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| **Answer Key** | | | | | |
| **Subject: Business Studies**  **Grade: XII** | | Max. Marks:35Time: | | | |
| **Name:** | | | **Section:** | **Roll No:** | |
| ***General Instructions:***   * This question paper contains 20 questions. * Marks are indicated against each question. * Answer should be brief and to the point. * Answers to the questions carrying 3 marks may be from 50 to 75 words. * Answers to the questions carrying 4 marks may be about 150 words. * Answers to the questions carrying 6 marks may be about 200 words. * Attempt all parts of the questions together. | | | | | |
| 1 | a. **Both A and R are true. R is the correct explanation of A**. | | | | 1 |
| 2. | b. **Accountability** | | | | 1 |
| 3 | 1. Cassual Callers | | | | 1 |
| 4 | 1. Apprenticeship | | | | 1 |
| 5 | 1. **Identifying alternative courses of action** | | | | 1 |
| 6 | a. **Planning involves decision-making** | | | | 1 |
| 7 | d. **Management is a dynamic function** | | | | 1 |
| 8 | **A Management is a complex activity that has three main dimensions: management of work, management of people and management of operations** | | | | 1 |
| 9 | a.Top Level | | | | 1 |
| 10 | 1. Management as an art | | | | 1 |
| 11 | 1. Functional   It is most suitable when the size of the organization is large, has a diversified activities and operations require a high degree of specialization   1. Divisional   Divisional structure is suitable for those business enterprises where a large variety of products are manufactured using different productive resources. When an organisation grows and needs to add more employees, create more departments and introduce new levels of management, it will decide to adopt a divisional structure | | | | 3 |
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| 12 | 1. Planning is the function of management which is being discussed above. Planning involves decision-making: Planning essentially involves application of rational thinking to choose the best alternative among the various available alternatives in order to achieve the desired goals efficiently and effectively. 2. . The limitations of planning are described below:   (a) Planning may not work in a dynamic environment: The business environment is dynamic in nature. Every organisation has to constantly adapt itself to changes in its environment in order to survive and grow. However, it is difficult to anticipate all the likely future changes in the environment with utmost accuracy. Hence, even with planning, everything cannot be foreseen.  (b) Planning reduces creativity: The top management undertakes planning of various activities whereas the other members are expected to merely implement these plans.This restricts the creativity of the middle level managers as they are neither allowed to deviate from plans nor are they permitted to act on their own.  c)Planning involves huge costs: The process of planning involves huge cost in terms of time and money as detailed planning is based on a series of scientific calculations. Moreover, it may include a number of related costs as well, like expenses on boardroom meetings, discussions with professional experts and preliminary investigations to find out the viability of the plan. As a result, the expenses on planning may turn out to be much more than benefits derived from it. | | | | 3 |
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| 13 | **Scientific decisions**: Decisions must be based on facts, thoughtful and justifiable in terms of the intended purposes. They must be timely, realistic and subject to measurement and evaluation. Management principles help in thoughtful decision-making. They emphasise logic rather than blind faith. Management decisions taken on the basis of principles are free from bias and prejudice. They are based on the objective assessment of the situation  **Universal applicability**: The principles of management are intended to apply to all types of organisations, business as well as non-business, small as well large, public sector as well as private sector, manufacturing as well as the services sectors. However, the extent of their applicability would vary with the nature of the organisation, business activity, scale of operations and the like. For example, for greater productivity, work should be divided into small tasks and each employee should be trained to perform his/her specialised job. This principle is applicable to a government office where there is a diary/despatch clerk whose job is to receive and send mail or documents, a data entry operator whose task is to input data on the computer, a peon and an officer etc. This principle is also applicable to a limited company where there are separate departments like Production, Finance, Marketing and Research and Development etc. Extent of division of work, however, may vary from case to case. | | | | 3 |
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| 14 | Organisational Objectives: Management is responsible for setting and achieving objectives for the organisation. It has to achieve a variety of objectives in all areas considering the interest of all stakeholders including, shareholders, employees, customers and the government. The main objective of any organisation should be to utilise human and material resources to the maximum possible advantage, i.e., to fulfill the economic objectives of a business. These are survival, profit and growth.  Survival: The basic objectives of any business is survival. Management must strive to ensure the survival of the organisation. In order to survive, an organisation must earn enough revenues to cover costs.  Profit: Mere survival is not enough for business. Management has to ensure that the organisation makes a profit. Profit provides a vital incentive for the continued successful operation of the enterprise. Profit is essential for covering costs and risks of the business.  Growth: A business needs to add to its prospects in the long run, for this it is important for the business to grow. To remain in the industry, management must exploit fully the growth potential of the organisation. Growth of a business can be measured in terms of sales volume increase in the number of employees  (ii) Social objectives: It involves the creation of benefit for society. As a part of society, every organisation whether it is business or non-business, has a social obligation to fulfill. This refers to consistently creating economic value for various constituents of society. This includes using environmental friendly methods of production, giving employment opportunities to the underpreviledged sections of society and providing basic amenities like schools and healthcare, etc., for community. The box given below illustrates how a company can fulfill its social responsibility. | | | | 3 |
