

	<p>SAMPLE QUESTION PAPER 2023-24</p> <p>BUSINESS STUDIES (054)</p> <p>CLASS XII</p> <p>Max Marks – 80 Time allowed: 3 Hours</p>	
	<p>General instructions:</p> <ol style="list-style-type: none"> 1. This question paper contains 34 questions. 2. Marks are indicated against each question. 3. Answers should be brief and to the point. 4. Answers to the questions carrying 3 marks may be from 50 to 75 words. 5. Answers to the questions carrying 4 marks may be about 150 words. 6. Answers to the questions carrying 6 marks may be about 200 words. 7. Attempt all parts of the questions together. 	
<p>1.</p>	<p>The Board of directors of Medex Pharma Ltd. decided to issue debentures worth ₹40 lakhs in order to finance a major Research and Development project. This would increase the Debt Equity ratio from 1:1 to 2:1. However, at the same time it would increase the Earnings per share.</p> <p>The reason that will justify the above situation is:</p> <ol style="list-style-type: none"> a) Unfavourable financial leverage, as the financial risk will be higher. b) Unfavourable financial leverage, as return on investment is lower than the cost of debt. c) Favourable financial leverage as debt is easily available d) Favourable financial leverage, as return on investment is higher than cost of debt 	<p>1</p>

2.	<p>A bottle of Anti- dandruff shampoo mentions ' Clean your hair and get rid of dandruff in one squeeze'. The product related decision involved is-</p> <p>a) Branding b) Product quality</p> <p>c) Packaging d) Labelling</p>	1
3.	<p>With the presence of women in the workforce, there has been a shift towards formal wear, increased demand of electronic gadgets and increase in demand of cosmetics.</p> <p>The related dimension of business environment referred in the above lines is:</p> <p>a) Technological environment. b) Social environment</p> <p>c) Political environment. d) Economic environment</p>	1
4.	<p>Name the function of marketing which is effective in bringing repeat sales from the customers and developing brand loyalty for a product.</p> <p>a) Standardization and grading</p> <p>b) Promotion</p> <p>c) Customer support services</p> <p>d) Packaging and labelling</p>	1
5.	<p>SEBI calls for information and issues a show cause notice to stock exchange and its officials seeking explanation and conducting audit and enquiry. Which function is SEBI performing?</p> <p>a) Regulatory function b) Development function</p> <p>c) Protective function d) Both a) and c)</p>	1

6.

1



Identify the point of significance of management illustrated in the picture.

- a) Management helps in achieving group goals
- b) Management helps in achieving personal objectives
- c) Management helps in development of society
- d) Management increases efficiency

7.

The allocative function of Financial market helps in _____

1

- a) Bringing transparency in trading procedure
- b) Earning higher rate of return to household sector
- c) Better functioning of depository
- d) Determining the prices of securities

8.

IND Dyechem Ltd. is a chemical manufacturing company producing dyes and pigments both for domestic and international market. It has enjoyed a considerable market share but lately, it has been facing problems in terms of target sales and customer satisfaction. This is due to the reason that new entrants have emerged with better technology and competitive pricing. The Chairman of the company addressed this issue in the departmental meeting. The production head, Mr. Kamble, advised the Chairman to revamp the system and take immediate necessary actions to rectify the problem so that

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	<p>sales are achieved as per the plans.</p> <p>Identify the relevant function of management being discussed here.</p> <p>a) Organising b) Staffing b) Controlling d) Planning</p>	
9.	<p>Choose the incorrect statement about pricing objectives as a factor affecting the price of a product.</p> <p>a) If a firm's objective is to maximize profits in the short run, it should charge maximum price for its products.</p> <p>b) If a firm's objective is to capture market share, it should keep low price of its product.</p> <p>c) If a firm wants to attain product quality leadership, it should charge lower prices.</p> <p>d) If a firm is facing problems in survival due to stiff competition, it may offer discount on its products.</p>	1
10.	<p>Read the following statements: Assertion (A) and Reason(R). Choose the correct alternative from those given below:</p> <p>ASSERTION (A): Management is concerned with efficient use of resources.</p> <p>REASONING (R): For management both efficiency and effectiveness need to be balanced.</p> <p>Alternatives:</p> <p>a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</p> <p>b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)</p> <p>c) Assertion (A) is true but Reason (R) is False</p> <p>d) Assertion (A) is False but Reason (R) is True</p>	1

