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Code Number



INDIAN SCHOOL MUSCAT  
FIRST PRELIMINARY EXAMINATION  
SUBJECT :

CLASS: XII  
17.12.2017

Sub. Code: 054

Time Allotted: 3 Hrs  
Max. Marks: 80

**MARKING SCHEME**

Q. No.		marks
1	Organising as a function of management refers to a structural framework in which an organisation operates to achieve its desired goals.	1
2	Strategy.	1
3	A single use plan is developed for a onetime event. Such a course of action is not likely to be repeated in future.	1
4	Other specialized activities of human resource management are: (Any two)  (i) Analysing jobs. (ii) Selection. (iii) Placement and orientation. (iv) Training and development of employees. (v) Performance Appraisal. (vi) Developing compensation and incentive plans. (vii) Maintaining labour relations and union management relations. (viii) Handling grievances and complaints. (ix) Providing for social security and welfare of employees. (x) Defending the company in law suits and avoiding legal complications.	1
5	Protective function and Prohibition of fraudulent and unfair trade practices.	1
6	Price rigging means making manipulations with the sole objective of inflating or depressing the market price of securities. Such practices are prohibited by the law because they can defraud or cheat investors.	1
7	Managing inventory involves taking steps to minimise fluctuation in the distribution lines of the inventory. Hence, managing inventory is concerned with "Physical distribution".	1
8	(i) Endangering the lives  ii) Violation of law  iii) False information to consumers.	1

- 9 (i) The important product related decision that was not taken into consideration by the company is Labelling. It is the process of designing the label and putting it on the package to provide information regarding the product, its contents, methods of use etc. 3
- (ii) Values violated by the company: -concern for safety of human beings. -respect for law (employing children as labour). -concern/ sensitivity for the environment. (or any other correct value)
- 10 (i) Scale of Operations: There is a direct link between the Working Capital and the scale of operations. In other words, more working capital is required in case of big organizations while less working capital is needed in case of small organizations. 3
- (ii) Business Cycle: The need for the working capital is affected by various stages of the Business cycle. During the booming period, the demand of a product increases and sales also increase. Therefore, more working capital is needed. On the contrary, during the period of depression, the demand declines and it affects both the production and sale of goods. Therefore, in such situation, less working capital is required.
- (iii) Production Cycle: By production Cycle is meant by the time involved in converting raw material into finished product. Longer this period, more will be the time for which the capital remains blocked in raw material and semi-manufactured products. Thus, more working capital will be needed. On the contrary, where period of production cycle is little, less working capital will be needed.
- (iv) Credit allowed: Those enterprises which sell goods on cash payment basis need little working capital but those who provide credit facilities to the customers need more working capital
- 11 a. Following are the internal/external recruitment sources used by 'hitashi enterprises Ltd' to fill various positions: 3
- b. i. Promotion – The human resource manager was recruited using promotion. Promotion is an internal source of recruitment.
- ii. Placement consultants – The marketing head was recruited through external source of placement consultants.
- iii. Casual callers – Assistant manager was recruited using existing applications.
- c. The following are the merits of above listed sources of recruitment.
- i. Promotion: It creates employee engagement and inspires the employee to perform better.
- ii. Placement Consultants: Placement consultants assist an organisation to acquire the necessary talent by providing their expertise in searching and attracting new talent.
- iii. Casual Callers: Casual callers are already existing in the database of company and hence, it involves least cost to hire them as compared to other methods.
- 12 Controlling 3
- (i) Accomplishing organisational goals

- (ii) Judging accuracy of standards:
- (iii) Making efficient use of resources
- (iv) Improving employee motivation
- (v) Ensuring order and discipline
- (vi) Facilitating coordination in action (any two)

13 Planning and controlling are inseparable twins of management. A system of control presupposes the existence of certain standards. 3

These standards of performance which serve as the basis of controlling are provided by planning.

Once a plan becomes operational, controlling is necessary to monitor the progress, measure it, discover deviations and initiate corrective measures to ensure that events conform to plans. Thus, planning without controlling is meaningless.

14 Planning 4

Limitations of planning:

- (i) Planning leads to rigidity
- (ii) Planning may not work in a dynamic environment
- (iii) Planning reduces creativity:
- (iv) Planning involves huge costs
- (v) Planning is a time-consuming process
- (vi) Planning does not guarantee success. [any three]

15 Responsibilities of the consumer to safeguard his interests: (Any three) 4

- (i) Be aware about various goods and services available in the market so that an intelligent and wise choice can be made.
- (ii) Buy only standardized goods as they provide quality assurance. Thus, look for ISI mark on electrical goods, FPO/ FSSAI mark on food products, Hallmark on jewellery etc.
- (iii) Learn about the risks associated with products and services, follow manufacturer's instructions and use the products safely.
- (iv) Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc.

