

Business Studies
Question Paper 2014

Maximum Marks: 80
Time allowed: Three hours

- Candidates are allowed additional 15 minutes for only reading the paper. They must NOT start writing during this time.
 - Answer Question 1 (Compulsory) from Part I and five questions from Part II, choosing two questions from Section A, two questions from Section B and one question from either Section A or Section B.
 - The intended marks for questions or parts of questions are given in brackets [].
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Part-I
(Answer all questions)

Question 1.

Answer briefly each of the questions (i) to (xv) [15 x 2]

- (i) Give two points of distinction between external sources and internal sources of recruitment.
- (ii) Explain the relevance of medical examination in a selection process.
- (iii) State any two consequences of low morale.
- (iv) What is a pay slip ? How is it different from a pay roll ?
- (v) What is merit grading method of staff appraisal ?
- (vi) State any two qualities of a good leader.
- (vii) How can transfer be used as a punishment by the employer ?
- (viii) What is the importance of feedback in a communication process ?
- (ix) 'Post script should be avoided in a business letter.' Comment.
- (x) What is a letter of quotation ?
- (xi) Explain Information Report.
- (xii) Distinguish between minutes and reports in the context of company meetings.
- (xiii) Why is histogram called a two dimensional graph ?
- (xiv) What is the importance of the PIN code in a postal address ?
- (xv) With reference to Post Office Services, expand the following:
 - (a) GPO
 - (b) UPC

Answer:

- (i)

Internal Sources of Recruitment	External Sources of Recruitment
1. It refers to the sources of recruitment suggested/referred by the existing staff of the organization. 2. It is a cheaper source of recruitment.	1. It refers to the sources of recruitment of workforce from outside the organization. 2. It is an expensive source of recruitment.

(ii) Medical examination is a vital thing in the selection process. It ensures that the selected candidate is physically fit for the job and he does not suffer from any serious illness/disease which may create problem in future.

- (iii) (a) High rates of absenteeism.
- (b) Excessive complaints and grievances.
- (c) Low turnover.

(iv) A pay slip is a small paper document which shows full details of monthly wages, deductions made and net wages of an individual. It is different from payroll as a payroll represents full information relating to the pays of all the employees working in an organization.

(v) Under merit grading method, the performance of the employees is evaluated against certain grades such as poor, good, very good, excellent or outstanding, satisfactory or unsatisfactory. The grade which describes his performance can be allocated to him.

- (vi) (a) A good leader has an exemplary character.
- (b) A good leader is confident.
- (c) A good leader as well as keeping the main goal in focus is able to think analytically.

(vii) Transfer is a mild form of punishment in the hands of employer. It is used due to poor performance or erratic behaviour of an employee. An employer can transfer the services of such employee to a remote or inconvenient place.

(viii) Feedback also enables us to evaluate the effectiveness of our message. It makes communication meaningful. It is the end-result of an idea and makes communication a continuous process. If our audience doesn't understand what we mean, we can tell by the response and then refine the message accordingly.

(ix) In a business letter, postscript should be avoided, as its use shows the carelessness of the letter writer.

(x) A letter of quotation is any letter written in reference to the price of a service or product. This could range from a customer or client requesting or accepting a quote, to the supplier or service provider sending the quote amount. Either of these letters could be headed as a letter of quotation.

(xi) An informational report presents the data collected or facts observed in an organized form. It is a description of an event as it is and not as it should be. It does not make any recommendations.

(xii)

Minutes	Reports
1. It is a record of the resolutions adopted in a meeting along with names of mover, manner of voting and results.	1. It is a gist of decisions
2. It starts with the word 'RESOLVED'.	2. It does not have any keyword for starting

(xiv) PIN code number helps in sorting and distributing the mail by post office staff. It speeds up the delivery of the letters and articles by the post offices.

(xiii) A histogram is a type of graph that has wide applications in statistics. Histograms allow a visual interpretation of numerical data by indicating the number of data points that lie within a range of values, called a class or a bin. The frequency of the data that falls in each class is depicted by the use of a bar.

