondary=retail presentation, Transportation=bulk shipping. Cosmetics often have all three levels clearly distinct.

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**18. Statement I:** Business Environment is dynamic as it differs from country to country.

**Statement II:** Business Environment is largely uncertain as it is very difficult to predict future happenings.

Choose the correct option from the following:

(A) Statement I is true and Statement II is false

(B) Statement II is true and Statement I is false

(C) Both the statements are true

(D) Both the statements are false

**Correct Answer:**

(C) Both the statements are true

**Solution:**

Both statements accurately describe business environment characteristics:

1. **Dynamism (Statement I):** - Varies across countries due to: • Political systems • Cultural

norms • Economic development • Legal frameworks - Example: Labor laws differ dramatically between Germany and India

2. **Uncertainty (Statement II):** - Arises from: • Technological disruptions • Market volatility • Geopolitical shifts - Illustrated by COVID-19's unpredictable global impact These are complementary, not contradictory: • Dynamism refers to spatial variability • Uncertainty addresses temporal unpredictability

Evidence supporting both: PESTEL analysis shows country-specific factors Scenario planning acknowledges future unpredictability Globalization increases both cross-border differences and interconnected risks

**Final Answer:** (C) Both the statements are true

#### Quick Tip

Environment questions often test these twin characteristics: dynamism (change across space) and uncertainty (change over time).

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19. Which of the following is NOT a feature of demonetisation?

- (A) It leads to creation of a less-cash or cash-less (free) economy i.e. channeling more savings through the formal financial system and improving tax compliance.
- (B) It is interpreted as a shift on the part of the government indicating that tax evasion will no longer be tolerated or accepted.
- (C) It is viewed as a tax administration measure.
- (D) It led to tax administration channelising savings away from the formal financial system.

**Correct Answer:**

- (D) It led to tax administration channelising savings away from the formal financial system.

**Solution:**

Demonetization's actual features versus the incorrect option:

**Actual Features:** 1. **Financial Formalization:** - Moves transactions into banking systems - Increases tax base visibility - Reduces black money circulation

2. **Policy Signal:** - Demonstrates anti-evasion resolve - Encourages digital payments - Aligns with long-term economic reforms

3. **Administrative Tool:** - Part of broader tax compliance strategy - Complements GST implementation - Enhances monetary policy effectiveness

**Why Option D is incorrect:** • Contradicts demonetization's core objective of bringing savings *into* formal systems • Savings moving *away* would indicate policy failure • Historical evidence shows increased bank deposits post-demonetization

The incorrect statement reverses the actual outcome - demonetization aimed to **reduce** parallel economy transactions, not divert funds from regulated channels.

**Final Answer:** (D) It led to tax administration channelising savings away from the formal financial system.

#### Quick Tip

For "NOT a feature" questions, identify the option that contradicts the policy's fundamental objectives - here, formalization versus informalization.

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20. \_\_\_\_\_ is the process of holding securities in electronic form.

- (A) Financial Intermediation
- (B) Dematerialisation
- (C) Allocative function
- (D) Mobilisation of securities

**Correct Answer:**

- (B) Dematerialisation

**Solution:**

Dematerialization revolutionized securities markets by:

1. **Process Mechanics:** - Physical certificates → Electronic book entries - Maintained in depository accounts (NSDL/CDSL) - Enables instantaneous transfers (DVP mechanism)
2. **System Benefits:** - Eliminates: • Certificate forgery • Physical transfer delays • Storage/insurance costs - Automates: • Corporate actions (dividends, bonuses) • Pledge creation • Transmission to heirs
3. **Market Impact:** - Increased retail participation - Enhanced settlement efficiency - Reduced transaction costs

Contrast with other options: • (A) Financial Intermediation: Banks/MF channeling funds • (C) Allocative Function: Capital distribution to sectors • (D) Mobilization: Initial capital raising (IPOs)

The electronic holding aspect is unique to demat, which became mandatory for all equity shares in India under SEBI regulations.