11.	<p>Concentration of decision making functions at the apex of management hierarchy is called _____</p> <p>a) Decentralisation. b) Delegation</p> <p>c) Organisational structure. d) Centralisation</p>	1
12.	<p>Some employees have been assigned the job of measuring the output in an objective and reliable way. They are applying different techniques for achieving this aim. Some of these are personal-observation, sample-checking etc. They are also keeping the units of measurement same as that of the units in the standards.</p> <p>Name the step of 'Controlling process applicable in the above paragraph.</p> <p>a) Analysing deviations</p> <p>b) Comparing actual performance with standards.</p> <p>c) Establishing standards.</p> <p>d) Measurement of actual performance</p>	1
13.	<p>Statement I: For products requiring long term storage like agricultural products, the warehouses are located near to the market.</p> <p>Statement II: Higher the level of inventory, higher will be the level of service to customers but the cost of carrying the inventory will also be high.</p> <p>Choose the correct option from the following:</p> <p>a) Statement I is true and II is false</p> <p>b) Statement II is true and I is false</p> <p>c) Both the statements are true</p> <p>d) Both the statements are false</p>	1

14.	<p>Mr. Vivek is working as the General Manager of Oshin Hotels Ltd. Mr. Vivek observed that Government was taking a special interest in the Tourism industry as this sector is an important source of foreign exchange and employment promotion. On the basis of this news, the company decided to set up hotels at several tourist places. Oshin Hotels Ltd. established 50 hotels before other companies considered this issue. Very soon, this brand Oshin Hotels Ltd. became well known in the market. Identify the importance of business environment described here.</p> <p>a) It enables the firm to identify opportunities and getting the first mover advantage.</p> <p>b) It helps the firm to identify threats and early warning signals.</p> <p>c) It helps in tapping useful resources.</p> <p>d) It helps in improving performance.</p>	1
15.	<p>Name the function of management that acts as a means for translating plans into action.</p> <p>a) Planning b) Directing</p> <p>c) Organising d) Controlling</p>	1
16.	<p>STATEMENT I: Electronic holdings can be converted into physical certificates with the process of dematerialisation.</p> <p>STATEMENT II: There is no danger of theft, loss or forgery of share certificates in dematerialisation.</p> <p>Choose the correct option from the following:</p> <p>a) Statement I is true and II is false</p> <p>b) Statement II is true and I is false</p> <p>c) Both the statements are true</p> <p>d) Both the statements are false</p>	1

17.	<p>'Pace.' is a reputed Chartered Accountant firm which renders services to big MNC's. The Chartered Accountants of the firm are required to travel to Delhi and NCR for which they use company's cars. The firm decided to convert its Petrol cars to Electric cars in order to improve the quality of life of people. Identify the dimensions of business environment.</p> <p>a) Political and Legal environment</p> <p>b) Legal and Social environment</p> <p>c) Technological and Political environment</p> <p>d) Social and Technological Environment</p>	1												
18.	<p>Match the following tools of promotion with their explanation and choose the correct option</p> <table border="1" data-bbox="310 898 1260 1339"> <tr> <td data-bbox="310 898 846 999">A. It is undertaken by some identified person /company who makes efforts and bears the cost of it.</td> <td data-bbox="846 898 938 999">1</td> <td data-bbox="938 898 1260 999">Personal selling</td> </tr> <tr> <td data-bbox="310 999 846 1136">B. It plays an important role at the awareness stage and develops product preferences with the aim of making sale.</td> <td data-bbox="846 999 938 1136">2</td> <td data-bbox="938 999 1260 1136">Sales Promotion</td> </tr> <tr> <td data-bbox="310 1136 846 1236">C. It helps in managing public opinion and company's relation with the public on regular basis.</td> <td data-bbox="846 1136 938 1236">3</td> <td data-bbox="938 1136 1260 1236">Advertising</td> </tr> <tr> <td data-bbox="310 1236 846 1339">D. It uses tools specifically designed to promote to customers, middlemen and to salespersons.</td> <td data-bbox="846 1236 938 1339">4</td> <td data-bbox="938 1236 1260 1339">Public Relations</td> </tr> </table> <p>a) A (3), B (1), C (4), D (2)</p> <p>b) A (1), B (3), C (4), D (2)</p> <p>c) A (2), B (3), C (4), D(1)</p> <p>d) A (2), B (4), C (1), D (3)</p>	A. It is undertaken by some identified person /company who makes efforts and bears the cost of it.	1	Personal selling	B. It plays an important role at the awareness stage and develops product preferences with the aim of making sale.	2	Sales Promotion	C. It helps in managing public opinion and company's relation with the public on regular basis.	3	Advertising	D. It uses tools specifically designed to promote to customers, middlemen and to salespersons.	4	Public Relations	1
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19.	<p>From the following which is not a relevant feature of management as science:</p> <p>a) Principles are based on the basis of experimentation</p> <p>b) Systematized body of knowledge</p> <p>c) Based on practice and creativity</p> <p>d) Universal Validity</p>	1												