(xv) (i) GPO – General Post Office
(ii) UPC – Under Postal Certificate

Part – II
Answer any five questions

Question 2.

- (a) Why are advertisements in the newspaper the most popular source of recruitment?
[6]
- (b) Name and explain any four types of training. [8]

Answer:

(a) Newspaper advertising is very popular due to its following features:

- Newspaper advertising is economical.
- Newspapers have widespread publicity.
- Newspapers have significant readership.
- Newspaper advertising can carry complete information for candidates

(b) Types of Training :

Induction training: It is also known as orientation training given for the new recruits in order to make them familiarize with the internal environment of an organization. It helps the employees to understand the procedures, code of conduct, policies existing in that organization.

Job instruction training : This training provides an overview about the job and experienced trainers demonstrates the entire job. Additional training is offered to employees after evaluating their performance if necessary.

Vestibule training: It is the training on actual work to be done by an employee but conducted away from the work place.

Refresher training : This type of training is offered in order to incorporate the latest development in a particular field. This training is imparted to upgrade the skills of employees. This training can also be used for promoting an employee.

Question 3.

- (a) Explain time rate system of wage payment. State and explain any two advantages and two disadvantages of this system. [6]
- (b) State and explain any four non-monetary incentives that can be used to motivate employees. [8]

Answer:

(a) This is the oldest method of wage payment. "Time" is made a basis for determining wages of worker. Under this system, the wages are paid according to the time spent by workers irrespective of his output of work done. The wage rates are fixed for an hour, a day, week, a month or even a year (seldom used).

For example, a wage rate of ₹ 70 per day is fixed in an industrial unit. Two workers A and B attend work for 28 and 16 days respectively. The wages as per time wage system will be ₹ 1960 and ₹ 1120 for A and B respectively. This method of wage payment does not give weight age to the quantity of goods produced by the workers.

The supervisor may ensure that workers do not waste their time and the quality of goods is also maintained. There are no hard and fast rules for fixing rates of wages.

These may be decided according to the level of the past higher positions may be paid higher rates and vice-versa.

Wages are calculated in the method as follows:

Earnings = $T \times R$ where T stands for time spent and R is rate of pay.

Advantages:

Simplicity: The method of wage payments is very simple. The workers will not find any difficulty in calculating the wages. The time spent by a person multiplied by the rate will determine his wages.

Security : Workers are guaranteed minimum wages for the time spent by them. There is no link between wages and output, wages are paid irrespective of output. They are not supposed to complete particular task for getting their wages. They are sure to get certain wages at the end of a specified period of time spent in working.

Limitations:

Wastage of time : Workers may waste their time because they will not be following a target of production. Efficient workers may also follow slow workers because there is no distinction between them. This may lead to wastage of time.

Low production: Since wages are not related to output, production rate shall be low. The responsibility for increasing production may mostly lie on supervisors. Because of low production, overhead expenses per unit will go up, leading to higher production cost.

(b) Besides the monetary incentives, there are certain non-financial incentives which can satisfy the ego and self-actualization needs of employees. The incentives which cannot be measured in terms of money are under the category of "Non-monetary incentives". Whenever a manager has to satisfy the psychological needs of the subordinates, he makes use of non-financial incentives. Non-financial incentives can be of the following types:-

Security of service : Job security is an incentive which provides great motivation to employees. If his job is secured, he will put maximum efforts to achieve the objectives of the enterprise. This also helps since he is very far off from mental tension and he can give his best to the enterprise.

Praise or recognition : The praise or recognition is another non-financial incentive which satisfies the ego needs of the employees. Sometimes praise becomes more effective than any other incentive. The employees will respond more to praise and try to give the best of their abilities to a concern.

Suggestion scheme : The organization should look forward to taking suggestions and inviting suggestion schemes from the subordinates. This inculcates a spirit of participation in the employees. This can be done by publishing various articles written by employees to improve the work environment which can be published in various magazines of the company. This also is helpful to motivate the employees to feel important and they can also be in search for innovative methods which can be applied for better work methods. This ultimately helps in growing a concern and adapting new methods of operations.

