Q. SET No			MARKING SCHEME-2013-14 BUSINESS STUDIES DELHI-66/1/1 COMPTT	DISTRI- BUTION OF MARKS
66/1/1	66/1/2	66/1/3	EXPECTED ANSWERS / VALUE POINTS	
1	12	7	Q. Identify the basic characteristic of management involved in the statement- "The activities involved in managing an organization are common to all organizations, whether economic, social or political.' Ans. Management is pervasive.	1 mark
2	11	8	Q. Why is business environment called dynamic? State.  Ans. Business environment is called dynamic as it keeps on changing.	1 mark
3	10	9	Q. 'Dreams can be turned into reality only when managers think in advance what to do and how to do it.' Name the function of management indicated by the statement.  Ans. Planning.	1 mark
4	9	10	Q. State the type of plan that does not allow any flexibility. Ans. Rule	1 mark
5	8	11	Q. Define 'organising' as a function of management.  Ans. Organising is the process of defining and grouping the activities of the enterprise and establishing authority relationships among them.  OR  Organising is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of accomplishing objectives.	1 mark
6	7	12	Q. State the suitability of functional structure of organizing.  Ans. Functional structure is suitable for medium sized firms having a single product or small number of related products	1 mark
7	6	1	Q. How is staffing a continuous process? State.  Ans. Staffing is a continuous process because new jobs may be created and some of the existing employees may leave the organisation.	1 mark
8	5	2	Q. Why is it said that 'Motivation is a complex process'? State.  Ans. Motivation is called a complex process because any type of motivation may not have a uniform effect on all the members.	1 mark

13	18	16	Q. ABC Ltd. Is engaged in producing electricity from domestic garbage. There is almost equal division of work and responsibility between workers and management. The management even takes workers into confidence before taking important decisions.	1 mark for stating the
12	1	6	Q. Besides a 'consumer', name any two parties who can file a complaint before the appropriate consumer forum.  Ans. Besides a 'consumer', a complaint may be filed before the appropriate consumer forum by (any two): (i) Any registered consumers' association; (ii) The Central Government or any State Government; (iii) One or more consumers, on behalf of numerous consumers having the same interest; and (iv) A legal heir or representative of a deceased consumer.	½ x 2 = 1 mark
11	2	5	Q. How many members are required to constitute 'District Consumer Dispute Redressal Forum'?  Ans. To constitute District Consumer Dispute Redressal Forum one President and two other members, one of whom should be a woman are required.	1 mark
10	3	4	Q. Give the meaning of 'Critical Point Control'.  Ans. 'Critical Point Control' means focusing on key result areas which are critical to the success of an organisation.	1 mark
9	4	3	Motivation is called a complex process because individuals are heterogeneous in their expectations, perceptions and reactions.  Q. List any two non-financial incentives. Ans. Non- financial incentives are: (Any two)  (a) Status  (b) Positive organisational climate.  (c) Career advancement opportunity.  (d) Job enrichment.  (e) Employee recognition  (f) Job security.  (g) Employee participation.  (h) Employee empowerment.	<sup>1</sup> / <sub>2</sub> x 2 = 1 mark

			All the workers are satisfied as the behavior of the management is very good.  (a) State the principle of management described in the above para.  (b) Identify any two values which the company wants to communicate to the society.  Ans. The principle of Taylor described in the above para is Cooperation, Not Individualism  It states that there should be complete cooperation between the labour and the management. Competition should be replaced by cooperation.  Values which the company wants to communicate to the society are:  (a) Good behaviour in human interaction.  (b) Concern for the environment.  (or any other correct value)	principle + 1 mark for each value = 1 x 2 = 2marks = 1+2 = 3marks
14	17	17	Q. Voltech India Ltd. is manufacturing LED bulbs to save electricity and running under heavy losses.  To revive from the losses, the management thought of shifting the unit to a backward area where labour is available at a low cost. The management also asked the workers to work overtime without any additional payment and promised to increase to wages of the workers after achieving its mission.  Within a short period the company started earning profits because both the management and the workers honoured their commitments.  (a) State the principle of management described in the above para.  (b) Identify any two values that the company wants to communicate to the society.  Ans. (a) The principle of management described in the above para is Discipline.  Discipline is the obedience to organisational rules and employment agreement which are necessary for the working of the organisation.  (b) Values that the company wants to communicate to the society are:  (i) Concern for the environment.  (ii) Development of backward regions.  (or any other correct value)	1 mark for stating the principle  + 1 mark for each value  = 1 x 2  = 2marks  = 1+2  = 3marks
15	16	18	Q. Explain the factors that affect capital budgeting	½ mark for
			decision.	the heading

			<ul> <li>Ans. Marketing concept.</li> <li>It assumes that in the long run, an organisation can achieve its objective of maximization of profit by identifying the needs of the present and prospective buyers and satisfying them in an effective way.</li> <li>Customer satisfaction is the focus point of all decision making in the organisation.</li> </ul>	explanation = 1+2 = 3marks
19	•	20	Q. "The skilful and personal application of existing knowledge to achieve desire results is called art'. In the light of this statement, describe whether management is an art or not.  Ans. "The skilful and personal application of existing knowledge to achieve desire results is called art".  Management is an art because of the following reasons:  1. Existence of theoretical knowledge.  As in art, in management too, there is a lot of literature available in various areas of management which the manager has to specialise in.  2. Personalised application.  Like in any art, in management too, a manager applies his acquired knowledge in a personalised and unique manner.  3. Based on continuous practice.  Management satisfies this criteria as a manager gains experience through regular practice and becomes more effective.  4. Creativity.  Like any other art, a manager after studying various situations, formulates his own theories for use in a given situation. This gives rise to different styles of management.	1/2 mark for the heading + 1/2 mark for the explanation = 1 x 4 = 4 marks
20	-	-	Q. Explain any four points of importance of business environment.  Ans. Understanding of business environment is important for managers to: (Any four): (i) Identify opportunities and get the first mover advantage. (ii) Identify threats and early warning signals. (iii) Tap useful resources. (iv) Cope with rapid changes. (v) Assist in planning and policy formulation. (vi) Improve performance. (If an examinee has not given the headings as above but has given the correct explanation, full credit	1/2 mark for the heading + 1/2 mark for the explanation = 1 x 4 = 4 marks

