

INDIAN SCHOOL MUSCAT

FINAL EXAMINATION

NOVEMBER 2018

SET B

CLASS XII

Marking Scheme – SUBJECT: BUSINESS STUDIES

Q.NO.	Answers	Marks						
	SECTION-A	(with split up)						
1.	No, It does not guarantee success always. OR Budget is the type of plan formulated by the financial manager.	1						
2.	In the given situation, there is a need for training of workers. OR Staffing has been described as the managerial function of filling and keeping filled, the positions in an organisation structure.	1						
3.	The process of holding securities in an electronic form is known as 'dematerialization of securities'.	1						
4.	The term capital market refers to facilities and institutional arrangements through which long-term funds, both debt and equity are raised and invested.	1						
5.	Ajay would adopt direct channel for distribution of toothpaste and toothbrushes.	1						
6.	Right to safety.	1						
7.	Decentralisation. OR <table><tr><td>Basis</td><td>Authority</td><td>Responsibility</td></tr><tr><td>Origin</td><td>Arises from formal position.</td><td>Arises from delegated authority.</td></tr></table>	Basis	Authority	Responsibility	Origin	Arises from formal position.	Arises from delegated authority.	1
Basis	Authority	Responsibility						
Origin	Arises from formal position.	Arises from delegated authority.						
8.	Developing Premises.	1						
	SECTION-B							
9.	The next three steps in the process of staffing are as stated below:	3 (1mx3)						

(1) Recruitment is the process of searching for prospective employees and stimulating them to apply for the jobs in the organisation.

(2) Selection is the process of choosing from among the pool of the prospective job candidates developed at the stage of recruitment.

(3) Placement and Orientation refers to the employee occupying the position or Post for which the person has been selected and introducing the selected employee to other employees and familiarising him with the rules and policies of the organisation.

10. (a) The behavior of the official is not at all justified. He should have an opportunity to the employee to explain. He (employee) might have a genuine problem for coming late. 3 (1m+1mx2)

(b) (i) He should not ignore dignity of labor.

(ii) He should show respect to elderly employees

(iii) In case the reason for coming late was some family problem, the supervisor should sympathize with the worker. For e.g.: the employee had to take his ailing wife to a hospital for treatment. (any 2)

OR

(11/2+11/2)

a. Two communication barriers due to which jason enterprises was unable to accomplish their targets are as follows.

i. Barriers at personal level – Clear lines of communication are hindered by personal barriers present in an organization. This happens when management does not entrust its confidence in employees. Managers should conduct discussions and ask employees for inputs to ensure that such barriers are resolved.

ii. Barriers at organizational level– Policies that suppress the initiatives to empower employees such as centralization of all decisions, high attrition rates, low perks etc results in dissatisfaction among employees. This dissatisfaction hinders their performance.

b. i. One barrier at organizational level is “Rigid code of conduct”. If an organization follows extremely rigid rules and regulations, all its employees remain suppressed and dissatisfies. Organizations should promote good communication lines with their employees.

ii. One barrier at personal level is “Disregard and fear”. When managers do not appreciate employees for their contribution, employees lose their motivation to perform. Also, fear blocks all lines of their communication with managers. This result in personal barriers

11. 1. Setting performance standards

3
(1mx3)

2. Measurement of actual performance
3. Comparison of actual performance with standards. (explain)

OR

Relationship between planning and controlling:

Planning and controlling are two complementary functions in the process of management.

Planning is the process of providing an organisation with a concrete structure to deliberately achieve organisational goals and face challenges.

Controlling, on the other hand, focuses on comparing targeted performance with actual performance and maintaining quality standards.

Planning attempts to create benchmarks which thereafter are actually compared with actually achieved targets by controlling. Hence, it can be concluded that both these functions complement each other. If an organisation eliminates any one of them, then its performance will suffer to a great extent.

12. Factors affecting the requirement of Fixed Capital 3
(1mx3)
 1. Nature of Business 2. Scale of Operations
 3. Choice of Technique 4. Technology Up gradation
 5. Growth Prospects 6. Diversification
 7. Financing Alternatives 8. Level of Collaboration. (explain any 3)
13. In the given case, the marketing philosophy involved is 3
(1mx1+2m for explanation.)

Marketing Concept:

The focus of the marketing concept is on the customer's needs and the customer satisfaction. Integrated marketing is the means to achieve the firms objective of maximising profit under this concept. The purpose of marketing is to generate customer value at a low profit.

SECTION-C

14. Features of Motivation: 4
(1mx4)
 - (a) Motivation is an internal feeling. The urge, drives, desires, aspirations, striving or needs of human being, which are internal, influence human behaviour. For example, People may have the urge for possessing a motorbike, comfortable house, reputation in the society. These urges are internal to an individual.
 - (b) Motivation produces goal directed behaviour. -For example, The promotion in the job may be given to the employee with the objective of improving his performance. If the employee is interested in promotion, it

helps to produce behaviour to improve performance.