Job enrichment : Job enrichment is another non – monetary incentive in which the job of a worker can be enriched. This can be done by increasing his responsibilities, giving him an important designation, increasing the content and nature of the work. This way efficient worker can get challenging jobs in which they can prove their worth. This also helps in the greatest motivation of the efficient employees.

Promotion opportunities : Promotion is an effective tool to increase the spirit to work in a concern. If the employees are provided opportunities for the advancement and growth, they feel satisfied and contented and they become more committed to the organization.

Question 4.

- (a) Define leadership. Explain the importance of autocratic and democratic styles of leadership.
- (b) Define promotion. Discuss any three advantages and any three disadvantages of seniority based promotion.

Answer:

(a) Leadership is the action of leading people in an organization towards achieving goals. Leaders do this by influencing employee behaviors in several ways. A leader sets a clear vision for the organization, motivates employees, guides employees through the work process and builds morale.

Styles of leadership:

Autocratic Leadership : It is a leader-oriented style. Autocratic leaders make decisions without consulting their team members, even if their input would be useful. This can be appropriate when you need to make decisions quickly, when there's no need for team input, and when team agreement isn't necessary for a successful outcome. However, this style can be demoralizing, and it can lead to high levels of absenteeism and staff turnover.

Democratic Leadership : It is participation-oriented leadership. Democratic leaders make the final decisions, but they include team members in the decision-making

process. They encourage creativity, and people are often highly engaged in projects and decisions. As a result, team members tend to have high job satisfaction and high productivity'. This is not always an effective style to use, though, when you need to make a quick decision.

(b) Promotion refers to upward movement in present job leading to greater responsibilities, higher status and better salary. Promotion may be temporary or permanent depending upon the organizational requirement. According to Clothier and Spriegel. Promotion is the transfer of an employee to a job which pays more money or one that carries some preferred status.

Advantages of Seniority based Promotion:

- It is an objective means of distinguishing among personnel. Under this criterion it is not the management but the system which rank individuals.
- The measurement with this criterion is both simple and exact.
- The criterion is in consonance with our culture in which seniority is respected in all walks of life.
- The criterion gives a feeling of security and assurance to the individual who can calculate his promotion well in advance.
- Seniority, being valued as an asset, prevents people from leaving an organization. It thus reduces labor turnover.

Disadvantages of Seniority Based Promotion:

Excessive emphasis on seniority leads to the promotion of incompetents. Oldest is not always the ablest. Accumulation of years of experience or length of service does not invariably produce ability. In any case, the demonstrated ability' to perform a given job provides no assurance of the potential to perform at a higher level or in a different type of job, The "Peter principle" certainly is relevant in this context.

When seniority is the only deciding factor in promotion, initiative inevitably withers away. Human nature being what it is. few people will take the trouble of qualifying themselves for the next rung up the ladder if they can achieve the same goal merely by "putting in time."

The seniority criterion adversely affects the morale of meritorious workers and drives the ambitious and able men, with little service, out of the organization.

Question 5.

- (a) Explain video conferencing. Discuss any two advantages of using it in business world. [6]
- (b) Discuss the advantages of written communication. [8]

Answer:

(a) Video Conferencing service allows multiple participants to converse with each other regardless of their location through the video end-points or Personal computers. It involves Video and Audio communication. It's about connecting people. A video conference subscriber can add two or more video participants in a particular conference. The customers can schedule their video conferences through the Web. The video conferencing service can be availed by any user through IP or ISDN interface.

Advantages of VC for Business World:

Significant Travel Savings: The constant climb of air travel prices barely seems like news anymore, and smart organizations are finding alternatives. Not only is video conferencing a direct replacement for many in-person business trips, but because there is virtually no cost to add additional key employees to a virtual meeting, you can easily bring the right team together.

Increased Productivity: Everyone has experienced the classic never ending "conference call from hell," and video conferencing all but eliminates those problems, even from large group calls. Important meetings are shorter and more effective. Video conferencing users report saving a minimum of two hours a week with the technology. The interactivity of group collaboration and document sharing greatly increases productivity.

