

Second Year Higher Secondary Model Examination, February 2023

Answer Key [SY-248] : Unofficial

Part III

BUSINESS STUDIES

Maximum: 80 Scores

Time: 2 ½ Hours

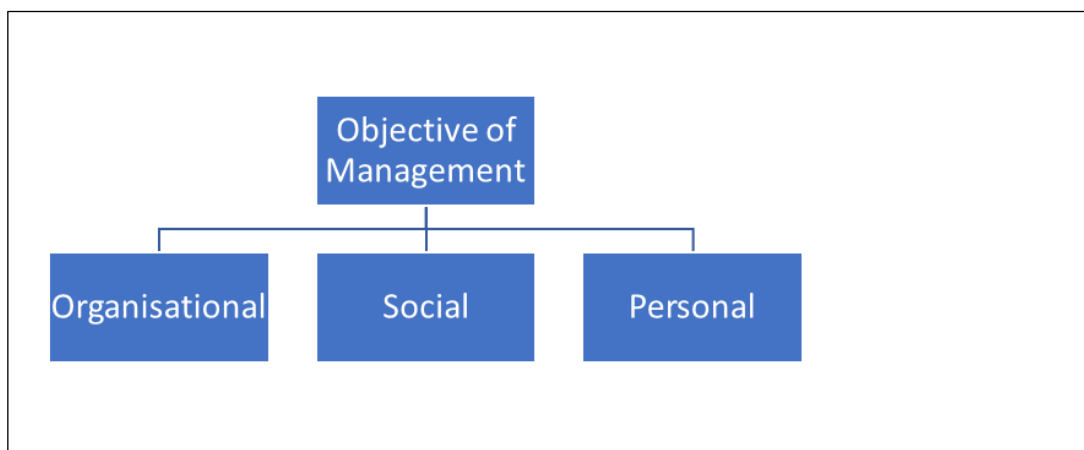
Cool-off Time: 15 Minutes

Answer any 8 questions from 1 to 10. Each carries 1 Score (8 X 1 = 8)

1. **D. Supervisor**
2. **B. Fatigue study**
3. **C. Planning Premises**
4. **C. Authority**
5. **B. Recruitment**
6. **B. Encoding**
7. **C. Control by Exception**
8. **C. budget**
9. **D. Promotion**
10. **C. National Commission**

Answer any 5 questions from 11-16. Each carries 2 scores (5 X 2 = 10)

11. Complete the chart



12. Business environment is the surroundings in which business exists. It is the sum total of all individuals, institutions and other forces that are outside the control of a business enterprises but that may affect its performance.

13. Plans can be classified into several types based on the use and length of the planning period .There are two types of plan

- a) **Standing Plan**
- b) **Single-use Plan**

14. Difference between Centralization and Decentralization

	Centralisation	Decentralisation
Meaning	Centralisation refers to concentration of authority at top level	Decentralisation refers to systematic delegation of authority throughout all the levels of management
Employee Motivation	Demotivated employee	Highly motivated employee
Decision-making speed	Comparatively slow	Significantly faster
Suitable	Suitable for small organisations	Suitable for large organisations

15. Elements of Directing

- 1) **Supervision**
- 2) **Motivation**
- 3) **Leadership**
- 4) **Communication**

16. Relationship between planning and controlling

Planning and controlling are inseparable twins of management. A system of control presupposes the existence of certain standards. These standards are provided by planning. Once a plan becomes operational, controlling is necessary to monitor the progress, measure it, discover deviations and initiate corrective actions. Thus, planning without controlling is meaningless. Similarly, controlling is blind without planning.

Answer any 5 questions from 17-22.Each carries 3 score (5 x 3=15)

17. Functional Foremanship

In this technique Taylor suggested the division of factory into two departments- Planning Department and Production Department. Through this planning is separated from execution. So that 'Planning in charge' can concentrate only on planning the job of workers and 'production in charge' can concentration only on execution of job. Taylor said foreman must be intelligent, educated, energetic, honest and profession expert. All these qualities can't be found in

one person so Taylor stressed on having minimum eight experts (Foremen), four under each department to order and guide workers.