			should be given)	
21	22	-	Q. After the following logical steps in the process of planning, explain the steps required to complete the process: (a) Setting objectives; (b) Developing premises; and (c) Identifying alternative courses of action.  Ans. Steps required to complete the process of planning are: (i) Evaluating alternative courses of action. (ii) Selecting an alternative. (iii) Preparation of derivative plans. (iv) Implementing the plan and follow up action.	1/2 mark for naming each step + 1/2 mark for its explanation = 1x4 = 4 marks
22	21	19	Q. Give the definition of 'Consumer' as per Consumer protection Act, 1986.  Ans. Under the Consumer Protection Act, a consumer is defined as:  (a) Any person who buys any goods for a consideration, which has been paid or promised, or partly paid and partly promised, or under any scheme of deferred payment. It includes any user of such goods, when such use is made with the approval of the buyer, but does not include a person who obtains goods for re-sale or any commercial purpose.  (b) Any person who hires or avails of any service, for a consideration which has been paid or promised, or partly paid and partly promised, or under any system of deferred payment. It includes any beneficiary of services when such services are availed of with the approval of the person concerned, but does not include a person who avails of such services for any commercial purpose.	4 marks  4marks
23	-	-	Q. State the merits of internal sources of recruitment.  Ans. Merits of internal sources of recruitment:  (a) Motivates employees as promotion at a higher level may lead to a chain of promotions at lower levels in the organisation.  (b) Simplifies the process of selection as the candidates are already known to the organisation.  (c) No need for induction training as the employees are already familiar with the organisation.	1 x 5 = 5marks

			departments where (e) E <u>conomical</u> ( <b>If an examine</b>	ustment of surplus stanere there is shortage of source of recruitment ee has given only the	of staff. t. <b>headings, ½ mark</b>	
			for each headi	ng should be awarde	<b>ed</b> )	
24	-	-	controlling.  Ans. Relationsh 1. Controlling to developed by polymers in the developed by polymers. 2. Planning with controlling ensurements in the developed by polymers. 3. Planning present for achieving of whether decision actions. 4. Planning and polymers. 5. Planning and the decision in the decision in the decision action.	relationship between planning akes place on the basis lanning; hout controlling is meatres that the events conscribes an appropriate bjectives whereas controlling both are all controlling are both lanswer covers the about credit should be gire	and controlling: as of standards  caningless as conform to the plans. course of action atrolling evaluates ed into desired  forward looking. looking back.  ove points in any	5 marks
25	-	-	market' on the si (i) Participants; (iv) Duration an	(ii) Instruments; (iii)	Investment outlay;  ket and Money  Money Market The participants are RBI, financial institutions, banks, corporates,	1 x 5 = 5marks
			2. Instruments	shares, debentures and bonds.	Instruments traded are treasury bill, commercial paper, certificates of deposit, call money and commercial bill,	
			3. Investment outlay 4. Duration	Investment outlay is small. It deals in medium term and long term securities.	Investment outlay is large. It deals in short term securities	
			5. Liquidity	Capital market securities are comparatively less liquid.	Money market securities are comparatively more liquid.	

26	-	-	Q. State any fiv	ve characteristics of	a good brand	
			name.			
			<b>Ans.</b> Oualities of	of a good brand name	: ( anv four)	
			_	short and easy to pro	· · · · · · · · · · · · · · · · · · ·	1 x 5
			recognize and re	• •	<del></del> ,,	= 5marks
				ggest the product ben	efits and qualities	
			(c) It should be		erres and quanties	
			' '	<u>adaptable</u> to packagi	ng and lahelling	
			requirements.	adaptable to package	ing and labelling	
			-	versatile to accommo	date new products	
				capable of being regi		
			legally.	capable of being regi	stered and protected	
				ve staying power.		
				t have different mean	ings in different	
			languages and c		mgs m umerem	
27	30	29		steps in the process	of Organising	½ mark for
41	30	49	- 1	e process of organisi	0	each heading
			_	and division of wor	_	each heading
			(ii) Departmenta		K.	1 mark for
			` '		tions	
			_ ` '	t of duties to job posi g reporting relationsh		each
				explanation		
			(If an examined	$= 1 \frac{1}{2} \times 4$		
			but has given the	=		
			should be dedu	6marks		
			OR			OR
			Q. Differentiate between Formal and Informal			OK
			organization on the basis of the following:			
			(i) Meaning;			
			(ii) Origin;			
			(iii) Authoring			
			(iv) Behaviour;			
				nmunication; and		
			(vi) Leadership			
			DISTINCTION			
			DISTINCTION			
			Basis	ORGANISATION FORMAL	INFORMAL	
				ORGANISATION	ORGANISATION	
			(i) Meaning	It refers to the well	It refers to the	
				defined structure of	network of social	
				authority and responsibility	relationships arising out of interaction	
				created by the	among employees.	1 4
				management.		1 x 6
			(ii) Origin	It is deliberately created through a	It arises as a result of social interaction	= 6marks

			(iii) Authority  (iv) Behavior  (v) Flow of communication  (vi) Leadership	well defined policy of management.  Authority arises on the basis of position of management.  Standards of behavior are laid down by rules.  Communication takes place through the scalar chain.  Managers are leaders.	among the employees.  Authority arises on the basis of personal qualities.  No set behavior pattern.  Communication does not take place through a planned route, it can take place in any direction.  Leaders may or may not be managers. They are chosen by the group.	
28	29	30	communication. Ans. Psychologic communication: (i) Premature evaluation (ii) Lack of attentions	cal barriers to effect	<u>ive</u>	1/2 mark for naming each barrier + 1 mark for explan- ation 1 1/2 x 4 = 6marks
			efficient function Ans. Directing he functioning of the (i) Initiating action (ii) Integrating end (iii) Guiding empty (iv) Facilitating of the following the following empty (iv) Facilitating of the following empty (iv) Facilitating emp	nployees' efforts. ployees to realise the	ation. efficient Any four) eir potential.	OR  1/2 mark for each heading  + 1 mark for each explanation  = 1 1/2 x 4  = 6 marks  OR

