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ANSWER KEY MID TERM EXAMINATION, 2023-24
SUBJECT: BUSINESS STUDIES
CLASS XII – COMMERCE

Ans.1 C Cooperating (1)

There are five functions of Management, Which are as follow:-

1. Planning 2. Organising 3. Staffing 4. Directing 5. Controlling

Cooperating is not a separate function of management. Cooperating means work together for a common purpose or benefits. While performing different functions of management, Members of an organisation may cooperate each other. Cooperation can be there in all the functions of management. But it can not be considered as a separate function of management.

Ans.2 A Providing employment (1)

There are three organisational/economic objectives of management:

1. Survival 2. Profits 3. Growth

Providing employment to the **disadvantaged sections of society** is a part of **social objective of management.**

Ans.3 A Top level managers_ (1)

Top level managers formulate the plan and **policy** for overall organisation. **Middle level managers** is responsible for **implementing** and **controlling** plans, **policies** and strategies developed by top management. **Operational/Supervisory management** directly **oversee** the efforts of the **workforce.**

Ans.4 C By experiences of managers (1)

The principles of management are formed by experience and collective wisdom of managers as well as experimentation. For example, it is a matter of common experience that discipline is indispensable for accomplishing any purpose.

Ans.5 A All of these (1)

Principles of management are significant or important because of following reasons :

Providing managers with useful insights into reality

Optimum utilisation of resources and effective administration

Scientific decisions

Meeting changing environment requirements

Fulfilling social responsibility

Management training, education and research

Ans.6 B All of these (1)

Business environment enables the firms to identify opportunities and getting first mover **Advantage**

helps to cope with rapid changes

helps in improving performance

Ans.7 B Composition of family (1)
Social environment refers to the broad characteristics of the society in which a business enterprise operates.
composition of family comes under social environment , the other options are reference to legal environment and economic environment.

Ans.8 A Rule (1)
Rule are norms for actions and non actions of employees. They are rigid in nature. The statement "No smoking in the factory" must be adhered. Thus it comes under Rule.

Ans.9 B Limitation of planning (1)
It is not possible to change the pre decided plans. With the changing situations, plans sometimes fail to give positive results. Thus we can say plans lead rigidity.

Ans.10 B Informal organization (1)
Elements of delegation are
Responsibility
Authority
Accountability

Ans.11 C Informal organisation (1)
Informal organisation is created automatically due to social interactions among the employees to get psychological satisfaction. Formal organisation is the basis of informal organisation.

Ans.12 C Informal Organisation (1)
Under Informal organisational structure, there is no fixed path of passing information among employees. The Information can pass from any side to any side. The principle of scalar chain is violated here.

Ans.13 D Job Rotation (1)
Job Rotation is a management approach in which employees are shifted between two or more assignments or jobs in a planned manner. This is done at regular intervals of time. The objective behind this is to expose them to all verticals of an organization.

Ans.14 C Induction training (1)
Induction is the process of welcoming new employee when he joins the company and giving him all necessary information about the organisation so he can start his work happily and quickly.

Ans.15 A Aptitude Test (1)
This test is conducted to find out how quickly the candidate can learn new skills and new methods

Ans.16 D Delegation (1)
Delegation refers to the downward transfer of authority from a superior to a subordinate.

Ans.17 B Stock Incentive (1)
Under these incentive schemes, employees are offered company shares at a set price which is lower than market price.

Ans.18 A Informal communication (1)

Grapevine communication may follow different types of network. In single strand network, each person communicates to the other in sequence. In gossip network, each person communicates with all on non-selective basis. In probability network, the individual communicates randomly with other individual. In cluster, the individual communicates with only those people whom he trusts. Of these four types of networks, cluster is the most popular in organisations.

Ans.19 C Forward as well as backward looking controlling function encompasses the activity of auditing the work done by the employee and organization as a whole with the standards and goals set for the employee and organization, thus it is a forward and backward looking function. (1)

Ans.20 B Setting performance standards (1)

The steps in controlling process are 1. Setting performance standards, 2. Measurement of actual performance, 3. Comparing actual performance with standards set, 4 analysis of deviations or variances, 5 communicating the variance or deviations 6 taking corrective action.

21 Management is a complex activity and involves following three main dimensions - (3)

i) Management of works

In each and every organization, certain type of work is to be performed. In school, overall development of a child is to be done; in hospitals, patients are treated etc. Management converts these works into goals and devises the means to achieve them.

ii) Management of People.

Management is concerned with “getting things done through people”, which is a very difficult task. All the employees have different personalities, needs backgrounds and methods of work. Thus, it becomes management’s job to make them work as a group by giving common direction to their efforts.

iii) Management of operations.

In order to survive, each organization has to provide certain goods or services. This involves production process thus, management of operations is inter linked with both the above dimensions viz., management of work and the management of people.

Ans. 22 a. Divisional structure (3)

It is an organization structure comprising of separate business units or divisions, created on a certain basis, e.g. product lines.

b. Functional structure

It is an organization structure formed by grouping of jobs of similar nature under functions and organizing these functions as separate departments like production, finance, marketing, etc.

Ans. 23 (3)

1. Casual callers
2. Direct recruitment
3. Advertisement

Ans 24. Informal Communication

(3)

Limitations:

1. The grapevine/informal communication spreads rapidly and sometimes gets distorted. It is very difficult to detect the source of such communication.
2. It also leads to generate rumours. People's behavior is affected by rumours and informal discussion and sometimes may hamper work environment.

Ans.25 Following points are the importance of management.(any four)

(4)

- i) Management helps in achieving group goals.
- ii) Management increase efficiency
- iii) Management creates a dynamic organization.
- iv) Management helps in achieving personal objectives.
- v) Management helps in development of society.