18. Tests in Selection Process: (Any-3)

- 1) **Intelligent test**-To measure the level of intelligence. It is an indicator of a person's learning ability or the ability to make decisions and judgments.
- 2) **Aptitude test**-To measure individual's potential for learning new skills. It indicates the person's capacity to develop.
- 3) **Personality test**-Personality test is conducted to find out the human behaviour of the candidate. It gives clues of a person's emotions, reactions, maturity, value, system, etc.
- 4) **Trade test**-These tests measure the existing skills of the individual. The difference between aptitude test and trade test is that the former measures the potential to acquire skills and the later the actual skills possessed.
- 5) **Interest test**-This test is conducted to find out the type of job in which candidate has more interest as every individual has fascination for some job than the others

19. Limitations of Controlling

1) **Difficulty in setting quantitative standards:**

Control system loses some of its effectiveness when standards cannot be defined in quantitative terms. Employee morale, job satisfaction and human behaviour etc. can't be fixed in quantitative terms.

2) **Little control on external factors:**

Generally, an enterprise cannot control external factors such as government policies, technological changes, competition etc.

3) **Resistance from employees:**

Control is often resisted by employees. They see it as a restriction on their freedom.

4) **Costly affair:**

Control is a costly affair as it involves a lot of expenditure, time and effort

20. Finance function is concerned with taking three important financial decisions namely:

1. **Investment decision**
2. **Financing decision**
3. **Dividend decision**

21. **Consumer Products**

Consumer products are those products which are purchased by the ultimate consumers for satisfying their personal needs. They never used for the production of another good.

Examples-Soap, Shoes, TV, Tooth paste etc.

The consumer products can be further classified on the basis of two important factors:

(A) Durability of the product

On the basis of durability , products can be classified into:

- a) **Durable products (Example- TV)**
- b) **Non-durable products (Example- Soap,paste)**

(B) To the extent of shopping efforts involved.

- a) **Convenience Product (Soap, bread)**
- b) **Shopping products (Examples clothes, shoes, jewellery)**
- c) **Specialty Products (Example- rare collection of art works, painting etc.,**

22. **Communication Network**

1. **Wheel:**
2. In wheel network, all subordinates under one superior communicate through him only as he acts as a hub of the wheel. The subordinates are not allowed to talk among themselves.

Answer any 4 questions from 23-27.Each carries 4 score (4 x 4=16)

23. **Management as a profession**

Let us compare the features of profession with features of management.

1. Well defined body of knowledge-All professions are based on well-defined body of knowledge that can be acquired through instruction. In management also there is a systematic body of knowledge involving formal methods of training.

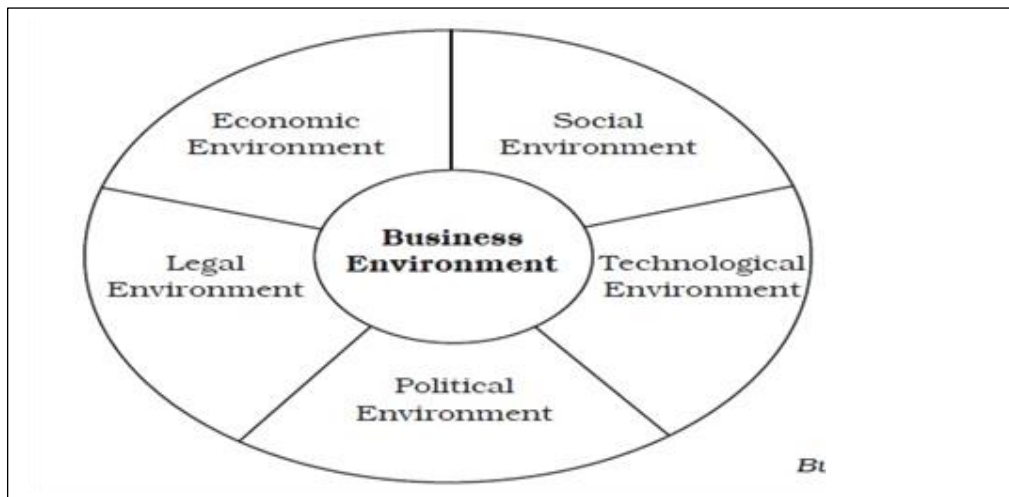
2. Restricted Entry-To become a professional one must pass the prescribed examination such as CA, MBBS, LLB etc. But in management there is no such strict restriction till now. Anyone can be appointed as a manager..