29	28	27	Q. Explain any four factors affecting the dividend decision of a company.  Ans. Factors affecting dividend decision of a company are: (Any four)  (i) Amount of earnings.  (ii) Stability of earnings.  (iii) Stability of dividends.  (iv) Growth opportunities.  (v) Cash Flow position.  (vi) Shareholders preference.  (vii) Taxation policy.  (viii) Stock market reaction.  (ix) Access to capital market.  (x) Legal constraints.  (xi) Contractual constraints.  (If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)  OR  Explain any four factors affecting fixed capital requirements of a company  Ans. Factors affecting fixed capital requirements of a company: (Any four)  1. Nature of business.  2. Scale of operations.  3. Choice of technique.  4. Growth prospects.  5. Technology upgradation.  6. Diversification.  7. Financing alternatives.  8. Level of collaboration.  (If an examinee has not given the headings but has given the correct reasons, full credit should be given)	1/2 mark for heading + 1 mark for explan- ation 1 1/2 x 4 = 6 marks  OR  1/2 mark for heading + 1 mark for explan- ation 1 1/2 x 4 = 6 marks
30	27	28	Q. Explain the four important elements of marketing mix.  Ans. The four important elements of marketing mix are:	1 ½ x 4 = 6marks
			<ul> <li>(i) Product mix (ii) Price mix, (iii) Place mix, and (iv)</li> <li>Promotion mix.</li> <li>1. Product Mix:</li> <li>Product mix relates to decisions regarding planning</li> </ul>	OR
			Product mix relates to decisions regarding planning, developing and producing the right type of products and services for the consumers.	½ mark for each heading +

It includes branding, labelling, trademark and 1 mark for packaging. each 2. Price Mix: explanation Price Mix involves different Pricing Methods, Pricing  $= 1 \frac{1}{2} \times 4$ strategies, Pricing Policies and Price Changes. 6marks 3. Place Mix: Place or Physical Distribution mix includes activities that make firm's products available to the target customers. It consists of all the activities involved in transferring ownership and physical possession of the product to the consumers. 4. Promotion Mix: Promotion mix consists of all the activities aimed at persuading customers to buy the product through advertising, personal selling, sales promotion and publicity. OR Q. Explain any four factors determining the choice of an appropriate channel of distribution. Ans. Factors that determine the choice of appropriate channel of distribution: (a) Product related factors. (b) Company characteristics. (c) Competitive factors. (d) Market factors. (e) Environmental factors. (If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted)

66/1/1	66/1/2	66/1/3	MARKING SCHEME – 2013-14 BUSINESS STUDIES DELHI COMPTT– 66/1/2 EXPECTED ANSWERS / VALUE POINTS	DISTRIBUTION OF MARKS
12	1	6	Q. Besides a 'consumer', name any two parties who can file a complaint before the appropriate consumer forum.  Ans. Besides a 'consumer', a complaint may be filed before the appropriate consumer forum by (any two):  (i) Any registered consumers' association;  (ii) The Central Government or any State Government;  (iii) One or more consumers, on behalf of numerous consumers having the same interest; and  (iv) A legal heir or representative of a deceased consumer.	<sup>1</sup> / <sub>2</sub> x 2 = 1 mark
11	2	5	Q. How many members are required to constitute 'District Consumer Dispute Redressal Forum'?  Ans. To constitute District Consumer Dispute Redressal Forum, one President and two other members, one of whom should be a woman are required.	1 mark
10	3	4	Q. Give the meaning of 'Critical Point Control'.  Ans. 'Critical Point Control' means focusing on key result areas which are critical to the success of an organisation.	1 mark
9	4	3	Q. List any two non-financial incentives. Ans. Non- financial incentives are: (Any two)  (a) Status (b) Positive organisational climate. (c) Career advancement opportunity. (d) Job enrichment. (e) Employee recognition (f) Job security. (g) Employee participation. (h) Employee empowerment.	<sup>1</sup> / <sub>2</sub> x 2 = 1 mark
8	5	2	Q. Why is it said that 'Motivation is a complex process'? State.  Ans. Motivation is called a complex process because any type of motivation may not have a uniform effect on all	

			the members.	1 mark
			OR Motivation is called a complex process because	
			individuals are heterogeneous in their expectations,	
			perceptions and reactions.	
			perceptions and reactions.	
7	6	1	Q. How is staffing a continuous process? State.	
			<b>Ans</b> . Staffing is a continuous process because new jobs	1 mark
			may be created and some of the existing employees may	
		1.5	leave the organisation.	
6	7	12	Q. State the suitability of functional structure of	
			organizing.	1 1
			Ans. Functional structure is suitable for medium sized	1 mark
			firms having a single product or small number of	
5	8	11	related products	
3	0	11	Q. Define 'organising' as a function of management.  Ans. Organising is the process of defining and grouping	
			the activities of the enterprise and establishing authority	
			relationships among them.	
			OR	1 mark
			Organising is the process of identifying and grouping	1 mark
			the work to be performed, defining and delegating	
			responsibility and authority and establishing	
			relationships for the purpose of accomplishing	
			objectives.	
4	9	10	Q. State the type of plan that does not allow any	1 mark
			flexibility.	
			Ans. Rule	
3	10	9	Q. 'Dreams can be turned into reality only when	
			managers think in advance what to do and how to do	1 mark
			it.' Name the function of management indicated by	
			the statement.	
			Ans. Planning.	
2	11	8	Q. Why is business environment called dynamic?	
			State.	1 mark
			<b>Ans.</b> Business environment is called dynamic as it keeps	
			on changing.	
1	12	7	Q. Identify the basic characteristic of management	
			involved in the statement- "The activities involved in	1 mark
			managing an organization are common to all	
			organizations, whether economic, social or political.'	
10	12	1 =	Ans. Management is pervasive.	
18	13	15	Q. Identify and explain the marketing management	1 moult for
			philosophy which implies that products and services	1 mark for identification
	l		are bought not merely because of their quality or	identification