20.	<p>The aim of demonetisation was not to _____</p> <ul style="list-style-type: none"> a) Curb corruption b) Reduce the prices of real estate c) Withhold the accumulation of black money generated by undeclared income d) Counterfeit the use of high denomination notes for illegal activities 	1
21.	<p>Captcha Ltd. is a construction company in which all the employees learn various ways of dealing with diverse situations from their seniors. Company provides financial as well as non-financial incentives. This helps the employees to grow and develop their abilities. The organisation behaves as a responsible constituent of society and always creates good quality products. It has a positive image in the market. The training modules are excellent and the employees always try to find unique ways of providing solutions in the context of rapidly changing business environment. This has helped the organisation to adjust smoothly.</p> <p>Identify and state three points of importance of management being highlighted here.</p>	3
22.	<p>State any three reasons as to why controlling is regarded as an indispensable function of management.</p> <p style="text-align: center;">OR</p> <p>Enumerate any three advantages of Management by Exception which is used by manager in analysing deviations.</p>	3 3
23.	<p>Resolutions Pvt. Ltd. is a publishing company. Its book on Business Studies for class XII is in great demand. As a result, the employees in the marketing department are always racing against time as they have to work overtime and on holidays as well to cater to the demand. The work stress has led to dissatisfaction among the employees of the marketing department.</p> <ol style="list-style-type: none"> 1. Name and explain the step of staffing process which has not been performed properly. 2. Also, explain the immediate next step in the process of staffing. 	3

24.	<p>State any three functions of Stock Exchange.</p> <p style="text-align: center;">OR</p> <p>State the first three steps involved in the screen-based trading for buying and selling of securities.</p>	<p>3</p> <p>3</p>
25.	<p>Explain the following features of Directing</p> <p>a) Directing initiates action b) Directing is a continuous process</p> <p style="text-align: center;">OR</p> <p>Explain the following leadership styles:</p> <p>a) Autocratic leadership b) Laissez Faire leadership</p>	<p>4</p> <p>4</p>
26.	<p>State any four limitations of using internal sources of recruitment.</p> <p style="text-align: center;">OR</p> <p>State any four commonly used sources of recruiting employees from outside the organisation.</p>	<p>4</p> <p>4</p>
27	<p>Mr. Akshay, a 20 year old college student purchased a book online from XYZ Pvt Ltd and when it was delivered, he noticed that there was no MRP mentioned on it. He browsed the internet and found that the book was sold at different prices in different places. He filed a case in District forum against the publisher. The court held in favour of Akshay and awarded a compensation of ₹10,000.</p> <p>a) Identify and state the consumer right violated in the above case.</p> <p>b) Name and explain the right exercised by Mr. Akshay.</p>	4
28.	<p>Explain the following factors affecting the dividend decision of the company:</p> <p>a) Taxation Policy b) Cash Flow Position</p>	4

29.	<p>Identify and state the various elements of communication highlighted in the following cases:</p> <p>(i) Department 'A' has sent an encoded message to department 'B' through internet. What is the role of internet here?</p> <p>(ii) Madhur is making gestures so that he can send a message to Ranbhir. What is Madhur doing here?</p> <p>(iii) Ranbhir is trying to understand the message sent by Madhur by reading his gestures. What is Ranbhir doing here?</p> <p>(iv) Kamesh picks up his phone and finds a message on it. He reads the message carefully. What is the role of Kamesh here?</p>	4
30.	<p>Dhaval Acharya, after acquiring a bachelor's degree in Hotel Management joined his father's chain of vegetarian restaurants in Ahmednagar. Being young and enterprising, he suggested his father to add a new section of vegetarian bakery items which required an investment of ₹ 5 crores. His father Mr. Aariketh Acharya suggested him to take the decision with caution and understood everything comprehensively as bad decision may damage the financial fortune of business.</p> <p>Identify the decision suggested by Mr. Aariketh Acharya. State by giving any three reasons as to why he must have advised his son to take decision with caution.</p>	4
31.	<p>1) Explain any two techniques of Scientific Management from the following:</p> <p>a) Method study b) Motion study c) Time study</p> <p>2) Differentiate between Unity of Command and Unity of Direction on any three basis.</p> <p style="text-align: center;">OR</p> <p>1) Explain any two principles of Fayol from the following:</p> <p>a) Discipline b) Order c) Initiative</p> <p>2) Differentiate between contributions made by F.W.Taylor and Henry Fayol on any three basis.</p>	<p>3+3=6</p> <p>3+3=6</p>