3. Professional Association-All professions are affiliated to a professional association which regulates entry, grants certificate of practice, and formulates and enforces a code of conduct. There are several associations of practicing managers in India, like the All-India Management Association that has laid down a code of conduct to regulate the activities of their members. However, there is no compulsion for managers to be members of such an association.

4. Code of conduct- All professionals should follow the code of conduct laid down by the concerned professional body. In management All India Management Association (AIMA) has laid down code of conduct to regulate the activities of their members. But there is no compulsion for the managers to follow the same.

On comparing the features of profession with management we can say management is on the path of becoming a profession.

24. Elements of business environment:



25. Match the following:

A	B
1. Debentures	b. Borrowed funds
2. Equity Share	a. Owner's Fund
3. Working Capital	d. Current Asset
4. Capital Structure	c. Debt- Equity Ratio

26. Consumer Rights (any 4)

1) Right to safety

The consumer has the right to be protected against goods and services which are dangerous to his life and health.

2) Right to be informed

The consumer has the right to have complete information about the product he intends to buy including its ingredients, date of manufacture, price, quantity, directions for use, etc.

3. Right to Choose:

The consumer has the freedom to choose from a variety of products at competitive prices.

4. Right to be Heard:

The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service.

5. Right to seek Redressal:

The consumer has the right to get compensation when consumers are cheated or exploited.

6. Right to Consumer Education:

The consumer has the right to acquire knowledge and to be a well-informed consumer throughout life.

27.

a) Functional Structure

b) Advantages of Functional Structure(Any 3)

1. Specialisation

In a functional structure job of similar nature are grouped together. It provides specialisation which makes optimum utilisation of manpower.

2. Easy supervision

The supervisor becomes familiar with the type of task to be performed because all tasks are related to one function only. As a result, he can easily supervise his department.

3. Increasing managerial efficiency

Managers of one department are performing same type of function again and again which help to increase their managerial and operational efficiency.

4. Effective training

This type of structure makes training of employees easier as the focus is only on a limited range of skills.

5. Lower cost

It leads to minimum duplication of effort which results lower cost

Answer any 3 questions from 28-31. Each carries 5 score (3 x 5=15)

28. Fayol's Management Principle (Any-5)

1. Principle of Division of Work

According to this principle the total work in an organization is to be divided into small tasks and each task should be assigned to individual worker according to his ability and qualification. Division of work leads to specialization.

2. Principle of Authority and Responsibility

Authority means the power to take decision. Responsibility means the obligation to complete the job assigned on time. According to this principle there must be balance (parity) between the authority and responsibility.

3. Principle of Discipline

Discipline means obedience, respect of authority and observance of established rules. According to Fayol, discipline is required not only on the part of workers but also on the part of management people. To ensure discipline requires good superiors at all levels, clear and fair agreements and careful application of penalties.

4. Principle of Unity of Command

According to Fayol there should be one and only one boss for every individual employee. An individual employee should receive orders from one and only one superior at a time and be answerable to only one superior. If there is more than one superior, there can be contradictory orders.

5. Principle Unity of Direction

Unity of direction means there must be a single plan and a single head for the activities with the same objectives. Each group of organizational activities that have the same objective should be directed by one manager using one plan.

The efforts of all members of the organization should be directed towards a common goal.