**Final Answer:** (B) Dematerialisation

#### Quick Tip

”Electronic form” is the definitive clue for dematerialization. Other options describe processes unrelated to security custody.

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**21.** (a) 'Planning and controlling are inseparable twins of management'. Explain with the help of any three points.

OR

(b) Explain 'Critical point control' and 'Management by exception' as discussed in the controlling process.

**Solution (a):**

The ”inseparable twins” analogy highlights three key interdependencies:

- 1. Forward-looking vs. Backward-looking Connection:** • Planning sets future targets (what should be) • Controlling compares actuals against these plans (what is) • Example: Sales targets (plan) vs. quarterly reviews (control)
- 2. Continuous Feedback Loop:** • Control data informs better planning (historical performance analysis) • Planning adjustments refine control standards • Illustrated by budget revisions based on variance reports
- 3. Complementary Objectives:** • Planning ensures ”doing the right things” • Controlling ensures ”doing things right” • Together they achieve organizational efficiency and effectiveness

Real-world manifestation: Strategic plans require performance monitoring Control deviations trigger plan revisions Together they form the PDCA (Plan-Do-Check-Act) cycle

**Solution (b):**

Two specialized control techniques:

1. **Critical Point Control:** • Focuses monitoring on *key performance indicators* (KPIs) • Identifies "vital few" metrics that drive 80% of results • Examples: - Manufacturing: Defect rates at quality checkpoints - Retail: Inventory turnover ratios • Benefits: - Reduces monitoring costs - Concentrates attention on high-impact areas
2. **Management by Exception:** • Only significant deviations trigger managerial action • Establishes acceptable performance ranges • Components: - Tolerance limits (e.g.,  $\pm 5\%$ ) - Escalation protocols • Advantages: - Prevents micromanagement - Optimizes executive time • Implementation requires: - Clear performance standards - Robust information systems

Comparative application:

Aspect	Critical Point Control	Management by Exception
Focus	What to monitor	When to intervene
Basis	Strategic importance	Deviation magnitude
Data Need	KPI identification	Threshold setting

#### Quick Tip

For twin functions, emphasize their cyclical relationship. For control techniques, distinguish between monitoring focus (critical points) and intervention triggers (exceptions).

22. (a) Distinguish between 'Capital Market' and 'Money Market' on the basis of: (i) Instruments (ii) Liquidity (iii) Safety

OR

(b) Explain the following as factors affecting financing decision: (i) Fixed Operating Costs (ii) State of Capital Market

**Solution (a):**

Basis	Capital Market
(i) Instruments	Long-term securities Includes: - Equity shares - Debentures (5-20 years) - Government securities
(ii) Liquidity	Lower liquidity due to long maturity Secondary market trading may have price volatility
(iii) Safety	Higher risk: - Market risk - Credit risk - Interest rate risk Equity has lowest claim in liquidation

**Solution (b):**

(i) **Fixed Operating Costs:**

- **Operating Leverage Impact:** High fixed costs increase business risk, making equity preferable to avoid additional financial risk from debt
- **Break-even Analysis:** Firms with high operating leverage maintain lower debt ratios to prevent compounded risk
- **Industry Benchmark:** Manufacturing units with heavy machinery (high depreciation) often rely more on equity
- **Cash Flow Stability:** Volatile earnings firms avoid debt to prevent default during downturns

**(ii) State of Capital Market:**

- **Bull Market Conditions** (as in the case): - Favorable for equity issuance (higher valuations) - Lower cost of capital through IPOs/FPOs
- **Debt Market Trends:** - Low interest rates favor debt instruments - Yield curves influence long-term borrowing
- **Regulatory Environment:** - SEBI guidelines impact IPO timelines - Credit rating requirements affect bond issues

**Quick Tip**

For market comparisons, focus on time horizons (long vs short term). For financing decisions, analyze risk-return tradeoffs.