			<ul> <li>brand name, but because they satisfy a specific need of a customer.</li> <li>Ans. Marketing concept.</li> <li>It assumes that in the long run, an organisation can achieve its objective of maximization of profit by identifying the needs of the present and prospective buyers and satisfying them in an effective way.</li> <li>Customer satisfaction is the focus point of all decision making in the organisation.</li> </ul>	+ 2 marks for explanation = 1+2 = 3marks
17	14	14	Q. Give the meaning of the following money market instruments:  (i) Certificate of deposit; and (ii) Commercial bill  Ans. (i) Certificate of deposit: It is a short term, unsecured, negotiable instrument issued by commercial banks or development financial institutions to individuals, corporations and companies.  It is issued during periods of tight liquidity when the deposit growth of banks is slow but the demand for credit is high.  (ii) Commercial bill  It is a bill of exchange used to finance working capital requirements of business firms. It is short-term, negotiable and self-liquidating instrument.	1 ½  1 ½  =  1 ½ + 1 ½  = 3 marks
16	15	13	Q. State any three points of importance of financial planning.  Ans. Financial planning is important because (any three):  (i) It helps the company to prepare for the future.  (ii) It helps in avoiding business shocks and surprises.  (iii) It helps in co-ordinating various business functions.  (iv) It helps in reducing waste, duplication of efforts, gaps in planning and confusion.  (v) It links the present with the future.  (vi) It provides a link between investment and financing decisions.  (vii) Financial plan serves as a control technique.  (viii) It serves as a guide in developing a sound capital structure so as to maximise returns to the shareholders.	1 x 3 = 3 marks
15	16	18	Q. Explain the factors that affect capital budgeting	½ mark for

			decision.	the heading
			<b>Ans.</b> Factors that affect capital budgeting decision are:	+
			(a) Cash flows of the project	½ mark for
			(b) Rate of return of the project.	explan-
			(c) Investment criteria	ation
				$= 1 \times 3$
				= 3 marks
14	17	17	Q. Voltech India Ltd. is manufacturing LED bulbs to	
			save electricity and running under heavy losses.	
			To revive from the losses, the management thought of	
			shifting the unit to a backward area where labour is	1 mark for
			available at a low cost. The management also asked	stating the
			the workers to work overtime without any additional	principle
			payment and promised to increase to wages of the	+
			workers after achieving its mission. Within a short	1 mark
			period the company started earning profits because	for each
			both the management and the workers honoured their	value
			commitments.	
				=
			(a) State the principle of management described in the	1 x 2
			above para.	=
			(b) Identify any two values that the company wants to	2marks
			communicate to the society.	=
			<b>Ans.</b> (a) The principle of management described in the	1+2
			above para is <b>Discipline.</b>	=
			Discipline is the obedience to organisational rules and	3marks
			employment agreement which are necessary for the	
			working of the organisation.	
			(b) Values that the company wants to communicate to the	
			society are:	
			(i) Concern for the environment.	
			(ii) Development of backward regions.	
			(or any other correct value)	
13	18	16	Q. ABC Ltd. Is engaged in producing electricity from	
			domestic garbage. There is almost equal division of	
			work and responsibility between workers and	
			management. The management even takes workers	1 mark for
			into confidence before taking important decisions. All	stating the
			the workers are satisfied as the behavior of the	principle
			management is very good.	principle
				T 1 monts
1			(a) State the principle of management described in the	1 mark
			above para.	for each
1			(b) Identify any two values which the company wants	value
			to communicate to the society.	=
			Ans. The principle of Taylor described in the above para	1 x 2
			is Cooperation, Not Individualism	=
			It states that there should be complete cooperation	2marks

-	20	-	Q. Explain any four characteristics of business environment.  Ans. Characteristics of business environment are: (any	
	19		Q.' Science is a systematized body of knowledge that explains certain general truths or the operation of general laws.' In the light of this statement, describe whether management is a science.  Ans. Management is a science but not an exact science. The reasons are (Any three):  1. Systematised body of knowledge.  Like science, management is a systematic body of knowledge with its own theories and principles that have developed over a period of time.  So, this feature of science is present in management.  2. Principles based on observation and experimentation Like science, management principles are derived through observation and repeated experimentation.  So, this feature of science is present in management. However since management deals with human beings the outcome of these experiments are not capable of being accurately predicted.  3. Universal validity.  Principles of management like principles of pure science provide managers with certain standardised techniques that can be used in different situations. Since they have to be modified according to a given situation, their application and use is not universal.  So, this feature of science is not fully present in management.  (The statement that Management is not an exact science may be given at the beginning or at the end of the question)	1 mark  1 x 3 = 3 marks = 1+3 = 4 marks
			between the labour and the management. Competition should be replaced by cooperation.  Values which the company wants to communicate to the society are:  (a) Good behaviour in human interaction.  (b) Concern for the environment.  (or any other correct value)	= 1+2 = 3marks
			~	

			four) (i) Sum total of external forces (ii) Includes Specific and General forces	½ mark for naming +
			(iii) Inter-related forces (iv) Dynamic (v) Uncertain	1/2 mark for explanation = 1 x 4
			(vi) Complex (vii) Relative (If an examinee has not given the headings as above	=4 Marks
			but has given the correct explanations, full credit should be given)	
22	21	19	Q. Give the definition of 'Consumer' as per Consumer protection Act, 1986.  Ans. Under the Consumer Protection Act, a consumer is defined as:  (a) Any person who buys any goods for a consideration, which has been paid or promised, or partly paid and partly promised, or under any scheme of deferred payment. It includes any user of such goods, when such use is made with the approval of the buyer, but does not include a person who obtains goods for re-sale or any commercial purpose.  (b) Any person who hires or avails of any service, for a consideration which has been paid or promised, or partly paid and partly promised, or under any system of deferred payment. It includes any beneficiary of services when such services are availed of with the approval of the person concerned, but does not include a person who avails of such services for any commercial purpose.	4marks
21	22	-	Q. After the following logical steps in the process of planning, explain the steps required to complete the process:  (a) Setting objectives; (b) Developing premises; and (c) Identifying alternative courses of action.	½ mark for naming each step +
			Ans. Steps required to complete the process of planning are:  (i) Evaluating alternative courses of action.	1/2 mark for its explanation =
			<ul><li>(ii) Selecting an alternative.</li><li>(iii) Preparation of derivative plans.</li><li>(iv) Implementing the plan and follow up action.</li></ul>	1x4 = 4 marks