6. Principle of Subordination of Individual Interest to General Interest

The interest of an organization should take priority over the interest of any one individual employee. According to Fayol the primary focus is on the organizational objectives and not on those of the individual.

7. Principle of Remuneration of Employees

According to this principle, remuneration to the employees should be fair for both employees and the organization. The remuneration should be sufficient to keep employees motivated and productive. At the same time, it should be within the paying capacity of the company.

8. Principle of Centralisation and Decentralisation

Centralisation means concentration of authority in few hands at the top level. Decentralisation means delegation or distribution of authority throughout all the levels of the organization. According to Fayol an organization must not be completely centralized or decentralized, there should be a match between the two depending upon the, size, nature and location of business.

9. Principle of Scalar Chain

According to Fayol, Scalar Chain refers to the chain of authority and communication that runs from top to bottom and should be followed by managers and their subordinates.

10. Principle of Order

According to Fayol, there must be a fixed place to keep every material and things used in the organization. So that no time and energy is wasted in search of any material or any person. It will ensure smooth and systematic working of organization.

11. Principle of Equity

According to Fayol the principle of equity should be followed at every level. Equity refers to kind, fair and just treatment to employees. Employees will put their maximum efforts only when they are treated with kindness and justice.

12. Principle of Stability of Tenure of Personnel

According to this principle, employees once selected, should be kept at their post for a minimum fixed term (tenure). They should be given reasonable time

to show results. A feeling of insecurity for the job, the employees cannot contribute their maximum.

13. **Principle of initiative**

Fayol suggested that employees in the organization must be given an opportunity to take some initiative in making and executing a plan. Initiative gives freedom to its employees to suggest their new ideas, experiences and more convenient methods of work. It gives more satisfaction to employees..

14. **Principle of Esprit De Corps (Union is Strength)**

According to Fayol management should promote a team spirit in the organization and all the employees must consider themselves as member of the organization. A manager should replace 'I' with 'We' in all his conversations with workers to foster team spirit. Fayol put emphasis on team work because team contribution is always better than individual contribution.

29. **Marketing mix** is a set of four decisions which needs to be taken before launching any product. It refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market. The 4Ps make up a typical marketing mix - Price, Product, Promotion and Place. The four basic elements of marketing mix are inter-related and inter-dependent.

Elements of Marketing Mix(Four Ps of marketing)

The four main elements of marketing mix are:

1.Product Mix: Product means goods or services or anything of value, which is offered to the market for sale. Product mix is the most important component of marketing mix, which involves planning, developing and producing the right type of goods and services needed by the consumer. The most important factor influencing the success of a product is the quality of the product itself

2. Price mix: Price refers to the value that is put for a product. Price of a product depends on costs of production, ability of the market to pay, competition etc. Price is the crucial element of marketing mix because customer is very sensitive to this element.

3.Place mix

Place mix constitutes taking decisions regarding how the product will be available for the customers for the actual sale. There are two important decisions relating to this aspect.

- a) Decision regarding channel of distribution- It decides whether goods are to be marketed through wholesalers, retailers, own branches or any other way
- b) Decision regarding physical movement of goods, i.e, logistic management.

4. Promotion mix:

It involves all activities concerned with informing the consumers about a product and persuading them to buy the product. Such activities include (1) Advertising (2) Personal selling (3) Sales promotion (4) Publicity

30. Factors affecting the Requirement of working capital (Any-5)

1. Nature of business

The basic nature of a business influences the amount of working capital required.

2. Scale of operations

There is direct link between the working capital and scale of operations. Big organizations requires more working capital as compared to small organizations.

3. Business cycle

Different phases of business cycle influence the requirement of working capital. In boom period organization requires larger amount of working capital as compared to depression period.

4. Operating Cycle

The amount of working capital directly depends upon the length of operating cycle. If operating cycle is long then more working capital is required and vice versa.

5. Seasonal factors

Some business is seasonal in their operations. In peak season, due to higher level of activity more amount of working capital will be required.