MARKING SCHEME
BUSINESS STUDIES (054)
Class XII (2023-24)

	Answers:	Marks
1	d) Favourable financial leverage as return on investment is higher than cost of debt	1
2	d) Labelling	1
3	b) Social environment	1
4	c) Customer support services	1
5	a) Regulatory function	1
6	a) Management helps in achieving group goals	1
7	b) Earning higher rate of return to household sector	1
8	c) Controlling	1

9	c) If firm wants to attain product quality leadership, it should charge lower prices	1
10	b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).	1
11	d) Centralisation	1
12	d) Measurement of actual performance	1
13	b) Statement II is true and I is false	1
14	a) It enables the firm to identify opportunities and getting the first mover advantage.	1
15	c) Organising	1
16	b) Statement II is true and I is false	1
17	d) Social and Technological Environment	1

18	a) A (3), B (1), C (4), D (2)	1
19	c) Based on practice and creativity	1
20	b) Reduce the prices of real estate	1
21	<p>The importance of management highlighted:</p> <ol style="list-style-type: none"> 1. Helps in achieving personal objectives– A manager motivates and leads his team in such a manner that individual members are able to achieve personal goals while contributing to the overall organizational goals. 2. Helps in the development of society- The organisation tries to behave as responsible constituent of society and always creates good quality products. 3. Creates a dynamic organisation- Organisations have to function in a constantly changing environment. Management helps people adapt to the changes so that organisation is able to maintain a competitive edge. 	1/2mark each for identification and 1/2 mark each for stating 3 identified points
22	<p>Importance of controlling: (Any Three)</p> <ol style="list-style-type: none"> 1. The controlling function measures progress towards the organisational goals and brings to light the deviations, if any, and indicates corrective action. 2. A good control system enables management to verify whether the standards set are accurate and objective. 3. By exercising control, a manager seeks to reduce wastage and spoilage of resources. Each activity is performed in accordance with predetermined standards and norms. 4. A good control system ensures that employees know well in advance what they are expected to do and what are the standards of performance on the basis of which they are appraised. 5. Controlling creates an atmosphere of order and discipline in the organisation. 6. Controlling provides direction to all activities and efforts for achieving organizational goals. <p>OR</p>	1 mark each for stating any 3 points

	<p>ADVANTAGES OF MANAGEMENT BY EXCEPTION:</p> <p>1) It saves the time and efforts of managers as they deal with only significant deviations</p> <p>2) It focuses managerial attention on important areas. There is better utilization of managerial talent.</p> <p>3) The routine problems are left to the subordinates. Thus, it facilitates delegation of authority and increases morale of employees.</p> <p>4) It identifies critical problems which need timely action to keep the organisation in right direction.</p>	<p>1 mark each for stating any 3 points</p>
<p>23</p>	<p>The step of staffing process which has not been performed properly is:</p> <p>(i) Estimation of manpower requirements: Operationally, understanding the manpower requirements would necessitate workload analysis on the one hand and workforce analysis on the other.</p> <p>(ii) The next stage immediately following the step Estimation of manpower requirement is as follows:</p> <p>Recruitment: Recruitment may be defined as the process of searching for prospective employees and stimulating them to apply for jobs in the organisation.</p>	<p>1 mark for identification and 1 mark for explanation</p> <p>+</p> <p>1 mark for explaining next step</p>