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| 15 | The different types of plans discussed above are listed below:  (a) Objectives: Objectives are the end results of the activities that-an organisation seeks to achieve through its existence. All other activities within the organisation are directed towards achieving these 22 objectives. ―One of her objectives was to earn 10% profit on the amount invested in the first year.‖  (b) Policy: A policy is a set of general guidelines that helps in managerial decision making and action. ―It was decided that the raw materials like fruits, vegetables, spices, etc. will be purchased on three months credit from farmers cultivating only organic crops.‖  (c) Procedure: A procedure contains a series of specific steps to be performed in a chronological order to carry out the routine activities. ―She also decided to follow the steps required for marketing of the products through her own outlets.‖ ―The exact manner in which the production activities are to be carried out.‖  (d) Rule: A rule is a specific statement relating to the general norms in terms of Do‗s and Don‗ts that guide the behaviour of people. It commands strict obedience and a penalty is likely to be imposed on its violation. ―While working on the production table, a penalty of ? 100 per day for not wearing caps, gloves and aprons was announced.‖  (e) Budget: A budget refes to a financial plan that is expressed in numerical terms. ―Mohan also prepared a statement showing the number of workers different products for the forthcoming quater | | | | 4 |
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| 16 | 1. **Functional Foremanship**:In the factory system, the foreman represents the managerial figure with whom the workers are in face-to-face contact on a daily basis. In the first chapter of the book, you have seen that the foreman is the lowest ranking manager and the highest ranking worker. He is the pivot around whom revolves the entire production planning, implementation and control. Thus, Taylor concentrated on improving the performance of this role in the factory set-up. In fact, he identified a list of qualities of a good foreman/supervisor and found that no single person could fit them all. This prompted him to suggest functional foremanship through eight persons. Taylor advocated separation of planning and execution functions. This concept was extended to the lowest level of the shop floor. It was known as functional foremanship. Under the factory manager there was a planning incharge and a production incharge. Under planning incharge four personnel namely instruction card clerk, route clerk, time and cost clerk and a disciplinarian worked. These four personnel would draft instructions for the workers, specify the route of production, prepare time and cost sheet and ensure discipline respectively. Under Production incharge, personnel who would work were speed boss, gang boss, repair boss, and inspector. These respectively were responsible for timely and accurate completion of job, keeping machines and tools etc., ready for operation by workers, ensure proper working condition of machines and tools and check the quality of work. Functional foremanship is an extension of the principle of division of work and specialisation to the shop floor. Each worker will have to take orders from these eight foremen in the related process or function of production. Foremen should have intelligence, education, tact, grit, judgment, special knowledge, manual dexterity, and energy, honesty and good health. Since all these qualities could not be found in a single person so Taylor proposed eight specialists. Each specialist is to be assigned work according to her/his qualities. For example, those with technical mastery, intelligence and grit may be given planning work. Those with energy and good health may be assigned execution work.     Scalar Chain: An organisation consists of superiors and subordinates. The formal lines of authority from highest to lowest ranks are known as scalar chain. According to Fayol, “Organisations should have a chain of authority and communication that runs from top to bottom and should be followed by managers and the subordinates.” Let us consider a situation where there is one head ‘A’ who has two lines of authority under her/ him. One line consists of B-CD-E-F. Another line of authority under ‘A’ is L-M-N-O-P. If ‘E’ has to communicate with ‘O’ who is at the same level of authority then she/he has to traverse the route E-D-C-B-A-L-M-N-O. This is due to the principle of scalar chain being followed in this situation. According to Fayol, this chain should not be violated in the normal course of formal communication. However, if there is an emergency then ‘E’ can directly contact ‘O’ through ‘Gang Plank’ as shown in the diagram. This is a shorter route and has been provided so that communication is not delayed. In practice you find that a worker cannot directly contact the CEO of the company. If at all she/he has to, then all the formal levels i.e., foreman, superintendent, manager, director etc have to know about the matter. However, in an emergency it can be possible that a worker can contact CEO directly. | | | | 4 |
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| 17 | Coordination The process by which a manager synchronizes the activities of different departments is known as coordination. Coordination is the force that binds all the other functions of management. It is the common thread that runs through all activities. It is implicit and inherent in all functions of an organization   1. **Growth in size**: As organisations grow in size, the number of people employed by the organisation also increases. At times, it may become difficult to integrate their efforts and activities. All individuals differ in their habits of work, background, approaches to situations and relationships with others. It becomes necessary to ensure that all individuals work towards the common goals of the organisation. But employees may have their own individual goals also. Therefore, for organisational efficiency, it is important to harmonise individual goals and organisational goals through coordination. 2. **Functional differentiation**: Functions of an organisation are divided into departments, divisions and sections. In an organisation there may be separate departments of finance, production, marketing or human resources. All these departments may have their own objectives, policies and their own style of working. For example, the marketing department’s objective may be to increase sales by 10 per cent by offering discounts. But, the finance department may not approve of such discounts as it means loss of revenue. These kinds of conflict arise in organisations because each unit/ department is performing activities in isolation from others and barriers between departments are becoming more rigid. However, all departments and individuals are interdependent and they have to depend on each other for information to perform their activities. The activity of each department needs to be focused on attainment of common organisational goals. The process of linking the activities of various departments is accomplished by coordination.   **iii) Specialisation:** Modern organisations are characterised by a high degree of specialisation. Specialisation arises out of the complexities of modern technology and the diversity of tasks to be performed. Organisations, therefore, need to employ a number of specialists. Specialists usually think that they only are qualified to evaluate, judge and decide according to their professional criteria. They do not take advice or suggestions from others in matters pertaining to their area of specialisation. This often leads to conflict amongst different specialists as well as others in the organisation. Therefore, some coordination is required by an independent person to reconcile the differences in approach, interest or opinion of the specialists. | | | | 4 |
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| 18 | A) Ms. Neeta is must be performing these functions as a HR manager:  1. Analysing jobs and collecting information about jobs to prepare job descriptions.  2. Developing compensation and incentive plans  B) Since the company has an expansion plan requiring 200 more persons for various types of additional requirements, Ms. Neeta will have to recruit and select those persons from outside the organization. For this she will have to invite candidates to apply for the jobs through external sources of recruitment such s advertisements, placement agencies, recommendations of employees, etc.Then, Ms. Neeta will have to arrange for various types of training (e.g. apprenticeship training, vestibule training, etc.) of the employees to make them efficient. She will have to handle workers’ grievances and complaints and maintain labour relations. She will have to provide for social security and welfare of employees | | | | 4 |
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| 19 | Delegation.   1. **Effective management**: By empowering the employees, the managers are able to function more efficiently as they get more time to concentrate on important matters. Freedom from doing routine work provides them with opportunities to excel in new areas. 2. **Employee development**: As a result of delegation, employees get more opportunitiecs to utilise their talent and this may give rise to latent abilities in them. It allows them to develop those skills which will enable them to perform complex tasks and assume those responsibilities which will improve their career prospects. It makes them better leaders and decision makers. Thus, delegation helps by preparing better future managers. Delegation empowers the employees by providing them with the chance to use their skills, gain experience and develop themselves for higher positions. 3. **Motivation of employees : Delegation helps in developing the talents of the employees. It also** has psychological benefits. When a superior entrusts a subordinate with a task, it is not merely the sharing of work but involves trust on the superior’s part and commitment on the part of the subordinate. Responsibility for work builds the self-esteem of an employee and improves his confidence. He feels encouraged and tries to improve his performance further. 4. **Facilitation of growth**: Delegation helps in the expansion of an organisation by providing a ready workforce to take up leading positions in new ventures. 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 up branches. 5. **Basis of management hierarchy**: Delegation of authority establishes superior-subordinate relationships, which are the basis of hierarchy of management. It is the degree and flow of authority which determines who has to report to whom. The extent of delegated authority also decides the power that each job position enjoys in the organisation. 6. **Better coordination**: The elements of delegation, namely authority, responsibility and accountability help to define the powers, duties and answerability related to the various positions in an organisation. This helps to avoid overlapping of duties and duplication of effort as it gives a clear picture of the work being done at various levels. Such clarity in reporting relationships help in developing and maintaining effective coordination amongst the departments, levels and functions of management | | | | 6 |
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| 20 | 1. **Staffing** 2. **Recruitment** 3. **Selection:** Selection is the process of choosing from among the pool of the prospective job candidates developed at the stage of recruitment. Even in case of highly specialised jobs where the choice space is very narrow, the rigour of the selection process serves two important purposes: (i) it ensures that the organisation gets the best among the available, and (ii) it enhances the self-esteem and prestige of those selected and conveys to them the seriousness with which the things are done in the organisation. The rigour involves a host of tests and interviews, described later. Those who are able to successfully negotiate the test and the interviews are offered an employment contract, a written document containing the offer of employment, the terms and conditions and the date of joining. 4. **Placement and Orientation**: Joining a job marks the beginning of socialisation of the employee at the workplace. The employee is given a brief presentation about the company and is introduced to his superiors, subordinates and the colleagues. He is taken around the workplace and given the charge of the job for which he has been selected. This process of familiarisation is very crucial and may have a lasting impact on his decision to stay and on his job performance. Orientation is, thus, introducing the selected employee to other employees and familiarising him with the rules and policies of the organisation. Placement refers to the employee occupying the position or post for which the person has been selected. 5. **Training and Development**: What people seek is not simply a job but a career. Every one must have the opportunity to rise to the top. The best way to provide such an opportunity is to facilitate employee learning. Organisations have either inhouse training centers or have forged alliances with training and educational institutes to ensure continuing learning of their employees. The organisations too benefit in turn. If employee motivation is high, their competencies are strengthened, they perform better and thus, contribute more to organisational effectiveness and efficiency. By offering the opportunities for career advancement to their members, organisations are not only able to attract but also retain its talented people | | | | 6 |