6. Credit allowed

Those enterprises which sell goods on cash basis need little working capital but those who provide credit facilities to the customers need more working capital.

7. Credit availed

A business may get credit facility from suppliers of goods. More the credit facility, lesser would be the requirement of working capital.

8. Availability of raw materials

If raw materials required for the business are available freely and regularly, a firm needs to maintain only lesser amount of working capital.

9. Reorder period

Time gap between placement of order and receipt of raw materials is relevant. Longer the reorder period, larger shall be the amount of working capital requirements.

10. Level of competition

In order to face competition, more stock is required . So requirements of working capital is also high.

11. Inflation

Inflation leads to rise in price. In such a situation more capital is required than before in order to maintain the previous scale of production and sales

31. Short Note:

1. Objectives

Objectives are the ends toward which activities are aimed. It is the desired future position that the management would like to reach. Examples:

1. An organization may have an objective of increasing sales by 10%

2. Strategy

strategy is a comprehensive plan for accomplishing an organisation objectives..

For example, a company's marketing strategy

Example: Objective is to increase company's profit by 10%.To achieve this objective, company can adopt strategies like create and launch new products or models, introduce new distribution channels etc.

3. Policy

Policies are the general guidelines for conducting an action. It ensures uniformity in decision making. Policies define boundaries within which decisions can be made. Policy is a standing plan.

Example:

The management of Union Bank of India decided to promote employees on the basis of merit only.

4. Procedure

They are step by step instructions, which explain how activities are carried out in an orderly way. They are specified in a chronological order. It describes the exact manner in which the work is to be performed. Procedures are rigid; there is no possibility for deviation. Procedure is a standing plan.

5. Programmes

Programmes are detailed statements about a project. Programme is the combination of objectives, policies, procedures, rules, tasks, human and physical resources required, budgets etc to carry out a given work. The same programme may not be used for achieving other goals.

Example:Programmes for construction of shopping mall,programmes for opening a new department in our business

Answer any 2 questions from 32-34. Each carries 8 score (2 x 8=16)

32. External Sources of Recruitment: (Any-8)

1 . Direct Recruitment-Sometimes, the organizations paste notice at the gate of their office or factories stating the vacant job positions. The people who are interested in those jobs walk in for the interview. This method of recruitment is most suitable for unskilled job positions like sweeper, peon etc.

2. Casual Callers-Qualified candidates send their bio-data to the institutions even when applications are not called for. Institutions keep a database of such unsolicited applicants and consider them for appointment when vacancies arise.

3. Media advertising-The most common and popular method of external recruitment is advertising about the vacant job position. Advertisement in TV, newspapers and journals etc.will attract a large number of applicants.

4. Employment Exchange-Employment exchanges run by government helps to match personnel demand and supply by serving as link between job seekers and employers. It is suitable for unskilled and skilled jobs.

5. Placement Agencies-Placement agencies provide nation-wide service of matching demand and supply of work force. These agencies invite the bio data and record from various job seekers and send them to suitable clients. These agencies charge fee for providing such service.

6. Management Consultants-Management consultants help the organizations to recruit technical, professional and managerial personnel .They specialize in middle level and top level executive placements.

7. Campus Recruitment-Sometimes the senior managers of the organizations visit various professional collages, technical institutions to get fresh graduates or the people with the latest technological know-how. The organizations prefer fresh graduates because they can be mould according to the requirement of the organization.

8. Recommendations by the Existing Employees-Many firm encourage their employees to recommend the names of their relatives and friends to fill the vacant job position. Such appointments are usually done at lower levels.

9. Web publishing-In internet there are certain websites specifically designed to provide information regarding job seekers and companies which have vacant job position. These websites can be visited by job seekers as well as companies. Example: Naukri.com, Monster.com etc

33. Barriers of Effective Communication

Communication barriers are the factors that obstruct the effectiveness of communication. These barriers may prevent a communication or filter part of it or carry incorrect meaning due to which misunderstandings may be created. The barriers to communication in the organisations can be broadly grouped as:

- A. Semantic barriers
- B. Psychological barriers
- C. Organisational barriers
- D. Personal barriers.