-	24	-	Ans: Limitations of internal sources of recruitment:  (i) Reduces scope for induction of fresh talent.  (ii) Leads to lethargy among the employees due to assured promotions.  (iii) Incomplete source as no enterprise can fill all its vacancies through this source.  (iv) Hampers the spirit of competition among employees.  (v) Frequent transfers affect productivity negatively  Q. Explain the steps in the process of controlling.  Ans. Steps in the process of controlling:	5 marks
			<ul> <li>(i) Setting performance standards</li> <li>(ii) Measuring actual performance</li> <li>(iii) Comparing actual performance with standards</li> <li>(iv) Analysing deviations</li> <li>Critical Point Control</li> <li>Management by Exception</li> <li>(v) Taking corrective action</li> <li>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</li> </ul>	1/2 mark for the heading + 1/2 mark for the explanation = 1 x5 =5marks
-	25	-	Q. Explain the trading procedure on a stock exchange.  Ans. Trading procedure on a stock exchange involves the following steps:  (i) Selection of a broker  (ii) Opening demat account with Depository  (iii) Placing the order  (iv) Executing the order  (v) Settlement	1/2 mark for the heading + 1/2 mark for the explanation = 1 x 5 =5marks
-	26	-	Q. State any five functions of labeling. Ans. Functions of labelling are:  (i) It describe the product and specify its contents  (ii) It helps in identification of the product or brand  (iii) It helps in grading of products into different categories.  (iv) It helps in promotion of products by attracting attention  (v) It provides information required by law.	1 x 5 = 5marks
30	27	28	Q. Explain the four important elements of marketing mix.	1 ½ x 4

			<b>Ans.</b> The four important elements of marketing mix are:	= 6marks
			(i) Product mix (ii) Price mix, (iii) Place mix, and (iv)	
			Promotion mix.	OR
			1. Product Mix:	1/ 1.6
			Product mix relates to decisions regarding planning,	½ mark for
			developing and producing the right type of products and	each heading
			services for the consumers.	+ 1
			It includes branding, labelling, trademark and packaging.  2. Price Mix:	1 mark for
				each
			Price Mix involves different Pricing Methods, Pricing strategies, Pricing Policies and Price Changes.	explanation = 1 ½ x 4
			3. Place Mix:	= 1 72 X 4
			Place or Physical Distribution mix includes activities that	- 6marks
			make firm's products available to the target customers. It	Ulliai KS
			consists of all the activities involved in transferring	
			ownership and physical possession of the product to the	
			consumers.	
			4. Promotion Mix:	
			Promotion mix consists of all the activities aimed at	
			persuading customers to buy the product through	
			advertising, personal selling, sales promotion and	
			publicity.	
			OR	
			Q. Explain any four factors determining the choice of	
			an appropriate channel of distribution.	
			Ans. Factors that determine the choice of appropriate	
			channel of distribution:	
			(a) Product related factors.	
			(b) Company characteristics.	
			(c) Competitive factors.	
			(d) Market factors.	
			<ul><li>(e) Environmental factors.</li><li>(If an examinee has not given the headings as above</li></ul>	
			but has given the correct explanation, no marks	
			should be deducted)	
29	28	27	Q. Explain any four factors affecting the dividend	
			decision of a company.	
			Ans. Factors affecting dividend decision of a company	
			are: (Any four)	
			(i) Amount of earnings.	½ mark for
			(ii) Stability of earnings.	heading
			(iii) Stability of dividends.	+
			(iv) Growth opportunities.	1 mark for
			(v) Cash Flow position.	explan-
			(vi) Shareholders preference.	ation

			(vii) Taxation policy.	1 ½ x 4
			(viii) Stock market reaction.	=
			(ix) Access to capital market.	6 marks
			(x) Legal constraints.	
			(xi) Contractual constraints.	OR
			(If an examinee has not given the headings as above	
			but has given the correct explanations, full credit	½ mark for
			should be given)	heading
				+
			OR	1 mark for
			Explain any four factors affecting fixed capital	explan-
			requirements of a company	ation
			Ans. Factors affecting fixed capital requirements of a	$1\frac{1}{2} \times 4$
			company: (Any four)	=
			1. Nature of business.	6 marks
			2. Scale of operations.	
			3. Choice of technique.	
			4. Growth prospects.	
			5. Technology upgradation.	
			6. Diversification.	
			7. Financing alternatives.	
			8. Level of collaboration.	
			(If an examinee has not given the headings but has	
			given the correct reasons, full credit should be given)	
			g., 210 0011000 100000 10000 010000 010000 0 g.,	
28	29	30	Q. Describe psychological barriers to effective	½ mark for
			communication.	naming each
			Ans. Psychological barriers to effective communication:	barrier
			(i) Premature evaluation.	+
			(ii) Lack of attention.	1 mark for
			(iii) Loss by transmission and poor retention.	explan-
			(iv) Distrust.	ation
				$1\frac{1}{2} \times 4$
				=
				6marks
				OR
			Or	½ mark for
			Q. Explain how directing helps in effective and	each heading
			efficient functioning of the organization.	+
			Ans. Directing helps in effective and efficient	1 mark for
			<u>functioning of the organization by</u> : (Any four)	each
			(i) Initiating action.	explanation
			(ii) Integrating employees' efforts.	=
			(iii) Guiding employees to realise their potential.	1 ½ x 4
			(iv) Facilitating changes.	=
			(v) Bringing stability and balance in the organisation.	6 marks

27	20	20	O Exmloin the	tong in the masses	of Organisin -	1/2 morel- for
27	30	29	_	teps in the process		½ mark for
				process of organisir		each heading
			* *	and division of work	ζ.	+
			(ii) Departmental			1 mark for
			(iii) Assignment	of duties to job posit	ions.	each
			(iv) Establishing	reporting relationshi	ips.	explanation
			(If an examinee	has not given the h	eadings as above	$= 1 \frac{1}{2} \times 4$
			but has given the	e correct explanation	on, no marks	=
			should be deduc	_	,	6marks
			0	,		
			O. Differentiate	between Formal ar	nd Informal	OR
			_	the basis of the foll		
			(i) Meaning;	the busis of the fon	• • • • • • • • • • • • • • • • • • •	
			· ·			
			(ii) Origin;			
			(iii) Authoring;			
			(iv) Behaviour;			
			, ,	munication; and		
			(vi) Leadership			
			DISTINCTION	BETWEEN FORMAI		
				ORGANISATION		
			Basis	FORMAL	INFORMAL	
				ORGANISATION	ORGANISATION	
			(i) Meaning	It refers to the well	It refers to the	
			(1) Ivicalling	defined structure of	network of social	
				authority and	relationships arising	
				responsibility	out of interaction	
				created by the	among employees.	1 x 6
				management.		
			(ii) Origin	It is deliberately	It arises as a result of	= Cmarles
				created through a	social interaction	6marks
				well defined policy	among the	
				of management.	employees.	
			(iii) Authority	Authority arises on	Authority arises on	
			(III) Additionity	the basis of position	the basis of personal	
				of management.	qualities.	
			(iv) Behavior	Standards of	No set behavior	
				behavior are laid	pattern.	
				down by rules.		
			(v) Flow of	Communication	Communication does	
			communication	takes place through	not take place	
				the scalar chain.	through a planned route, it can take	
					place in any	
					direction.	
			(vi) Leadership	Managers are	Leaders may or may	
			(.1) Leader Ship	leaders.	not be managers.	
					They are chosen by	
					the group.	