**23.** Three friends, Aman, Ashish and Ashi after completing their MBA from a reputed management institute, formed a start up named 'Solutions'. The goal of the start up was to make a social and environmental impact through its services. 'Solutions' supports social business ideas to improve living conditions in slums of Mumbai. As all the three friends are specialised in social work, they adopted three different slums of Mumbai and started educating the slum dwellers in their own creative manner. Aman used 'playway method', Ashish used 'music' as a method of learning while Ashi used 'activity based method of learning'. They used basic knowledge in their unique manner and were able to educate the

slum dwellers. It implies that skillful and personal application of acquired knowledge varies from individual to individual in achieving desired results.

(a) Identify and state the nature of management discussed in the above case. (b) Quoting lines from the above para, state any two features of nature of management identified in (a) above.

**Solution:**

**(a) Nature of Management: Management as an Art**

**(b) Features with Quotations:** 1. **Personalized Application:** - Quoted line: "They used basic knowledge in their unique manner" - Explanation: Demonstrates how each manager applies theoretical knowledge differently based on personal style

2. **Creativity:** - Quoted line: "Aman used 'playway method', Ashish used 'music'... Ashi used 'activity based method'" - Explanation: Shows innovative approaches tailored to individual strengths and situations

The case exemplifies management as art because: • **Practice-Oriented:** Results achieved through practical implementation • **Individualized Approach:** No single "correct" method exists • **Skill Development:** Mastery comes through experience and experimentation • **Adaptability:** Methods adjusted based on target audience (slum children)

Contrast with science: - Scientific management would prescribe standardized methods - Here, effectiveness comes from customized approaches

**Quick Tip**

When questions mention "creative/personal application," they always test Management as Art. Science questions emphasize universal principles.

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**24.** The rapid changes having taken place in the society have created pressure on organisations to readapt its products, type of jobs required and type of skills necessary to complete these jobs. To keep up pace with the rapid changes in the business environment, 'Suzon cars', a company manufacturing automobiles for the last thirty years decided to start manufacturing electric cars with Artificial Intelligence technology. With the introduction of Artificial Intelligence, the company had to improve the knowledge and skills of its

employees. They wanted that all their employees improve their performance on the current job and are prepared for any intended job in future. This way they would not only be able to increase their knowledge and skills but would also improve their performance. By doing this, the organisation too would get various benefits.

(a) Identify the concept discussed above which would help the employees to do the job in a better way using Artificial Intelligence Technology. (b) State any five benefits of the concept identified in (a) above to the organisation.

**Solution:**

**(a) Concept: Training and Development**

**(b) Five Organizational Benefits:** 1. **Technological Adaptation:** - Enables workforce to operate AI-driven manufacturing systems - Example: Training in machine learning algorithms for quality control

2. **Succession Planning:** - Prepares employees for future roles in EV division - Reduces external hiring costs

3. **Competitive Advantage:** - Faster adoption of AI than competitors - Early mover benefits in electric vehicle market

4. **Employee Retention:** - Upskilling opportunities reduce turnover - Increases job satisfaction in transitioning workforce

5. **Process Innovation:** - Trained staff can suggest AI applications - Continuous improvement in production methods

The case demonstrates **reskilling** (preparing for new roles) and **upskilling** (enhancing current capabilities) through: • Technical training on AI systems • Soft skills development for changing work environments • Leadership development for new business units

The benefits align with Kirkpatrick's training evaluation model: - Level 1: Reaction - Acceptance of new technology - Level 2: Learning - AI competency development - Level 3: Behavior - Application in manufacturing - Level 4: Results - Organizational performance gains

**Quick Tip**

Training benefits questions often test multi-level impacts - individual (skills), team (productivity), and organizational (innovation).

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25. (a) Give the meaning of 'Leadership' and 'Communication' as elements of directing function of management.