(c) Motivation can be either positive or negative. Positive motivation provides positive rewards like increase in pay, promotion, recognition etc., Negative motivation uses negative means like punishment, stopping increments, threatening etc. which also may induce a Person to act in the desired way.

(d) Motivation is a complex process as the individuals are heterogeneous in their expectations, perceptions and reactions. Any type of motivation may not have uniform effect on all the members.

OR

Semantic barriers are concerned with problems and obstructions in the process of encoding and decoding of message into words or impressions.

(i) Badly expressed message: These badly expressed messages may be an account of inadequate vocabulary, usage of wrong words, omission of needed words etc.

(ii) Symbols with different meanings: A word may have several meanings. Receiver has to perceive one such meaning for the word used by communicator.

(iii) Faulty translations: Sometimes the communications originally drafted in one language need to be translated to the language understandable to workers. If the translator is not proficient with both the languages, mistakes may creep in causing different meanings to the communication.

(iv) Unclear assumptions: Some communications may have certain assumptions which are subject to different interpretations.

(v) Technical jargon: It is usually found that specialists use technical jargon while explaining to persons who are not specialists in the concerned field.

(vi) Body language and gesture decoding: The body movement and gestures of communicator matters so

much in conveying the message.

15. (a) Function of Management is Planning.

4

(1m+1mx3)

(b) Any three 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 cost
- (v) Planning is a time consuming process
- (vi) Planning does not guarantee success. (explain any 3)

16. Lines from the Para:

4

(a) "He called one of his rich friends Sudhir and asked him to invest Rs.5 crore in shares of his bank".

(2m for quoting the lines+2m for functions)

(b) "On regular inspection and by conducting enquiries of the brokers involved, SEBI was able to detect this irregularity".

Functions that were performed by SEBI in the above case were:

(i) Regulatory function: 'On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity.'

SEBI can call for information by undertaking inspection, conducting enquiries and audits of stock exchanges and intermediaries.

(ii) Protective function: 'The SEBI imposed a heavy penalty on Vikash Mehra.'

SEBI controls insider trading and imposes penalties for such practices.

17. (a) A functional structure leads to occupational specialisation since emphasis is placed on specific functions. This promotes efficiency in utilisation of manpower as employees perform similar tasks within a department and are able to improve performance.
- (b) It promotes control and coordination within a department because of similarity in the tasks being performed.
- (c) It helps in increasing managerial and operational efficiency and this results in increased profit.
- (d) It leads to minimal duplication of effort which results in economies of scale and this lowers cost.
- (e) It makes training of employees easier as the focus is only on a limited range of skills.
- (f) It ensures that different functions get due attention.

4

(1mx4)

OR

Centralisation

Decentralisation

- (i) Meaning It refers to the concentration

	of authority at top level	at all levels
(ii) Suitability	It is more suitable to the small business	large business
(iii) Work load	Work load is more	workload is less
(iv) Freedom	Managers have less freedom of action	more freedom

18. (a) Commercial paper. 4
Commercial paper is a short term unsecured promissory note. It is negotiable and can easily be transferable by endorsement. Only large companies who have high creditworthiness in the markets can issue Commercial paper. It usually has a maturity period of 15 days to 1 year. (1m+1m for explanation+1m each)
(b) Less than one year.
(c) Commercial papers is an alternative to bank borrowing and is used to provide short term funds for seasonal and working capital needs.
19. 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 (2mx2)

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.

SECTION-D

20. (i) Be aware about various goods and services available in the market so that an intelligent and wise choice can be made. 5 (1mx5)
(ii) Buy only standardised goods as they provide quality assurance..
(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.
(v) Assert yourself to ensure that you get a fair deal.
(vi) Be honest in your dealings. Choose only from legal goods and services and discourage unscrupulous practices like black-marketing, hoarding etc.
(vii) Ask for a cash memo on purchase of goods or services. This would serve as a proof of the purchase made.
(viii) File a complaint in an appropriate consumer forum.

- (ix) Form consumer societies which would play an active part in educating consumers and safeguarding their interests.
- (x) Respect the environment. Avoid waste, littering and contributing to pollution. (any 5)

OR

Functions:

- (i) Educating the general public about consumer rights by organising training programmes, seminars and workshops.
- (ii) Publishing periodicals and other publications to impart knowledge about consumer problems, legal reporting, reliefs available and other matters of interest.
- (iii) Carrying out comparative testing of consumer products in accredited laboratories to test relative qualities of competing brands and publishing the test results for the benefit of consumers.
- (iv) Encouraging consumers to strongly protest and take an action against unscrupulous, exploitative and unfair trade practices of sellers.
- (v) Providing legal assistance to consumers by way of providing aid, legal advice etc. in seeking legal remedy.
- (vi) Filing complaints in appropriate consumer courts on behalf of the consumers.
- (vii) Taking an initiative in filing cases in consumer courts in the interest of the general public, not for any individual. (any 5)