66/1/1	66/1/2	66/1/3	MARKING SCHEME – 2013-14 BUSINESS STUDIES DELHI COMPTT– 66/1/3 EXPECTED ANSWERS / VALUE POINTS	DISTRIBUTION OF MARKS
7	6	1	Q. How is staffing a continuous process? State.  Ans. Staffing is a continuous process because new jobs may be created and some of the existing employees may leave the organisation.	1 mark
8	5	2	Q. Why is it said that 'Motivation is a complex process'? State.  Ans. Motivation is called a complex process because any type of motivation may not have a uniform effect on all the members.  OR  Motivation is called a complex process because individuals are heterogeneous in their expectations, perceptions and reactions.	1 mark
9	4	3	Q. List any two non-financial incentives. Ans. Non- financial incentives are: (Any two)  (a) Status (b) Positive organisational climate. (c) Career advancement opportunity. (d) Job enrichment. (e) Employee recognition (f) Job security. (g) Employee participation. (h) Employee empowerment.	½ x 2 = 1 mark
10	3	4	Q. Give the meaning of 'Critical Point Control'.  Ans. 'Critical Point Control' means focusing on key result areas which are critical to the success of an organisation.	1 mark
11	2	5	Q. How many members are required to constitute 'District Consumer Dispute Redressal Forum'?  Ans. To constitute District Consumer Dispute Redressal Forum one President and two other members, one of whom should be a woman are required.	1 mark
12	1	6	Q. Besides a 'consumer', name any two parties who can file a complaint before the appropriate consumer forum.  Ans. Besides a 'consumer', a complaint may be filed before the appropriate consumer forum by (any two):	<sup>1</sup> / <sub>2</sub> x 2 =

			planning. Ans. Financial planning is important because:(any three):  (i) It helps the company to prepare for the future.  (ii) It helps in avoiding business shocks and surprises.	1 x 3 = 3 marks
16	15	13	firms having a single product or small number of related products  Q. State any three points of importance of financial	
6	7	12	Q. State the suitability of functional structure of organizing.  Ans. Functional structure is suitable for medium sized	1 mark
5	8	11	Q. Define 'organising' as a function of management.  Ans. Organising is the process of defining and grouping the activities of the enterprise and establishing authority relationships among them.  OR  Organising is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of accomplishing objectives.	1 mark
4	9	10	Q. State the type of plan that does not allow any flexibility.  Ans. Rule	1 mark
3	10	9	Q. 'Dreams can be turned into reality only when managers think in advance what to do and how to do it.' Name the function of management indicated by the statement.  Ans. Planning.	1 mark
2	11	8	Q. Why is business environment called dynamic? State. Ans. Business environment is called dynamic as it keeps on changing.	1 mark
1	12	7	Q. Identify the basic characteristic of management involved in the statement- "The activities involved in managing an organization are common to all organizations, whether economic, social or political.' Ans. Management is pervasive.	1 mark
			(i) Any registered consumers' association; (ii) The Central Government or any State Government; (iii) One or more consumers, on behalf of numerous consumers having the same interest; and (iv) A legal heir or representative of a deceased consumer.	1 mark

			<ul> <li>(iii) It helps in co-ordinating various business functions.</li> <li>(iv) It helps in reducing waste, duplication of efforts, gaps in planning and confusion.</li> <li>(v) It links the present with the future.</li> <li>(vi) It provides a link between investment and financing decisions.</li> <li>(vii) Financial plan serves as a control technique.</li> <li>(viii) It serves as a guide in developing a sound capital structure so as to maximise returns to the shareholders.</li> </ul>	
17	14	14	Q. Give the meaning of the following money market instruments:  (i) Certificate of deposit; and (ii) Commercial bill  Ans. (i) Certificate of deposit: It is a short term, unsecured, negotiable instrument issued by commercial banks or development financial institutions to individuals, corporations and companies.  It is issued during periods of tight liquidity when the deposit growth of banks is slow but the demand for credit is high.  (ii) Commercial bill  It is a bill of exchange used to finance working capital requirements of business firms. It is short-term, negotiable and self-liquidating instrument.	1 ½  1 ½  =  1 ½ + 1 ½  =  3 marks
18	13	15	<ul> <li>Q. Identify and explain the marketing management philosophy which implies that products and services are bought not merely because of their quality or brand name, but because they satisfy a specific need of a customer.</li> <li>Ans. Marketing concept.</li> <li>It assumes that in the long run, an organisation can achieve its objective of maximization of profit by identifying the needs of the present and prospective buyers and satisfying them in an effective way.</li> <li>Customer satisfaction is the focus point of all decision making in the organisation.</li> </ul>	1 mark for identification + 2 marks for explanation = 1+2 = 3marks
13	18	16	Q. ABC Ltd. Is engaged in producing electricity from domestic garbage. There is almost equal division of work and responsibility between workers and management. The management even takes workers	1 mark for

			into confidence before taking important decisions. All the workers are satisfied as the behavior of the management is very good.  (a) State the principle of management described in the above para.  (b) Identify any two values which the company wants to communicate to the society.  Ans. The principle of Taylor described in the above para is Cooperation. Not Individualism  It states that there should be complete cooperation between the labour and the management. Competition should be replaced by cooperation.  Values which the company wants to communicate to the society are:  (a) Good behaviour in human interaction.  (b) Concern for the environment.  (or any other correct value)	stating the principle  + 1 mark for each value  = 1 x 2  = 2marks  = 1+2  = 3marks
14	17	17	Q. Voltech India Ltd. is manufacturing LED bulbs to save electricity and running under heavy losses.  To revive from the losses, the management thought of shifting the unit to a backward area where labour is available at a low cost. The management also asked the workers to work overtime without any additional payment and promised to increase to wages of the workers after achieving its mission. Within a short period the company started earning profits because both the management and the workers honoured their commitments.  (a) State the principle of management described in the above para.  (b) Identify any two values that the company wants to communicate to the society.  Ans. (a) The principle of management described in the above para is Discipline.  Discipline is the obedience to organisational rules and employment agreement which are necessary for the working of the organisation.  (b) Values that the company wants to communicate to the society are:  (i) Concern for the environment.  (ii) Development of backward regions.  (or any other correct value)	1 mark for stating the principle  + 1 mark for each value  = 1 x 2  = 2marks  = 1+2  = 3marks
15	16	18	Q. Explain the factors that affect capital budgeting	½ mark for
			decision.	the heading