A. Semantic barriers

These are concerned with the meaning of words and symbols. Sometimes the same words and symbols can be understood differently by different people in the organization. These are discussed below:

1. Badly expressed message

Sometimes intended meaning may not be conveyed by a manager to his subordinates. This is due to inadequate vocabulary, usage of wrong words, omission of needed words etc.

2. Symbols with different meanings

A word may have several meanings. Receiver has to perceive one such meaning for the word used by communicator. Example-Prize, price, right, write etc.

3. Faulty translations

Sometimes the communications originally drafted in one language (e.g., English) need to be translated to the language understandable to workers (e.g., Hindi). If the translator is not an expert, he may make mistake in translation.

4. Unclarified assumptions

Some communications may have certain assumptions which are subject to different interpretations.

.B. Psychological barriers

Emotional or psychological factors acts as barriers to communicators. For example, a worried person cannot communicate properly and an angry receiver cannot understand the real meaning of message. Some of the psychological barriers are:

(i) Premature evaluation

Sometimes people evaluate the meaning of message before the sender completes his message.

(ii) Lack of attention

The pre-occupied mind of receiver and the resultant non-listening of message acts as a major psychological barrier.

(iii) Loss by transmission and poor retention

When communication passes through various levels, successive transmissions of the message results in loss of, or transmission of inaccurate information. This is more so in case of oral communication.

C. Organisational barriers

The factors related to organisation structure, authority relationships, rules and regulations may, sometimes, act as barriers to effective communication. Some of these barriers are:

(i) Organisational policy

If the organisational policy is not supportive to free flow of communication, it may hamper effectiveness of communications.

(ii) Rules and regulations

Rigid rules and huge procedures may be a hurdle to communication.

(iii) Status

Status of superior may create psychological distance between him and his subordinates.

(iv) Complexity in organisation structure

In an organisation where there are number of managerial levels, communication gets delayed and distorted as number of filtering points are more.

D. Personal barriers:

The personal factors of both sender and receiver may exert influence on effective communication. Some of the personal barriers of superiors and subordinates are mentioned below:

(i) Fear of challenge to authority

If a superior perceives that a particular communication may adversely affect his authority, he or she may withhold or suppress such communication.

(ii) Lack of confidence of superior on his subordinates

If superiors do not have confidence on the competency of their subordinates, they may not seek their advice or opinions.

(iii) Unwillingness to communicate

Sometimes, subordinates may not be prepared to communicate with their superiors, if they perceive that it may adversely affect their interests.

34.

a. Advertisement

b. Advantages of advertising (Any-4)

1. **Creates demand** – Advertising helps to create demand by making people aware of new products and new uses of existing products.
2. **Provides economies of scale** – Advertising facilitates large scale production. Large scale production, leads to low cost of production per unit.
3. **Educates consumers and makes shopping easier** – Advertising educates consumers by providing useful information about the product. Advertising makes shopping easier for them.
4. **Facilitates introduction of new products**

Advertising helps in introduction of new products by communicating the positive features of newly introduced products.

5. **Enhance customer satisfaction and confidence**

Advertising media informs the consumers about the utility and uses of the product

Limitations of Advertising

Despite many benefits drawn from advertising, it suffers from a severe criticism advanced by different segments of society.

1. **Increased price of the product**

Advertising increases the cost of the product as the expenses on it form the part of the total cost of the product..

2. **Multiplication of needs**

Advertising creates artificial demand for the product and induces people to buy those products which are not needed by them.

3. **Harmful for the society**

Sometimes advertisements are un-ethical. Most often, these carry indecent language and virtually nude photographs in order to attract the customers. This adversely affects the social values.

4. **It leads to monopoly**

Advertising sometimes leads to monopoly in a particular brand . By investing large sums in advertising big producer eliminates small producers from the market. This leads to exploitation of consumers

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