

## ANSWER KEY (Unofficial – by Ajith Kanthi Wayanad)

### Class 12 – BUSINESS STUDIES – March 2022 – SY 48

#### 1 Score

1. Managing Director (others are middle level managers)
2. Social Environment
3. L – Liberalisation, P – Privatisation and G – Globalisation
4. Planning Premises
5. On the job training
6. Capital Structure
7. Efficiency
8. Planning
9. Development
10. All of these

#### 2 Score

11. a) Survival            b) Growth

12. **Organization structure** is the established pattern of relationships among various parts of the enterprise. It states the relationship among various positions and activities. The structure provides a framework for managers and employees for performing their functions.

#### 13. Differences between Money market and Capital market

Money Market	Capital Market
1. It is a market for short term instruments having a maturity period of less than one year	1. It is for medium and long term instruments having maturity period of more than one year.
2. It helps to meet the working capital needs.	2. It helps in meeting fixed capital needs.

(Any other 2 differences)

#### 14. Consumer Rights: (Any 2)

a) **Right to safety** – Consumers have the right to be protected against the goods which are hazardous to health and safety.

b) **Right to be informed** – It implies that the producer should disclose all the facts regarding his products. Information as to the quantity, quality, price, date of manufacture, ingredients, precautions of use etc. should be given.

15. **Functions of stock exchanges (any 2)** - a) Liquidity and marketability to investment, b) Pricing of securities.

#### 16. Impact of changes in government policy on business and industry (Challenges faced by corporate sector) (any 2)

a) **Increasing competition** – Liberal licensing and entry of foreign firms made competition for Indian industries.

**b) More demanding customers** – Customers have got a wider choice and they are well-informed, hence they become more demanding and go for better quality.

17. **Selection Process** – (Any 2)

**a) Preliminary screening** – A careful screening of applications is done by a screening committee to eliminate the under qualified candidates.

**b) Selection Test** – Tests are conducted to know the level of ability, knowledge, interest, aptitude etc. of a particular candidate.

18. Types of Formal Communication Network: a) Single Chain, b) Y Pattern, c) Wheel Pattern, d) Circle Pattern, e) Free flow etc. (any 2)

## 4 Score

19. **Dimensions of Business Environment** (any 4): a) Economic Environment, b) Political Environment, c) Social Environment, d) Legal Environment, e) Technological Environment.

20. **Selection Tests:** (any 4)

**a. Intelligence test** – To measure the level of intelligence.

**b. Trade Test** – This test is conducted to check whether the candidate is suitable for that particular trade. For example, to select a driver, candidates' knowledge and technical skill in driving are tested.

**c. Aptitude test** – To measure the potential for learning new skills.

**d. Interest test** – To check the interest or involvement of a person on the job.

**e. Personality test** – To evaluate an individual's emotions, reactions, maturity, values etc.

21. **Maslow's Need Hierarchy Theory of Motivation**

Motivation is based on human needs. To motivate means to satisfy human needs. However, needs take a hierarchy as given by Maslow's theory on need hierarchy. They are as follows:

a) Basic Physiological Needs b) Safety and Security Needs, c) Social Needs (Affiliation/ Belonging needs), d) Esteem Needs, e) Self Actualization Needs (Brief explanation)

22. **Controlling Process** (1<sup>st</sup> 4 steps) a) Setting performance Standards, b) Measurement of actual performance, c) Comparison of actual performance with standards, d) Analyzing deviations (Brief explanation).

23. **Four Elements of Marketing Mix:**

1. **Product** – *Product means goods or services or anything of value which is offered for sale in the market.*

2. **Price** – The price of a product should be fixed that the firm is able to sell it profitably

3. **Place** – It refers to marketing efforts undertaken to make the product available at the right time in the right place

4. **Promotion** – Promotion means all those activities undertaken by a sales manager to inform the consumers about the product(s) of the company and persuade them to buy.

24. **Importance of Management:** a) Helps in achieving group goals, b) Increases efficiency, c) Creates a dynamic organization, d) Helps in achieving personal objectives, e) Helps in the development of society (Brief explanation)

25. **Demerits of Planning:** a) Rigidity (inflexibility), b) Planning may not work in dynamic environment, c) Planning reduces creativity, d) Huge Cost, e) Time consuming, f) Does not guarantee success. (any 4 with brief explanation)

## 6 Score

26. **Coordination – The essence of management** - Coordination refers to the process of integrating the activities of different units of an organization to achieve the organizational goals. Coordination is needed in all the functions of management and in all the levels of management, therefore, **coordination is considered as the essence of management.**

### Importance of Coordination:

1. **Growth in size** – As an organization grows in size, the number of people employed will also be increased. All individuals differ in their habits, approaches etc. So that it becomes necessary to coordinate their efforts to the common goal.
2. **Functional differentiation** – The functions of an organization is divided into departments and their objectives are also different. For example, marketing department may try to increase the sales volume by offering 10% discount, but the finance department may not approve it because of loss in revenue. In such a situation coordination has a vital role in the integration of efforts by the above two departments.
3. **Specialization** – Now a days many organizations appoint specialists in different jobs. These specialists may think that, they are qualified to evaluate, judge and decide in their professional area. They do not take advice from others. This often leads to conflict among different specialists. Here also coordination plays an important role to bring harmony among these personnel for the benefit of the organisation. (any meaningful explanation)