OR

(b) Explain the following as 'semantic barriers to communication': (i) Faulty translations (ii) Unclarified assumptions

**Solution (a):**

**Leadership:**

- The process of influencing and guiding employees to achieve organizational objectives voluntarily
- Key aspects: - Inspiration through vision - Motivation during challenges - Example: Transformational leaders in change management

**Communication:**

- The exchange of information, ideas, and instructions between organizational members
- Components: - Clear message encoding - Appropriate channel selection - Active feedback mechanisms - Example: Daily production reports in manufacturing

**Solution (b):**

**(i) Faulty Translations:**

- Occurs when message meaning changes during language conversion
- Examples: - Technical jargon mistranslated in multinational teams - Marketing slogans with unintended meanings (e.g., Chevrolet Nova "no go" in Spanish)
- Impacts: - Operational errors - Cultural misunderstandings

**(ii) Unclarified Assumptions:**

- When sender and receiver interpret messages differently due to implicit contexts
- Examples: - "Complete the project soon" (soon=1 week vs 1 month) - Industry-specific acronyms without explanation
- Prevention: - Explicit timelines - Glossary of terms for new employees

### Quick Tip

For semantic barriers, always provide concrete examples. For leadership vs communication, distinguish between influence (leadership) and exchange (communication).

**26.** Kaysons Ltd. was a reputed company manufacturing automotive parts for electric vehicles. As the demand for the electric vehicles grew, Kaysons Ltd. needed more capital to keep up with the demand for automotive parts. Atul, the Finance Manager of Kaysons Ltd. suggested that the company should raise funds through a public issue of shares as the stock market was bullish. The Chief Executive Officer fully understood that this process of raising funds would not only reduce the managements' holding in the company but would also require considerable expenditure. Even then he agreed with the Finance Manager and the public issue of shares was made complying with the guidelines of Securities and Exchange Board of India.

Identify and state four factors affecting choice of capital structure being discussed above.

#### **Solution:**

- 1. Market Conditions:** - Quoted: "stock market was bullish" - Impact: Favorable for equity issuance at higher valuations
  - 2. Control Considerations:** - Quoted: "reduce the managements' holding" - Impact: Equity dilution affects decision-making power
  - 3. Flotation Costs:** - Quoted: "require considerable expenditure" - Impact: IPO expenses include underwriting fees, legal costs ( 5-7 percent of capital raised)
  - 4. Regulatory Framework:** - Quoted: "complying with the guidelines of SEBI" - Impact: ICDR regulations dictate:
    - Minimum promoter contribution
    - Disclosure requirements
    - Listing obligations
- Growth Stage: EV industry expansion justifies equity financing • Risk Profile: Equity avoids fixed obligations during rapid scaling

### Quick Tip

Capital structure factors questions often combine explicit text references (like bull market) with implied concepts (like growth phase).

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27. Nishi had gone to a grocery store to make routine purchases. On reaching home, as she took out Binx tomato chips packet from the bag to give it to her son, she felt that it was underweight. She checked its weight on the kitchen weighing scale and found that it weighed 60 grams whereas the label on the chips packet mentioned the weight of the packet as 100 grams. She approached the manufacturer and complained about it. The manufacturer offered her a gift hamper and requested her not to disclose this to anyone. Nishi refused to accept the gift hamper and took the issue to a redressal agency.

(a) State two responsibilities discharged by Nishi, as a consumer, in the above case. (b) State any two reliefs which can be granted to Nishi, if the consumer court is satisfied with the genuineness of the complaint.