16 a. "Informal Organisation" allows the communication to flow in all directions. 4

b. One another advantage of informal organization is that it allows employees to feel sociable, interactive and competitive. This results in better employee- engagement and work culture. All these factors result in better productivity for the organization by the employees.

c. "steelo Ltd" wanted to communicate following two values to the organization

i. A socially responsible corporation

ii. An employee centric organization.

17 “Motivation” is the element of function of management used in the given scenario. A variation in travel policies changes the perspective of employees towards organization and resulted in better utilization of time by the employees. All employees started feel equal and this increased their belongingness with the organization. Features of motivation can be highlighted using following points. 4

- i. Motivation is an invisible force – Motivation is a feeling of belongingness inside and employee. It cannot be seen or touched. But, its results can clearly be felt among the employees through their performance.
- ii. Motivation helps in achieving goals- Motivation is a positive awakening force that increases the productivity and quality standards of work done by employees.
- iii. Motivation can also be negative- A positive motivation can take the form of appraisal or promotion. On the other hand, negative motivation can take the form of pay-cut, demotion etc.
- iv. Motivation is not a simple process – All employees get motivated for different reasons at different times. Some employees get motivated by appreciation whereas some employees get motivated by appraisals.

18 In the given scenario, the two functions performed by SEBI are 4

- i. 'Regulatory Functions', and
- ii. 'Protective Functions'.

The lines indicating these functions are given as follows:

- i) The line 'On regular inspection and by conducting enquires of the brokers involved' implies regulatory functions and
- ii) the line 'SEBI imposed a heavy penalty on Aditya Gupta' implies protective functions.

19 Four methods of floatation of new issues are explained below: 4

1. Prospectus issue: The primary market allows companies to invite potential investors through the issue of a document called 'prospectus'. The prospectus aims to provide all relevant information to the investors including the motive of the issue of securities, the upcoming projects of the company, the recent benchmark reached by the company etc. The prospectus is advertised in various forms of print media to gain the attention of investors. It is compulsory for a prospectus to follow the guidelines provided by SEBI and the Companies Act and have a listing in one stock exchange at least.

ii. Issue through intermediaries: Under this method, companies issue their shares to intermediaries such as broking houses, issuing agents etc. who sell the securities thereafter to the general public. This makes it easier for the company to raise funds and the cost of raising funds also gets minimised. This method can be considered one of the indirect methods of the issue of securities.

iii. Private placement: The securities are offered for sale to some predetermined individuals and institutional investors with high net worth. The company can make such an offer on its own or by taking the assistance of intermediaries. Such an offer allows the company to raise funds quickly as the involvement of issuing agents is minimised, and hence, the charges of brokerage, underwriting commission etc. are not borne by the company.

iv. Rights issue: Under rights issue, the company offers its new shares to its existing shareholders. Each existing shareholder is provided with a right to buy a certain number of shares. The shares offered to buy are proportionate to the existing shareholding of the investor in the company.

20 1. Right to Safety:

The consumer has a right to be protected against goods and services which are hazardous to life and health. For instance, electrical appliances which are manufactured with substandard products or do not conform to the safety norms might cause serious injury. Thus, consumers are educated that they should use electrical appliances which are ISI marked as this would be an assurance of such products meeting quality specifications.

2. Right to be Informed:

The 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. It is because of this reason that the legal framework in India requires the manufactures to provide such information on the package and label of the product.

3. Right to Choose:

The consumer has the freedom to choose from a variety of products at competitive prices. This implies that the marketers should offer a wide variety of products in terms of quality, brand, prices, size, etc. and allow the consumer to make a choice from amongst these.

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. It is because of this reason that many enlightened business firms have set up their own consumer service and grievance cells. Many consumer organisations are also working towards this direction and helping consumers in redressal of their grievances.

5. Right to seek Redressal:

The consumer has a right to get relief in case the product or service falls short of his expectations. The Consumer Protection Act provides a number of reliefs to the consumers including replacement of the product, removal of defect in the product, compensation paid for any loss or injury suffered by the consumer, etc.

6. Right to Consumer Education:

The consumer has a right to acquire knowledge and to be a well informed consumer throughout life. He should be aware about his rights and the reliefs available to him in case of a product or service falling short of his expectations. Many consumer organisations and some enlightened businesses are taking an active part in educating consumers in this respect.