Ans.26 The technique of functional foremanship suggests that each worker should be supervised by specialists. These specialists' designations are follow. **(any four)**

(4)

Planning Incharge: The main function of "planning in charge" is to plan all aspects of a job to be performed. It consists of four positions:

(i) Route clerk: He determines the sequence to perform various mechanical and manual operations.

(ii) Instruction card clerk: He issues instructions to the workers to be followed by them.

(iii) Time and cost clerk: He is concerned with the framing of time schedule on the basis of determined route.

Also, he keeps the record of the cost of operations.

(iv) Disciplinarian: He is concerned with the coordination in each job from planning to successful execution. He enforces rules and regulations and maintains discipline.

Production Incharge: It consists of following four specialists who are concerned with the execution of plans.

(i) Speed Boss: He checks whether work is progressing as per schedule. He ensures timely and accurate completion of jobs.

(ii) Gang Boss: He arranges machines, materials, tools, and equipment properly so that workers can proceed with their work.

(iii) Repair Boss: He ensures that all machines, tools, equipment are in perfect working order.

Inspector: He ensures that the work is done as per the standards of quality set by planning department.

Ans.27: Limitations of Planning

(4)

(i) Rigidity:

(a) Difficult to make changes

(b) Does not permit new way of doing once the plan is implemented

(ii) May not Work in Dynamic Environment: Plans may fail due to changes taking place in environment (due to external limitations of planning)

(iii) Reduces Creativity

(a) Middle and lower level become dull

(b) Employees loose creativity

(c) Employees stop giving suggestions and new ideas of doing the work.

(iv) Involve Huge Cost. Spending more amount on planning more expenses in gathering information.

(v) Time Consuming Lot of time is wasted in listing and evaluating various alternatives.

(vi) Does not guarantee success

Plan which brought success in past may fail in future. Last year successful plan, may fail in present year. There is no guarantee that plan which brought success in previous year will be successful in future also

Ans.28 In an organization, the formal lines of authority, from highest to lowest level of all superiors and subordinates, are known as scalar chain. The principle of scalar chain suggests that there should be a clear line of authority from top to bottom, linking superiors and subordinates at all levels. The scalar chain serves as a chain of command as well as communication. In normal circumstances, the formal communication is required to be made by following this chain. **Scalar Chain and Gang Plank**

Example: The above figure shows the scalar chain linking managers at lower levels with the top management. If D has to communicate with G, The message should ordinarily move up through C and B to A, and then down from A to E, F and G.

Above mentioned chain has following disadvantages:

- (i) It causes delay in reaching communication to the required level.
- (iii) Creates the possibility of distortion of information flow as various levels are involved.

To avoid delays and to remove hurdles in the exchange of information, concept of Gang Plank has been suggested by Fayol, shown by the dotted line joining D and G. **(4)**

Ans.29 : Ans. types of plans or common plans formed by the managers at different levels are: **(4)**

1. Objectives
2. Strategy
3. Policies
4. Procedures
5. Methods
6. Rules
7. Programme
8. Budgets

Ans. 30 a. Controlling **(4)**

b. Steps discussed in the above paragraph are:

Setting performance standards

Measurement of actual performance

Comparing actual performance with the standards

Analyzing deviations for their causes.

Ans.31 Business environment is the sum total of all external factors that influence the functioning of a business enterprise. The components of general environment are: **(6)**

(i) Economic environment:

Economic environment consists of factors having economic dimensions such as fiscal policy, monetary policy, industrial policy etc.

Impact: Banking sector reforms have led to attractive deposit avenues and easier credit policy. Likewise reforms in leasing & financial institutions are also catalyzing company's economic growth.

(ii) Social environment: It discriminates characteristics of the society in which an enterprise exists. It consists of literary rates, educational levels, customs and demographic distribution etc.

Impact : Equal pay for equal work for both male and female workers, reservation of jobs for minorities etc.

(iii) Political environment

It consists of the political forces responsible for the management of public affairs and their influence on business.

Impact : Government allowed Pepsi to enter Indian market again for giving boost to the food processing industry.

(iv) Technological environment

It comprises of the various processes, techniques, approaches etc. by which an organization transforms inputs into output.

Impact : Digital watches have pushed out traditional watches.

(v) Legal Environment : It characterises various governmental rules, regulations and legislations etc. that all members of business community must follow.

Impact : Removal of control on foreign exchange and liberalization of foreign direct investments.

32. Elements of delegation

(6)

(i) **Authority:** Authority refers to the right of an individual to command his subordinates and to take action within the scope of his position. The concept of authority arises from the established scalar chain which links the various job positions and levels of an organisation.

Authority also refers to the right to take decisions inherent in a managerial position to tell people what to do and expect them to do it.

(ii) **Responsibility:** Responsibility is the obligation of a subordinate to properly perform the assigned duty. It arises from a superior-subordinate relationship because the subordinate is bound to perform the duty assigned to him by his superior. Thus, responsibility flows upwards, i.e., a subordinate will always be responsible to his superior.

(iii) **Accountability:** Delegation of authority, undoubtedly empowers an employee to act for his superior but the superior would still be accountable for the outcome: Accountability implies being answerable for the final outcome. Once authority has been delegated and responsibility accepted, one cannot deny accountability. It cannot be delegated and flows upwards, i.e., a subordinate will be accountable to a superior for satisfactory performance of work.

33. a. Ms. Neeta is must be performing these functions as a HR manager:

(6)

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 as 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.

34. Maslow 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. In the organisational context, basic salary helps to satisfy 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 in the hierarchy. It refers to the drive to become what one is capable of becoming. These needs include growth, self-fulfilment and achievement of goals.

(6)