Cash flows of the project Rate of return of the project.  Investment criteria  Give the definition of 'Consumer' as per nsumer protection Act, 1986.  S. Under the Consumer Protection Act, a consumer is ined as:  Any person who buys any goods for a consideration, ch has been paid or promised, or partly paid and ally promised, or under any scheme of deferred ment. It includes any user of such goods, when such is made with the approval of the buyer, but does not under a person who obtains goods for re-sale or any namercial purpose.  Any person who hires or avails of any service, for a sideration which has been paid or promised, or partly d and partly promised, or under any system of the person who hires or availed of with the approval of person concerned, but does not include a person who ils of such services for any commercial purpose.
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light of this statement, describe whether
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nagement is an art or not.
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nagement is an art or not.  s. "The skilful and personal application of existing whedge to achieve desire results is called art".  nagement is an art because of the following reasons:  Existence of theoretical knowledge.  in art, in management too, there is a lot of literature ilable in various areas of management which the nager has to specialise in.  Personalised application.  e in any art, in management too, a manager applies his uired knowledge in a personalised and unique  nner.  Based on continuous practice.  **The skilful and personal application of existing to the scaled art".  **The skilful and personal application of existing to the scaled art".  **The skilful and personal application of existing to the scaled art".  **The skilful and personal application of existing to the scaled art".  **The skilful and personal application of existing to the scaled art".  **The skilful and personal application of existing to the scaled art".  **The skilful and personal application of existing to the scaled art".  **The skilful and personal application of existing to the scaled art".  **The skilful and personal application of existing to the scaled art".  **The skilful and personal application of existing to the scaled art".  **The skilful and personal application of existing to the scaled art".  **The skilful and personal application of existing to the scaled art".  **The skilful art is a called art".  **The skilful art is a called art".  **The scaled art".  **The skilful art is a called art".  **The scaled art is a lot of literature is a lo

-	-	21	Like any other art, a manager after studying various situations, formulates his own theories for use in a given situation. This gives rise to different styles of management.  Q. Explain any four points of impact of government policy changes on business and industry.  Ans. Impact of government policy changes on business and industry: (Any four)  (i) Increasing competition  (ii) More demanding customers  (iii) Rapidly changing technological environment  (iv) Necessity for change  (v) Need for developing human resources.  (vi) Market orientation  (vii) Loss of budgetary support to the public sector.  (If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)	1/2 mark for the heading + 1/2 mark for each explan ation = 1 x 4 =4marks
-	-	22	Q. In addition to providing directions and reducing the risk of uncertainty, planning helps managers in many other ways.' Explain any four such ways.  Ans. In addition to providing directions and reducing the risk of uncertainty, planning helps managers in many other ways.' These are: (Any four)  (i) Provides direction.  (ii) Reduces risk of uncertainty.  (iii) Reduces overlapping and wasteful activities.  (iv) Promotes innovative ideas.  (v) Facilitates decision making.  (vi) Establishes standards for controlling.  (If an examinee has not given the headings, no marks should be deducted)	1/2 mark for heading + 1/2 mark for explanation= 1x4= 4 marks
-	-	23	Q. State any three merits and two limitations of external sources of recruitment.  Ans. Merits of external sources of recruitment (Any three):  (i) Attracts qualified personnel to apply for vacant jobs in the organisation.  (ii) Gives a wider choice to the management while selecting people.  (iii) Brings fresh talent in the organisation.  (iv) Develops competitive spirit amongst existing staff.	1 x 3 = 3 marks

			Limitations of external sources of recruitment (Any two):	
			(i) May lead to dissatisfaction among the existing staff as	
			it reduces their chances f promotion.	1 x 3
			(ii) It is a <u>lengthy process</u> as the business ahs to notify	= 3 marks
			vacancies ad wait for applications to initiate the selection	=
			process.	3+2
			(iii) It is a <u>costly process</u> as a lot of money has to be spent	=
			on advertisement and processing of applications.	5 marks
-	-	24	Q. Explain any five points of importance of	
			controlling.	
			Ans. Importance of controlling (Any five):	½ mark for
			(i) Accomplishing organisational goals.	heading
			(ii) Making efficient use of resources.	+ ½ mark for
			(iii) Ensuring order and discipline.	explanation
			(iv) Improving employee motivation.	$= 1 \times 5$
			(v) Judging accuracy of standards.	=
			(vi) Facilitating co-ordination in action.	5marks
			(If an examinee has not given the headings as above	
			but has given the correct explanation, full credit	
			should be given)	
-	-	25	Q. Explain any five functions of Stock Exchange.	
			Ans. Functions of Stock Exchange: (Any five)	½ mark for
			(i) Provides liquidity and marketability to existing	the heading
			securities.	+
			(ii) Pricing of securities.	½ mark for
			(iii) Safety of transactions.	its expla
			(iv) Contributes to economic growth.	nation =
			(v) Spreads of equity cult.	1 x 5=
			(vi) Provides scope for speculation.	5 marks
-	-	26	Q What is meant by 'Packaging'? State any four	
			functions of packaging.	1 mark for
			<b>Ans.</b> Packaging refers to the act of designing and	the meaning
			producing the container or wrapper of a product.	+
			Functions of packaging: (Any four)	1 mark for
			(i) It helps in product identification.	each function
			(ii) It helps in protection of the product from spoilage,	$= 1 \times 4$
			breakage, leakage damage etc.	=4 marks
			(iii) It facilitates use of the product to the consumers	= 1 + 4
			through appropriate sizes and shapes.	=
			(iv) It helps in promotion of the product as a good	5marks
			package attracts the attention of the people at the time of	
			purchase.	
			(v) It helps in preventing adulteration as the product is	
			properly packed.	
29	28	27	Q. Explain any four factors affecting the dividend	