24	<p>Functions of Stock Exchange</p> <ol style="list-style-type: none"> 1. Stock exchange provides liquidity and marketability to existing securities by creating a continuous market where securities are bought and sold. It gives them the chance to invest and disinvest 2. A stock exchange is a mechanism of constant valuation through which the prices of securities are determined by the market forces of demand and supply. 3. The membership of a stock exchange is well regulated and well defined according to the existing legal framework, thereby ensuring a safe and fair deal to investors in the market. 4. Through the process of disinvestment and reinvestment savings get channelised into the most productive investment avenues leading to capital formation and economic growth. 5. Stock exchange ensures wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investment. 6. Stock exchange provides sufficient scope for speculative activity in restricted and controlled manner. <p style="text-align: center;">OR</p> <p>The first 3 steps in screen-based trading in securities</p> <ol style="list-style-type: none"> 1. Investor has to first approach a registered broker and enter into agreement. He has to open a broker- client agreement and a client registration form before placing the order. He has to provide few details like PAN number, date of birth and address, educational qualification and occupation, Residential status, Bank account details, Depository account details, name of any other broker with whom registered, client code number in the client registration form. The broker opens a trading account in the name of investor. 2. The investor has to open a demat account or beneficial owner account with a depository participant for holding and transferring securities in the demat form. 3. The investor places an order with the broker to buy or sell shares. Clear instructions have to be given about the number of shares and price at which shares can be bought or sold. The broker will go ahead with the deal to mention the best price available. Order confirmation slip is issued to the investor by the broker. 	<p>1 mark each for stating any 3 points</p> <p style="text-align: center;">OR</p> <p>1 mark each for stating each step</p>
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employees because their background is sufficiently known.

Labour Contractors – Labour contractors maintain close contacts with labourers and they can provide the required number of unskilled workers at short notice.

Advertising on Television- The detailed requirements of the job and the qualities required to do it are publicized along with the profile of the organization where vacancy exist .

Web publishing- Internet is becoming a common source of recruitment these days. There are certain websites specifically designed and dedicated for the purpose of providing information about both job-seekers and job opening.

27	<p>a) Right to be informed :Every consumer has a right to have complete information about the product he intends to buy including its ingredients, date of manufacture, price, quantity, directions for use etc.</p> <p>b) Right to seek redressal: This states that every consumer has the right to get relief in case the product or service falls short of expectations.</p>	<p>1 mark each for identification</p> <p>+</p> <p>1 mark each for explanation</p>
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28	<p>Taxation policy: If tax on dividend is higher, it is better to pay less by way of dividends. Though dividends are free of tax in the hands of shareholders, a dividend distribution tax is levied on companies. Under the present tax policy, shareholders are likely to prefer higher dividends.</p> <p>Cash flow position: The payment of dividend involves an outflow of cash. Availability of enough cash in the company is necessary for declaration of dividend.</p>	2 marks each for explaining
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29	<ol style="list-style-type: none">1. Media- It is the path through which encoded message is transmitted to receiver. The channel maybe in the written form, face to face, phone call, internet.2. Encoding- It is a process of converting the message into communication symbols like words, pictures, gestures etc.3. Decoding- It is a process of converting encoded symbols of the sender.4.Receiver- The person who receives communication of the sender.	<p>½ mark each for identification and ½ mark for stating</p>
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30	<p>Mr Aariketh Acharya has suggested capital budgeting decision.</p> <p>Reasons why he must have advised this decision are:</p> <ol style="list-style-type: none">1. These decisions have bearing on the long-term growth. They affect the future prospects of the business.2. These decisions result in large portion of funds being blocked in long term projects, these investments are planned after a detailed analysis.3. These decisions affect the returns of the firm, therefore influence the overall business risk complexion of the firm.4. These decisions once taken, are not reversible without incurring heavy losses. Abandoning a project after heavy investment is costly in terms of waste of funds.	<p>1 mark for identification</p> <p>+</p> <p>1 mark each for stating any 3 points</p>
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- a) **Method Study:** The objective of method study is to find out one best way of doing the job. There are various methods of doing the job. To determine the best way there are several parameters. Right from procurement of raw materials till the final product is delivered to the customer every activity is part of method study. The objective of the whole exercise is to minimise the cost of production and maximise the quality and satisfaction of the customer. For this purpose, many techniques like process charts and operations research etc., are used.
- b) **Motion Study:** Motion study refers to the study of movements like lifting, putting objects, sitting and changing positions etc., which are undertaken while doing a typical job. Unnecessary movements are sought to be eliminated so that it takes less time to complete the job efficiently. On close examination of body motions, for example, it is possible to find out: (i) Motions which are productive (ii) Motions which are incidental (e.g., going to stores) (iii) Motions which are unproductive.
- c) **Time Study:** It determines the standard time taken to perform a well-defined job. Time measuring devices are used for each element of task. The standard time is fixed for the whole of the task by taking several readings. The method of time study will depend upon volume and frequency of the task, the cycle time of the operation and time measurement costs. The objective of time study is to determine the number of workers to be employed; frame suitable incentive schemes and determine labour costs.