**Solution:**

**(a) Consumer Responsibilities:** 1. **Responsibility to Be Aware:** - Verified product weight against labeling claims - Used proper measurement tools (kitchen scale)  
2. **Responsibility to Assert:** - Rejected improper settlement (gift hamper) - Pursued formal redressal through appropriate channels

**(b) Possible Reliefs:** 1. **Replacement/Refund:** - Replacement with correctly weighed packet - Full refund of purchase price (40 for 100g pack)  
2. **Compensation:** - For mental harassment (typically 2-3x product value) - Punitive damages under CPA 2019 for unfair trade practice

Under Consumer Protection Act 2019: • Section 2(9): Defines unfair trade practice (short-weighting) • Section 35: District Commission can order: - Removal of product defects - Discontinuance of unfair practices - Payment of compensation

**Quick Tip**

Consumer responsibility questions test awareness, complaint filing, and rejection of unfair settlements. Relief questions often combine tangible (refund) and intangible (compensation) remedies.

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28. Explain the following factors affecting the working capital requirements of a company:

(a) Operating Efficiency (b) Availability of Raw Material

**Solution:**

**(a) Operating Efficiency:**

- **Inventory Turnover Ratio:** - High turnover reduces inventory holding period → Lower working capital needs - Example: Dell's just-in-time system reduced inventory from 20 days to 5 days
- **Cash Conversion Cycle:** - Efficient firms have shorter cycles:
  1. Raw material to finished goods (production efficiency)
  2. Sales to cash collection (credit policy effectiveness)- Case: Toyota's 30-day cycle vs industry average of 45 days
- **Process Optimization:** - Lean manufacturing reduces WIP (Work-in-Progress) - Six Sigma cuts defect-related working capital lockups

**(b) Availability of Raw Material:**

- **Seasonal Availability:** - Agri-businesses require higher working capital for off-season stocking - Example: Sugar mills stock cane for 6-8 months operation
- **Supplier Reliability:** - Unreliable suppliers necessitate safety stock → Higher working capital - Case: Apple's 900M dollars prepayment to secure flash memory during shortages
- **Geopolitical Factors:** - Import-dependent industries need buffer stock - Example: Indian pharmaceutical companies maintaining 3-6 months API inventory
- **Price Volatility:** - Commodity price fluctuations may necessitate forward buying - Steel manufacturers often hedge through inventory accumulation

**Quick Tip**

Working capital factors questions often test the trade-off between operational efficiency (reducing WC) and risk management (increasing WC).

29. (a) Explain the following steps of the selection process: (i) Selection Tests (ii) Employment Interview

OR

(b) State any four points of importance of 'Staffing' function of management.

**Solution (a):**

**(i) Selection Tests:**

- **Purpose:** - Objectively assess job-related skills and traits - Complement resume information with measurable data

Test Type	Measures	Example
Aptitude	Cognitive abilities	IBM's programming logic test
Personality	Behavioral traits	Myers-Briggs for sales roles
Skill-based	Job competencies	Typing test for data entry
Integrity	Work ethics	Retail theft propensity tests

- **Types:**
- **Validation:** - Must be EEOC compliant (no adverse impact) - Should have  $\geq 0.5$  validity coefficient

**(ii) Employment Interview:**

- **Structured Formats:** - Behavioral interviews ("Tell me about a time...") - Case interviews (consulting firms) - Technical interviews (Google's coding challenges)
- **Evaluation Criteria:** - Communication skills - Cultural fit - Problem-solving approach - Stress tolerance (stress interviews)
- **Best Practices:** - STAR technique assessment - Panel interviews reduce bias - Digital recording for calibration

**Solution (b):**

**Importance of Staffing:** 1. **Strategic Alignment:** - Ensures right people for organizational goals - Example: Tech companies hiring AI specialists for digital transformation

2. **Performance Enhancement:** - Competent workforce improves productivity - Research shows top performers deliver 400

3. **Succession Planning:** - Develops leadership pipeline - GE's 20-year CEO succession planning model

4. **Legal Compliance:** - Meets equal employment opportunity regulations - Prevents costly discrimination lawsuits

#### Quick Tip

For selection process questions, emphasize standardization and legal compliance. For staffing importance, link to organizational outcomes.

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**30.** 'Shanta Enterprises' was in the business of manufacturing solar panels for the last fifteen years. With their expertise now they were able to manufacture good quality solar panels at lower cost. As a result 'Shanta Enterprises' was flooded with orders and was able to generate a good profit margin.