(b) Advantages of written communication are :

- It serves as evidence of events and proceedings.
- It provides a permanency of record for future references.
- It reduces the possibility- of misunderstanding and misinterpretation.
- It can save time when many persons must be contacted.
- It is reliable for transmitting lengthy statistical data.
- It appears formal and authoritative for action.

Question 6.

(a) What is an interview ? Explain any two advantages and any two disadvantages of conducting recruitment interviews. [6]

(b) Write short notes on :

(i) Business Reply Card

(ii) Postal Order [8]

Answer:

(a) An interview is a meeting between two or more persons(one is interviewer and the other is interviewee) for the purpose of getting a view of the person seeking a job (interviewee). It is a face to face communication, how ever, now-a-days, some companies are interviewing the potential candidates by way of video conferencing.

Advantages of the interview method:

- Very good technique for getting the information about the complex, emotionally laden subjects.
- Can be easily adapted to the ability' of the person being interviewed.
- Yields a good percentage of returns.
- Yields perfect sample of the general population.
- Data collected by this method is likely to be more correct compared to the other methods. that are used for the data collection.

Disadvantages of the interview method:

- Time consuming process.
- Involves high cost.
- Requires highly skilled interviewer.
- Requires more energy.
- May sometimes involve systematic errors.
- More confusing and a very complicated method.

(b) Business Reply Card : These cards (may be envelopes or postcards) which are used by business firms to seek a reply from the target customer. The target customer may be a subscriber of any membership of the firm or purchaser of some goods or services. For the purpose, a business firm has to obtain a license from the Local Post Office by paying necessary fee. These business postcards do not bear any postage stamps and bears printed address of the address (company) on it. Customer can send their reply/ subscriptions etc. in them.

Postal Order : A postal order is an order issued by one post office on another to pay a certain sum of money to the payee on production of the order. Postal orders can be . purchased in different denominations from post offices. It can be crossed also. It is valid for 6 months and can be renewed on payment of a nominal fee for another 6 months.

Question 7.

- (a) Explain the functions of business letters. [6]
(b) In connection with company meetings, write short notes on :
(i) Proxy
(ii) Voting by Poll. [8]

Answer:

(a) Functions of business letters

Wide Coverage : A business firm cannot sent its representatives to each and every area of operation. It can approach the persons and other firms through letters.

Exchange of Information : Business firms can exchange information with various parties with the help of letters. They can obtain crucial , information from other firms with regard to credit worthiness of other parties.

Documentary Proof : Letters serve as documentary proof. Letters can be used as a documentary evidence in the Court of Law.

Economical: Letters are the economical way of written communication. A message on pages (up to 20 gm) can be send in merely Rupees 5 envelope all over India.

Lasting Impact : Letters have long lasting impact on the readers. A verbal message may be misleading, but a written letter clears the complete picture.

(b) Proxy means substitute. Section 176 of the Companies Act provides that any member entitled to attend and vote a meeting of the company is entitled to appoint another person(whether a member or not) to attend a meeting and to vote instead of himself. A proxy so appointed shall not make any request to speak at the meeting.

If the members are not satisfied with the result of voting by show of hands, they may demand voting by poll. On a pool, every member is entitled to caste votes in proportion to the number of shares held by him. A proxy can also caste a vote. A proxy is free to distribute his votes in the manner he likes.

Voting by poll may be demanded by:

- the chairman
- any five members present in person or by proxy and having the right to vote on the motion in question in case of a public limited company, or
- one member in case less than seven persons are present, if more than 7 members are present in case of a private limited company

Question 8.

(a) What is a pictogram ? State any four points to be considered while constructing it.

[6]

(b) Draft an interview letter for the post of an accountant in your organization. [8]

Answer:

(a) A pictogram is a pictorial representation of statistical data. The number of pictures drawn are in proportion to the values of various items to be presented. Symbols are carefully selected to represent the statistical data correctly. Need of pictogram arises due to following reasons.

- Pictograms are attractive.
- They can display data in compact form.
- It is easy to visualize a pictogram.

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Madam,

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Yours faithfully,
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