- 21 a. The following lines from the Para highlight the use of informal communication in the organization. 5
- i. "Colleague sent a text message to his immediate superior"
  - ii. "Vineet immediately sent a text message to the employees of the organization requesting them to donate blood for Yash." This is because sending text messages is an informal means to communication. The following line highlights the use of formal communication in the organization. "When the general manager came to know about it, he ordered for fumigation in the company premises and cleanliness of surroundings"
- b. Two features of informal communication are listed below.
- i. It does not follow any specific formally determined path. It flows in all directions.
  - ii. It is the result of personal contact among the employees of an organization.
- c. The values of the organization that the society would monitor would be.
- i. Hygiene in the work place for employees by the organization.
  - ii. Employee centric policies of organization. (any two)
- 22 (a) 1. Due to weak cash flow position, the firm may not be able to honor fixed cash payment obligations. 5  
 2. Increased fixed operating cost will increase the business risk therefore debt should not be issued as it further increases the financial risk.  
 3. The stock market condition being bullish, the investors will prefer to buy equity shares.
- (b) Other factors which Shalini would keep in mind are:  
 (any two)  
 Return on Investment, Tax Rate, Cost of Equity, Floatation Costs, Flexibility Control  
 Consideration, Regulatory Framework, Capital Structure of other companies, Debt Service  
 Coverage Ratio, Interest Coverage Ratio and Cost of debt.
- 23 Semantic barrier to communication: 6
- (i) Badly expressed message may not convey intended meaning.
  - (ii) Symbols with different meanings may be perceived differently by the receiver.
  - (iii) Message originally drafted in one language may be misunderstood due to faulty translation.
  - (iv) Messages involving certain assumptions may be interpreted differently due to unclarified assumptions.
  - (v) Use of technical jargon by specialists may not be understood by others.
  - (vi) Body language and gesture decoding may be misunderstood if what is said and what is expressed do not match.

24 (a) Staffing and Organizing.

6

(b) Two steps in staffing process and organization process are :

(a) Two steps in Staffing process:

(i) Estimating the Manpower Requirements:- while designing the organisational structure, we undertake an analysis of activities as well as relationship among them with a view to evolving the horizontal and vertical dimensions of the structure. Thus, various job positions are created. Clearly, performance of each job necessitates the appointment of a person with a specific set of educational qualifications, skills, prior experience and so on.

(ii) Recruitment: Recruitment may be defined as the process of searching for prospective employees and stimulating them to apply for jobs in the organisation. The information generated in the process of writing the job description and the candidate profile may be used for developing the 'situations vacant' advertisement.

(b) Two Steps in Organizing process:

(i) Identification and Division of work: The first step in the process of organizing involves identifying and dividing the work into manageable activities to get the work done in accordance with previously determined plans. By doing this, duplication can be avoided and burden of work can be shared among the employees.

(ii) Departmentalisation: - After dividing the work, those activities which are similar in nature are grouped together. This grouping process is called departmentalisation & it facilitates specialisation. Departments can be created using several criteria as a basis. Example : some of the most popularly used basis are territory and products. (appliances, clothes, etc.)

(c) Two values identified are :

(i) Employment opportunities for Women and people with special abilities.

(ii) Upliftment of backward and rural areas.

25 The marketing mix is a set of four decisions which needs to be taken before launching a product.

6

The 4 P's of marketing mix are as follows:

(a) Product (b) Price (c) Place (d) Promotion. The combination of variables used by Hayaram is four P's of marketing mix.

(i) Product: Product means goods or services or 'anything of value', which is offered to the market for exchange. Product decisions are the first decision need to take before any marketing plan. In case of Hayaram we can say that there are no core product but they are augmented product as company wants to increase its sales.

(ii) Price: Price is the amount of money customers have to pay to obtain the product. Pricing is used for sales promotions in the form of discount. In above case of Hayaram , high price is charged because of good quality.

(iii) Place: Place or Physical Distribution include activities that make firm's products available

to the target customers. It refers to the distribution channel of a product. It's a consumer product, it needs to be available as far and wide possible. It is a FMCG company therefore company is using this place variable. Any FMCG company needs to have a full proof logistics & supply chain plans for its distribution. Therefore Hayaram established its own five grocery stores. It is offering easy credit terms to retailers so that the product is available at right place at right time.

(iv) Promotion: Promotion of products and services include activities that communicate availability, features, merits, etc. of the products to the target customers and persuade them to buy it. It means complete integrated marketing communication. In above case of Hayaram, company is using different communication tools. i.e. Advertising and sales promotion by allowing discounts to the customers.

**End of the Marking Scheme**