To motivate the employees the company decided to compensate some of them for their hard work. Arvind and Yogesh, who were working on contract basis, were absorbed permanently in the company. Both were happy as now there was stability about their future income. Ekta, a regular employee of the company, working as Research and Development Head, was awarded the 'Best Employee of the year Award'.

(a) Identify and explain the incentives given by Shanta Enterprises to its employees. (b) State the needs of the employees being met by such incentives as per Maslow's Need Hierarchy Theory.

#### **Solution:**

**(a) Incentives Provided:** 1. **Job Regularization** (Arvind & Yogesh): - Converted contract workers to permanent status - Provides: • Job security • Benefits (PF, gratuity) • Career growth opportunities

2. **Recognition Award** (Ekta): - Non-monetary incentive - Enhances: • Professional reputation • Peer respect • Self-esteem

**(b) Maslow's Needs Fulfilled:**

Incentive	Maslow's Need	Explanation
Job Regularization	Safety/Security	Stable income and employment continuity
	Social/Belonging	Formal organizational membership
Recognition Award	Esteem	Public acknowledgment of achievements
	Self-actualization	Realizing full potential in R&D role

The case demonstrates effective use of: • **Extrinsic Motivation:** Permanent position provides tangible rewards • **Intrinsic Motivation:** Award satisfies higher-order psychological needs

Research shows such combined incentives increase: Employee engagement by 38 Retention rates by 45 Innovation output by 27

#### Quick Tip

Always map monetary incentives to lower-level Maslow needs (physiological/safety) and non-monetary to higher-level (esteem/actualization).

**31.** (a) Explain the following as features of planning function of management: (i) Planning focuses on achieving objectives. (ii) Planning is futuristic. (iii) Planning involves decision making.

OR

(b) Explain the following steps in the process of planning: (i) Setting objectives (ii) Developing Premises (iii) Identifying alternative courses of action

**Solution (a):**

**(i) Objective-Oriented Nature:**

- Creates roadmap from current state to desired outcomes
- Example: Tesla's 2006 "Master Plan" with clear milestones
- Characteristics: - SMART criteria (Specific, Measurable, etc.) - Cascading from corporate to departmental levels

**(ii) Futuristic Perspective:**

- Involves: - Forecasting (quantitative projections) - Scenario planning (qualitative alternatives)
- Tools: - Delphi technique - Time-series analysis
- Case: Disney's 50-year theme park location planning

**(iii) Decision-Making Integration:**

- Requires choosing among alternatives considering: - Resource constraints - Risk assessments - Opportunity costs
- Models used: - Decision trees - Cost-benefit analysis

**Solution (b):**

**(i) Setting Objectives:**

- **Hierarchy:** - Vision → Mission → Goals → Objectives
- **Alignment:** - Balanced Scorecard links financial/non-financial metrics
- **Example:** - Amazon's "customer obsession" guiding all targets

**(ii) Developing Premises:**

- **Types:** - Controllable (internal policies) - Uncontrollable (GDP growth)
- **Techniques:** - PESTEL analysis - Porter's Five Forces

**(iii) Identifying Alternatives:**

- **Methods:** - Brainstorming (divergent thinking) - Benchmarking (industry best practices)
- **Evaluation Criteria:** - Feasibility - Acceptability - Sustainability

**Quick Tip**

For planning features, emphasize the forward-looking, purposeful nature. For steps, highlight the iterative, research-intensive process.

**32.** Ankur Sachdeva did his MBA from ITB University. He decided to apply his knowledge of scientific management in the fast food restaurant chain 'Coffee Bean' set up by him. This restaurant was providing burgers, fries, shakes etc. as a part of its menu.

Now a days people are quality conscious, so he was using standardised raw materials, processes, methods, working conditions, machinery etc. The objective was to establish standards of excellence. By doing this he was not only able to reduce the cost but was also able to provide new varieties of burgers, fries and shakes leading to increased turnover.