21. (i) Since the project is capital intensive, proportion of debt should be much higher than equity. Since financial institutions prefer advancing loans for such a project, raising loans from them should not be a problem for the company. 5 (1m+1mx4)

(ii) The company should determine investment in working capital on the basis of meeting the following requirements:

- (a) To purchase and maintain required level of inventory of raw materials.
- (b) To pay wages/salaries to employee.
- (c) To meet overhead expenses for power, fuel, stationery and other items.
- (d) To pay taxes, insurance premium, etc.
- (e) To meet marketing and general expenses.
- (f) To maintain required level of inventory of finished goods.
- (g) To have cash in hand and at bank to meet recurring expenses and

meet contingencies.

22. (a) Delegation: It refers to the downward transfer of authority from a superior to a subordinate. 5
(1mx2+1mx3)

(b) Importance of delegation:

(i) Effective Management: By delegating routine work to subordinates the managers are able to get more time to concentrate on important matters and excel in new areas efficiently.

(ii) Employee Development: Delegation empowers the employees by providing them the chance to use their skills, gain experience and develop themselves for higher position.

(iii) Motivation of employees: Responsibility for work builds the self-esteem of an employee and improves confidence. He/she feels encouraged and tries to improve his/her performance further.

(iv) Facilitation of growth: Trained and experienced employees are able to play significant roles in the launch of new projects by replicating the work ethos they have absorbed from existing units, in the newly set unit.

(v) Basis of management hierarchy: Delegation of authority establishes superior-subordinate relationships, which are the basis of managerial hierarchy.

(vi) Better coordination: Clarity in powers, duties and answer ability helps in developing and maintaining effective coordination amongst the departments, levels and functions of management. (any 4)

SECTION-E

23. The following are the variables used by R&T Reality to prepare its market offering: 6
(1i/2m x4)
1/2 mark for heading + 1 mark for explanation)
- a. Product: Product means goods or services or 'anything of value', which is offered to the market for sale. The concept of product relates to not only the physical product but also the benefits offered by it from customer's view point. The important product decisions include deciding about the features, quality, packaging, labeling and branding of the products.
- b. Price: Price is the amount of money customers have to pay to obtain the product. The marketers have not only to decide about the objectives of price setting but to analyse the factors determining the price and fix a price for the firm's products. Decisions have to be taken in respect of discounts to customers, traders and credit terms, etc, so that the customers perceive the price to be in line with the value of the product.

c. Place: Place or physical distribution include activities that make firms products available to the large customers. Important decision areas in this respect include selection of intermediaries to reach the customers, providing support to the intermediaries. The other decision areas relate to managing inventory, storage and warehousing and transportation of goods from the place it is produced to the place it is required by the buyers.

d. 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. Most marketing organizations undertake various promotional activities and spend substantial amount of money on the promotion of their goods through using number of tools such as advertising, personal selling and sales promotion techniques.

OR

- (a) Rebate
- (b) Discount
- (c) Quantity Benefits
- (d) Usable Benefits
- (e) Instant Draw and assigned Gifts
- (f) Product Combination.

24. Maslow's Need Hierarchy Theory of Motivation: 6
(1mx5+1m for diagram)
 His theory was based on human needs. He felt that within every human being, there exists a hierarchy of five needs. These are:
- (i) Basic Physiological Needs: These needs are most basic in the hierarchy and corresponds to primary needs. Hunger, thirst, shelter, sleep and sex are some examples of these needs
 - (ii) Safety/Security Needs: These needs provide security and protection from physical and emotional harm. Examples: job security, stability of income, Pension plans etc.,
 - (iii) Affiliation/Belonging Needs: These needs refer to affection, sense of belongingness, acceptance and friendship.
 - (iv) Esteem Needs: These include factors such as self-respect, autonomy status, recognition and attention.
 - (v) Self Actualisation Needs: It is the highest level of need. It refers to the drive to become what one is capable of becoming. These needs include growth, self-fulfillment and achievement of goals.
25. (a) Sources of recruitment used to fill up the vacancies are: 6
(1mx3+1mx3 for merits)

(i) Promotion

(ii) Placement Agencies and Management Consultants

(iii) Casual Callers

(b) Merits of each of the above identified source of recruitment:

Promotion:

(i) It helps to improve motivation, loyalty and satisfaction level of employees.

(ii) It has a great psychological impact over the employees because a promotion at a higher level may lead to a chain of promotions at lower levels in the organisation.

(iii) It is a more reliable way of recruitment since the candidates are known to the organisation.

(iv) It is a cheaper source of recruitment.

Placement Agencies and Management Consultants:

(i) They recommend suitable names to their clients.

(ii) It helps in enticing the needed top executives from other companies by making the right offers.

Casual Callers:

(i) It reduces the cost of recruiting workforce in comparison to other sources.

(ii) It saves time.