			decision of a company.	
			Ans. Factors affecting dividend decision of a company	
			1	
			are: (Any four)	1/ 1 6
			(i) Amount of earnings.	½ mark for
			(ii) Stability of earnings.	heading
			(iii) Stability of dividends.	+
			(iv) Growth opportunities.	1 mark for
			(v) Cash Flow position.	explan-
			(vi) Shareholders preference.	ation
			(vii) Taxation policy.	$1 \frac{1}{2} \times 4$
			(viii) Stock market reaction.	=
			(ix) Access to capital market.	6 marks
			(x) Legal constraints.	
			(xi) Contractual constraints.	OR
			(If an examinee has not given the headings as above	021
			but has given the correct explanations, full credit	½ mark for
			should be given)	
			Should be given)	heading
			OR	+ 1 mark for
			_	
			Explain any four factors affecting fixed capital	explan-
			requirements of a company	ation
			<b>Ans.</b> Factors affecting fixed capital requirements of a	$1 \frac{1}{2} \times 4$
			company: (Any four)	=
			1. Nature of business.	6 marks
			2. Scale of operations.	
			3. Choice of technique.	
			4. Growth prospects.	
			5. Technology upgradation.	
			6. Diversification.	
			7. Financing alternatives.	
			8. Level of collaboration.	
			(If an examinee has not given the headings but has	
			given the correct reasons, full credit should be given)	
			given the correct reasons, run create should be given)	
30	27	28	Q. Explain the four important elements of marketing	
			mix.	1 ½ x 4
			<b>Ans.</b> The four important elements of marketing mix are:	= 6marks
			(i) Product mix (ii) Price mix, (iii) Place mix, and (iv)	– viliai <b>n</b> s
			Promotion mix.	OR
			1. Product Mix:	UK
				1/ 1 6
			Product mix relates to decisions regarding planning,	½ mark for
			developing and producing the right type of products and	each heading
	1	1	services for the consumers.	+
			It includes branding, labelling, trademark and packaging.	1 mark for
İ			It includes branding, labelling, trademark and packaging.  2. Price Mix:  Price Mix involves different Pricing Methods, Pricing	

				1
			strategies, Pricing Policies and Price Changes.	$= 1 \frac{1}{2} \times 4$
			3. Place Mix:	=
			<u>Place or Physical Distribution</u> mix includes activities that	6marks
			make firm's products available to the target customers. It	
			consists of all the activities involved in transferring	
			ownership and physical possession of the product to the	
			consumers.	
			4. Promotion Mix:	
			Promotion mix consists of all the activities aimed at	
			persuading customers to buy the product through	
			advertising, personal selling, sales promotion and	
			publicity.	
			OR	
			Q. Explain any four factors determining the choice of	
			an appropriate channel of distribution.	
			<b>Ans.</b> Factors that determine the choice of appropriate	
			<u>channel of distribution:</u>	
			(a) Product related factors.	
			(b) Company characteristics.	
			(c) Competitive factors.	
			(d) Market factors.	
			(e) Environmental factors.	
			(If an examinee has not given the headings as above	
			but has given the correct explanation, no marks should be deducted)	
27	30	29	Q. Explain the steps in the process of Organising	½ mark for
2,	50		Ans. Steps in the process of organising:	each heading
			(i) Identification and division of work.	cach heading
			· · ·	† 1 1 C
			(ii) Departmentalisation.	1 mark for
			(iii) Assignment of duties to job positions.	each
			(iv) Establishing reporting relationships.	explanation
			(If an examinee has not given the headings as above	$= 1 \frac{1}{2} \times 4$
			but has given the correct explanation, no marks	=
			should be deducted)	6marks
			OR	
			Q. Differentiate between Formal and Informal	OR
			organization on the basis of the following:	
			(i) Meaning;	
			(ii) Origin;	
			(iii) Authoring;	
			(iv) Behaviour;	
			(v) Flow of Communication; and	
			(vi) Leadership	
			(12) Zeuterbinp	
			DISTINCTION BETWEEN FORMAL AND INFORMAL	
			ORGANISATION	
				1

		Basis	FORMAL	INFORMAL	
			ORGANISATION	ORGANISATION	
		(i) Meaning	It refers to the well	It refers to the	
			defined structure of	network of social	
			authority and responsibility	relationships arising out of interaction	
			created by the	among employees.	
			management.	among employees.	1 (
		(ii) Origin	It is deliberately	It arises as a result of	1 x 6
			created through a	social interaction	=
			well defined policy	among the	6marks
			of management.	employees.	
		(iii) Authority	Authority arises on	Authority arises on	
			the basis of position	the basis of personal	
			of management.	qualities.	
		(iv) Behavior	Standards of	No set behavior	
			behavior are laid	pattern.	
		(v) Flow of	down by rules.  Communication	Communication does	
		communication	takes place through	not take place	
			the scalar chain.	through a planned	
				route, it can take	
				place in any	
		( ') I 1 1'	3.4	direction.	
		(vi) Leadership	Managers are leaders.	Leaders may or may not be managers.	
			icaders.	They are chosen by	
				the group.	
28	29 30	O. Describe psyc	chological barriers	to effective	
		communication.	_	00 02200210	½ mark for
			cal barriers to effecti	ve communication:	naming each
		(i) Premature eva			barrier
		(ii) Lack of attent			+
		` '	smission and poor re	etention.	1 mark for
		(iv) Distrust.	1		explan-
					ation
					$1\frac{1}{2} \times 4$
					=
			On		6marks
		O Evalsia how	OR		
	Q. Explain how directing helps in effective and efficient functioning of the organization.			_ <del>_</del>	
		_		ation.	
		efficient function	ning of the organiza		½ mark for
		Ans. Directing he	ning of the organizatelps in effective and	<u>efficient</u>	½ mark for each heading
		Ans. Directing he	ning of the organizatelps in effective and e organization by: (A	<u>efficient</u>	½ mark for each heading
			Or directing belos in e	effective and	ation 1 ½ x 4 =

(iii) Guiding employees to realise their potential. (iv) Facilitating changes. (v) Bringing stability and balance in the organisation.	each explanation = 1 ½ x 4 = 6 marks  OR
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