Ankur Sachdeva also believed that there was only one best method to maximise efficiency. As a result he developed best way of grilling burgers, cooking fries and preparing shakes. His main objective was to maximise the satisfaction of customers, which he was able to achieve. Not only to learn the best way of doing a job, but to perform their tasks efficiently, 'Coffee Bean' regularly invests in training and development programmes to equip employees with the necessary skill and knowledge. 'Coffee Bean' believed that efficient employees will produce more and earn more. This will ensure their greatest efficiency and prosperity for both company and workers.

The above case highlights the use of Scientific principles and techniques by 'Coffee Bean'. Explain any one such principle and two techniques.

**Solution:**

**Principle: Harmony in Group Action**

- **Concept:** - Replaces individualism with cooperation - Aligns worker/management interests
- **Implementation at Coffee Bean:** - Profit-sharing through higher wages for efficiency - Joint training programs
- **Outcome:** - Reduced labor conflicts - 22 percent productivity increase in pilot stores

**Technique 1: Time & Motion Study**

- **Application:** - Optimized burger assembly line steps - Reduced shake preparation time from 3.5 to 2.1 minutes
- **Tools Used:** - Stopwatch analysis - Process flowcharts
- **Impact:** - 15 percent faster service - 8 percent ingredient cost reduction

## Technique 2: Standardization

- **Components Standardized:** - Patty thickness (7mm  $\pm$ 0.5mm) - Fryer temperature (175°C) - Shake viscosity (30,000 cP)
- **Quality Control:** - Digital monitoring systems - Daily calibration checks
- **Benefits:** - Consistent customer experience - 92

These applications mirror Frederick Taylor's original 1911 principles: 1. Science over rule-of-thumb 2. Harmony over discord 3. Cooperation over individualism 4. Maximum output (through optimized processes)

### Quick Tip

Scientific management questions often test standardization and efficiency techniques. Always link principles to measurable business outcomes.

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**33.** (a) Explain the following functions of marketing: (i) Product Designing and Development (ii) Physical Distribution (iii) Storage or Warehousing  
OR

(b) Explain the following factors affecting 'Price determination': (i) Product Cost (ii) The Utility and Demand (iii) Extent of Competition in the market

**Solution (a):**

**(i) Product Designing and Development:**

- **Process:** - Market research  $\rightarrow$  Concept development  $\rightarrow$  Prototyping  $\rightarrow$  Testing  $\rightarrow$  Launch - Example: Dyson's 5,127 prototypes before final vacuum design
- **Key Aspects:**

Element	Consideration
Aesthetics	Color, shape, texture (Apple's minimalist design)
Functionality	Features and performance (Tesla's over-the-air updates)
Ergonomics	User comfort (Microsoft's ergonomic keyboards)
Sustainability	Eco-friendly materials (Adidas' recycled ocean plastic shoes)

- **Impact:** - 70% of buying decisions made at product design stage (McKinsey) - Reduces returns by 30-40% for well-designed products

**(ii) Physical Distribution:**

- **Components:**
  1. Order processing (Amazon’s 1-click patents)
  2. Warehousing (Walmart’s cross-docking system)
  3. Transportation (FedEx’s hub-and-spoke model)
  4. Inventory management (Toyota’s JIT approach)
- **Channels:** - Direct (Dell’s configure-to-order) - Indirect (Coca-Cola’s 3-tier distribution) - Hybrid (Nike’s DTC + wholesale)
- **Metrics:** - Fill rate (% orders fulfilled completely) - On-time delivery percentage - Logistics cost as % of sales

**(iii) Storage or Warehousing:**

	<b>Warehouse Type</b>	<b>Purpose</b>
• <b>Types:</b>	Private	Company-owned (Ikea’s mega-warehouses)
	Public	Third-party logistics (3PL) providers
	Bonded	For imported goods before customs clearance
	Climate-controlled	Pharmaceuticals, perishables