b)

BASIS	UNITY OF COMMAND	UNITY OF DIRECTION
1. Meaning	One subordinate should receive orders from and should be responsible to only one superior.	Each group of activities having same objective must have one head and one plan
2. Aim	It prevents dual subordination.	It prevents overlapping of

11/2 marks
each for
explaining
any 2
techniques
+
1 mark each
for any 3
differences

		activities
3.Implications	It affects an individual employee	It affects the entire organisation.

OR

- a. Discipline: Discipline is the obedience to organisational rules and employment agreement which are necessary for the working of the organisation. According to Fayol, discipline requires good superiors at all levels, clear and fair agreements and judicious application of penalties.
- b. Order: According to Fayol, "People and materials must be in suitable places at appropriate time for maximum efficiency." The principle of order states that 'A place for everything (everyone) and everything (everyone) in its (her/his) place'. If there is a fixed place for everything and it is present there, then there will be no hindrance in the activities of business/ factory. This will lead to increased productivity and efficiency.
- c. Initiative: Workers should be encouraged to develop and carry out their plans for improvements according to Fayol. Initiative means taking the first step with self-motivation. It is thinking out and executing the plan. Initiative should be encouraged. But it does not mean going against the established practices of the company for the sake of being different. A good company should have an employee suggestion system whereby initiative/ suggestions which result in substantial cost/time reduction should be rewarded.

11/2 marks each for explaining any 2 principles + 1 mark each for any 3 differences

II.

Basis of Difference	Henri Fayol	F.W Taylor
Perspective	Top level of Management	Shop floor level of a factory.
Unity of Command	Staunch Proponent	Did not feel that it is important as under functional foremanship a worker receives

		orders from eight specialists
Applicability	Applicable Universally	Applicable to specialized situations
Basis of Formation	Personal Experience	Observation and Experimentation
Focus	Improving Overall administration	Increasing Productivity
Personality	Practitioner	Scientist
Expression	General theory of Administration	Scientific Management

33	<p>a) The function of marketing that enables the marketer to achieve its goals is Transportation.</p> <p>It involves physical movement of goods from one place to another. Since the user of products are wide spread and geographically separated from the place where they are produced it is necessary to move them to the place where they are needed for consumption.</p> <p>b)The factors that should be taken into consideration to analyse the marketing needs are nature of the product, cost and location of target market.</p> <p>c) The function of marketing that reduces the gap between production and consumption of paddy is Storage or Warehousing.</p> <p>Due to irregular demand or supply, there may be time gap between production of goods and their sale. Storage helps in reducing the time gap between production and consumption and provides time utility.</p> <p>Importance of warehousing:</p> <ol style="list-style-type: none"> 1. To ensure smooth flow of products in the market 2. To protect against any unavoidable delays in delivery or meet contingencies in demand. 	<p>a)1 mark for identification + 1 mark for stating</p> <p>b)½ mark each for enumerating any 2 points</p> <p>c)1 mark for identification + 1 mark for stating + 1/2 mark each for stating any 2points</p>
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<p>34</p>	<p>a) The organisational structure adopted by Diligent Developers is Functional structure . Functional structure is an organisational design that groups similar or related jobs together.</p> <p>b) Benefits of functional structure:</p> <p>1) It leads to occupational specialization since emphasis is placed on specific functions.This promotes efficiency in utilization of manpower as employees perform similar tasks within a department and are able to improve performance.</p> <p>2) It promotes control and coordination within a department because of similarity in the tasks being performed.</p> <p>Limitations of functional structure:</p> <p>(a) A functional structure places less emphasis on overall enterprise objectives than the objectives pursued by a functional head. Such practices may lead to functional empires wherein the importance of a particular function may be overemphasised. Pursuing departmental interests at the cost of organisational interests can also hinder the interaction between two or more departments.</p> <p>(b) It may lead to problems in coordination as information has to be exchanged across functionally differentiated departments</p>	<p>a. 1 mark for identification + 1 mark for stating</p> <p>b 2 marks each for stating 2 points of benefits and limitations.</p>
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