### 27. Differences between formal and informal organization

Basis	Formal Organization	Informal Organization
1. Meaning	Structure of authority created by management	Network of social relationship among the employees
2. Origin	Established on the basis of company rules and regulations	Originated as a result of social interaction
3. Authority	Based on the position in the management	Based on personal qualities
4. Behavior	It is directed by rules	There is no set behavior pattern
5. Flow of Communication	Through the scalar chain	It can take place in any direction (Grapevine)
6. Nature	Rigid	Flexible
7. Leadership	Managers are leaders	Leaders are chosen by the group

(Any 6)

## 28. Qualities of a Good Leader

1. **Physical features** – Good personality – height, weight, appearance etc.
2. **Knowledge** – Knowledge and competence in work is essential to guide his followers.
3. **Integrity** – A good leader should possess honesty and integrity (ethics) and he must be a role model to others.
4. **Initiative** – A leader must be initiative and creative, so that he can grab the opportunities for the benefit of the organization.
5. **Communication Skill** – Goals and procedures of the organization should be communicated clearly, precisely and effectively and he must be a good listener too.
6. **Motivation skills** – A leader should understand the needs of the subordinates, so that he can motivate his team.
7. **Self confidence** – A leader should have a high level of self confidence and will power and he should not lose his confidence in difficult situations.
8. **Decisiveness** – A leader should have sound judgment and decisiveness (strong decision), he should not change his opinions frequently.
9. **Social skills** – Proper understanding of people and maintaining good human relations are the ingredients of social skills. (any 6)

**29. a) Investment Decision** – It is concerned with how firm's valuable funds are to be invested in various assets. It may include Long term investment decisions (capital budgeting decision and short term investment decision (working capital decision

**b) Financing Decision** – it is concerned with the quantum of finance to be raised from various long term sources. They are shareholders' fund and borrowed fund such as shares, debentures, loans etc.

**c) Dividend Decision** – It is concerned with the disposal of profits. A portion of the profit is to be retained in the business for growth and expansion. That part of profit is called retained earnings and the rest of the profit is to be distributed to the shareholders in the form of dividends.

**30. Scientific Management** means knowing exactly what you want men to do and seeing that they do it in the best and cheapest way.

### Principles of Scientific Management

1. **Science, not rule of thumb** – Rule of thumb means application of traditional methods or the methods decided by the managers based on their past experience. Taylor suggested 'thinking before doing', i.e "Trial and Error Method" should be avoided and a scientific study must be done before solving any problem or doing a work.
2. **Harmony, not discord** – This principle states that there should be complete harmony between management and the workers. This can be achieved through a change in the attitude of workers and the management. Taylor calls it as "Mental Revolution". Management should share the gains with workers and the workers should work hard and accept changes for achievement of goals.
3. **Co-operation, not individualism** – This principle is an extension of "Harmony, not discord". This principle states that there should be complete cooperation between management and workers instead of individualism. Management should take workers into confidence and give them participation in decision making.

**4. Development of each and every person to their greatest efficiency and prosperity** – This principle states that the efficiency of all workers is a must for which they have to be provided with maximum prosperity. For this, Taylor advocated scientific methods for selection, training and development of workers. If workers put in their best efforts, it ensures maximum prosperity not only to workers but also to the organization.

31.

<b>Financial Incentives</b>	<b>Non-financial Incentives</b>
a) Bonus	b) Status
d) Profit sharing	c) Job enrichment
e) Retirement benefits	f) Employee recognition programmes

**32. Levels of packaging**

- a) Primary packaging** – The immediate container of a product is called primary packet. e.g., tube for shaving cream, tooth paste etc. and a bottle for horlicks.
- b) Secondary packaging** – It gives an additional protection for the product. E.g., the card board box for a tooth paste tube.
- c) Transportation packing** – It is a further packaging of products for storage and transportation. E.g., a toothpaste manufacturer may send the goods to the retailers in a large box containing 100 pieces.

**8 Score**

**33. Principles of Management by Henry Fayol:** 1) Division of Work, 2) Authority and Responsibility 3) Discipline 4) Unity of Command 5) Unity of Direction 6) Subordination of Individual Interest to General Interest 7) Remuneration of Employees 8) Centralization and Decentralization 9) Scalar Chain 10) Order 11) Equity 12) Stability of Personnel 13) Initiative 14) Esprit de Corps.

(Any 8 with brief explanation)

**34. Planning Process:** 1) Setting the objectives 2) Develop Planning Premises 3) Identifying alternatives 4) Evaluating alternatives 5) Selecting the best alternative 6) Implementation of plans 7) Follow Up.

(Explanation required)

**35. Staffing Process (Steps in staffing process) :** 1) Estimating the Man Power Requirements 2) Recruitment 3) Selection 4) Placement and orientation 5) Training and Development 6) Performance appraisal 7) Promotion 8) Compensation

(Explanation required)

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