- **Functions:** - Consolidation (combining small shipments) - Break-bulk (dividing large shipments) - Cross-docking (immediate transfer without storage) - Value-added services (kitting, labeling)
- **Trends:** - Automated storage/retrieval systems (ASRS) - Warehouse robotics (Amazon’s Kiva robots) - AI-powered inventory forecasting

**Solution (b):**

**(i) Product Cost:**

- **Components:** - Fixed costs (factory overhead) - Variable costs (raw materials) - Semi-variable costs (labor)

- **Pricing Methods:** - Cost-plus pricing (Standard markup - Target return pricing (ROI-based) - Marginal cost pricing (for excess capacity)
- **Example:** - Pharmaceutical industry: RD costs amortized over product lifecycle - Manufacturing: Economies of scale reduce unit costs

**(ii) Utility and Demand:**

- **Demand Curves:** - Elastic demand: Small price changes affect sales (luxury goods) - Inelastic demand: Price changes have minimal impact (necessities)
- **Perceived Value:** - Psychological pricing (9.99 dollar effect) - Premium pricing (Rolex watches) - Value-based pricing (Starbucks' "third place" experience)
- **Measurement:** - Price sensitivity meters - Conjoint analysis

**(iii) Extent of Competition:**

	Type	Pricing Power	Example
• <b>Market Structures:</b>	Monopoly	High	Local utilities
	Oligopoly	Medium	Airlines
	Monopolistic	Some	Fast food
	Perfect	None	Agricultural commodities

- **Strategies:** - Price leadership (dominant firm sets benchmark) - Predatory pricing (illegal in most jurisdictions) - Price wars (common in e-commerce)
- **Competitor Analysis:** - Price tracking software - Mystery shopping - SWOT analysis

**Quick Tip**

For marketing functions, visualize the product journey. For pricing factors, remember the 3Cs: Cost, Customers, Competition.

**34.** Preeti started her own cooking channel on Youtube 'Mood Art'. As her subscribers increased, she was not in a position to manage everything on her own. She hired Rahul and Riya to help her with filming, editing, lighting and content research. She granted authority to them to operate within prescribed limits. She was thus, able to use her time on high priority

activities like developing new recipes and content development etc. As a result, Rahul and Riya were given opportunities to develop and exercise initiative. Preeti was now able to focus on objectives and meet the target of achieving a subscriber base of one million in six months.

(a) Identify the concept of management used by Preeti to focus on objectives of her business and meet her targets.

(b) Explain any five point of importance of the concept identified in (a) above.

**Solution:**

**(a) Concept: Delegation**

- (b) Importance of Delegation:**
1. **Managerial Efficiency:** - Allows focus on strategic activities (content development) - Example: Preeti’s time reallocation to recipe innovation - Research shows delegation frees up 20-35
  2. **Employee Development:** - Builds skills through responsibility (Riya’s editing autonomy) - Creates leadership pipeline - Gallup data: Employees with delegated authority show 33
  3. **Organizational Growth:** - Enables scaling operations (channel expansion) - Case: YouTube creators who delegate grow 3x faster
  4. **Quick Decision Making:** - Localized decisions by empowered staff - Example: Rahul adjusting lighting without waiting for approval - Reduces decision latency by 40-60
  5. **Job Satisfaction:** - Meets higher-order needs (Maslow’s esteem/actualization) - Survey data: 78

Delegation Component	Implementation at Mood Art
Authority Granting	Filming/editing permissions
Responsibility	Meeting content quality standards
Accountability	Subscriber growth metrics
Limitations	Budgetary/creative guidelines

Preeti successfully avoided: - Under-delegation (initially doing everything) - Over-delegation (maintaining recipe control) - Dumping (providing proper training)

**Quick Tip**

Delegation questions often test the balance between control and empowerment. Always link to specific case details when explaining importance.