

INDIAN SCHOOL MUSCAT

FINAL EXAMINATION

NOVEMBER 2018

SET C

CLASS XII

Marking Scheme –SUBJECT: BUSINESS STUDIES

Q.NO.	Answers	Marks (with split up)
SECTION-A		
1.	Planning may not work in a dynamic environment.	1
	OR	
	Budget is the type of plan formulated by the financial manager.	
2.	Ajay would adopt direct channel for distribution of toothpaste and toothbrushes.	1
3.	Decentralisation.	1
	OR	
	Basis Authority Responsibility Origin Arises from formal position. Arises from delegated authority.	
4.	Developing Premises.	1
5.	Right to safety.	1
6.	Price rigging means making manipulations with the sole objective of inflating or depressing the market price of securities.	1
7.	In the given situation, there is a need for training of workers.	1
	OR	
	Staffing has been described as the managerial function of filling and keeping filled, the positions in an organisation structure.	
8.	Financial Market is a market for creation and exchange of financial assets.	1
SECTION-B		
9.	(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	3 (1m +1mx2)

genuine problem for coming late.

(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

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

(11/2+11/2)

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 dissatisfied. 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 results in personal barriers

10. 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.

11. For controlling effectively, control should be exercised only on critical points which are identified on the basis of organisation's key result areas.

3

(1mx3 points)

These are the areas in which satisfactory performance is critical to achieve organisational objectives. Some common key result areas are productivity, profitability, market share, cost structure, product quality etc.

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. In the given case, the marketing philosophy involved is

3

(1m+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 firm's objective of maximising profit under this concept. The purpose of marketing is to generate customer value at a low profit.

13. Factors affecting the requirement of Working Capital:

3

(1m×3)

1. Nature of Business 2. Scale of Operations
3. Business Cycle 4. Seasonal Factors
5. Production Cycle 6. Credit Allowed
7. Credit Availd. (explain any 3)

SECTION-C

14. Lines from the Para:

4

(1m×2 for
quoting the
lines+1m×2 for
functions)

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

(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.

15. 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) Unclarified 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.
(any 4)

16. (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)
17. (a) Commercial paper. 4
(1m+1m for explanation+1m each)
- 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.
- (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.
18. 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. 4
(2mx2)

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.

19. (a) Product specialisation helps in the development of varied skills in a divisional head and this prepares him for higher positions. 4
(1mx4)
- (b) Divisional heads are accountable for profits, as revenues and costs related to different departments can be easily identified and assigned to them.
- (c) It promotes flexibility and initiative because each division functions as an autonomous unit which leads to faster decision making.
- (d) It facilitates expansion and growth as new divisions can be added without interrupting the existing operations by merely adding another divisional head and staff for the new product line.

SECTION-D

20. (a) **Delegation:** It refers to the downward transfer of authority from a superior to a subordinate. 5
(1m+1mx4)

(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)

21. (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)

22. (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
(1mx5)

(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.

SECTION-E

23. (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.

24. The following are the variables used by R&T Reality to prepare its

6

market offering:

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.

(1x6)

25. Maslow's Need Hierarchy Theory of Motivation:

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

(1i/2m x4)
1/2 mark for
heading + 1
mark for
explanation)

6
(1mx5+1m for
diagram)

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.