

# Business Studies

## Question Paper 2017

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**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 (30 Marks)**  
**Answer all questions**

**Question 1.**

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

- (i) What are the benefits of Campus recruitment ?
- (ii) State any two hindrances of staff training.
- (iii) List any two conditions where time-rate system of wage payment is most suitable.
- (iv) Enumerate any four human needs according to Mas low's hierarchy.
- (v) Give any two differences between leadership and management.
- (vi) How does performance appraisal differ from potential appraisal ?
- (vii) State any two conditions where demotion can be justified.
- (viii) Explain any one distinction between suspension and termination with reference to staff dismissal.
- (ix) Explain the two types of external communication.
- (x) List the components of a communication process.
- (xi) What are routine reports ? Give any two examples of the same.
- (xii) Explain clear days notice with regard to company meetings.
- (xiii) List any four types of diagrams and graphs used in visual communication.
- (xiv) What are derivative tables ? Why are they called so ?
- (xv) With reference to post office services, write the expanded forms of:
  - (a) RMS
  - (b) TMO

**Answer:**

(i) Benefits of Campus Recruitment are:

- Well-educated persons become available without any advertisements.
- Campus Recruitment is very convenient and inexpensive.

(ii) The main hindrances of staff training are as follows: (any two)

- Shortage of qualified trainers.
- Lack of top management support.
- Lack of willingness to learn on the part of trainees.
- Shortage of funds required for training

(iii) Two conditions where time-rate system of wage payment is most suitable are:

- Where the quality of work is more important.
- Where the output of a worker cannot be measured.

(iv) There are some human needs according to Mas low's Hierarchy:

- **Physiological Needs:** These fundamental needs are essential for human survival. It includes food, water, air, sleep, clothing, shelter etc.
- **Safety Needs:** Every person wants safety and security needs like physical safety or protection against murder, fire, accident etc. and economic safety against theft, old age etc.
- **Social Needs :** Social needs include need for love and affection, association with and acceptance by various social groups, friendship etc.
- **Esteem Needs:** It implies needs for self-respect, self-confidence, feeling of personal worth.

(v) Distinguish between Leadership and Management

<b>Basis</b>	<b>Leadership</b>	<b>Management</b>
1. Focus	Leaders are concerned with the expectations and aspirations of followers.	Managers are focusing on achieving the organisational goals.
2. Relationship	Leadership can occur anywhere within or outside organisation.	Management implies superior- subordinate relationship.

(vi) Performance appraisal is the process of evaluating the employees' performance on the job in terms of the requirement of the job whereas potential appraisal refers to the evaluation of a capacity, talent and unutilised talent of a person.

(vii) There are some conditions where demotion can be justified:

- Due to recession and other crisis, the employee may have to be demoted.
- Changes in technology and work methods, employees can be demoted if they are unable to handle their jobs or adjust to new technology.

(viii) Suspension means disciplinary action taken against an employee to penalize him for his conduct. Whereas, termination is the removal of an employee from the payroll due to circumstances beyond the control of the employer.

(ix) External communication is of two types:

- Inward communication : When all messages received by the organisation from outside, then it is called inward communication, e.g., telephone calls, reports etc.
- Outward communication: When all messages that go out of an organisation, then it is said to be outward communication. It may be in telegram form, letter form etc.

(x) There are various components of communication process:

- Sender
- Encoding
- Message
- Channel
- Decoding
- Receiver
- Feedback

(xi) Routine Reports have standard layout which are prepared at regular intervals in the routine course of business. This type of report may be submitted weekly, fortnightly, monthly, quarterly, half-yearly or yearly. Examples : Weekly production reports, Monthly reports on sales.

(xii) The term 'clear days' implies the number of days between the date of serving notice to the members and scheduled date of the meeting. The member entitled to attend the meeting must get proper 'clear days' notice in terms of the provision of the Companies Act, 2013.

(xiii) Four types of diagrams are:

- Pie-diagram
- Pictogram
- Histogram
- Flow-chart

Four types of graphs are:

- Line graph
- Bar graph
- z-graph
- Pie-graph

(xiv) Derivative tables serve as repository of information and are arranged for easy reference. They usually contain detailed information and are not constructed for specific purposes. These type of tables provide information for particular discussion. When it is attached to report they are found in the body of the text. These tables are called derivative tables.

- (xv) (a) RMS : Railway Mail Services.  
 (b) TMO: Telegraphic Money Order.

**Part – II (70 Marks)**  
**Answer any five questions**

**Question 2.**

- (a) Discuss any three types of recruitment interviews. [6]  
 (A) With reference to on-the-job training, answer the following. [8]  
 (i) Explain this method of training.  
 (ii) State any two advantages of this method.  
 (iii) State any two disadvantages of this method. .  
 (iv) Give any two major distinctions between off the job training and on the job training.

**Answer:**

- (a) Types of Recruitment Interviews are:

Face to Face Interview: In this method, there should be one-to-one conversation between the candidate and company's representative, usually the human resource personnel. It will also help to assess the personality, communication skills and basic knowledge of the candidate.

**Structured Interview:** A Structured Interview is that interview in which the interviewer prepared a list of questions and asking the same set of questions to all candidates to compare and rate the answers.

**Group Interview:** In the Group Interview, the interviewer gives a topic to a group and the candidates discuss the topic among themselves for a predetermined period. During the discussion, the interviewer observes the candidates regarding the quantity and quality of each candidate inputs, ability.

(b) On-the-job training method enables workers to be trained under the same working conditions with the same process and equipment's used to perform the job. The trainee learns under the guidance and supervision of the superior or an instructor. Several methods are used to provide on-the-job training, e.g, coaching, job-rotation, committee assignments etc.

Advantages of on-the-job training are:

- The trainee learns the rules, regulations and procedures by observing their day to day applications.
- This method is very economical because no additional space, equipment, personnel or other facilities are required.

(iii) Disadvantages of on-the-job training are:

- The trainee may cause damage to costly equipment's and materials.
- Accidents in the factory may increase.

(iv) Distinction between off-the-job training and on-the-job training

<b>Off-the-job training</b>	<b>On-the-job training</b>
<p>(i) This method of training is designed to impart training to personnel by supplying them the required knowledge and skills away from the job and work place.</p> <p>(ii) Employees are exposed to new ideas and experiences.</p>	<p>(i) This method of training enables workers to be trained under the same working conditions with the same process.</p> <p>(ii) It is learning by doing in an actual work situation.</p>

### Question 3.

(a) Define motivation. Briefly explain any four characteristics of motivation. [6]

(b) Explain any four factors that influence staff morale. [8]

#### Answer:

(a) Motivation is an inspirational process which impels the members of the team to pull their weight effectively, to give their loyalty to the group, to carry out properly the tasks that they have accepted and generally to play an effective part in the job that the group has undertaken.

Various characteristics of Motivation are:

Psychological: Motivation is a psychological phenomena which is generated within an individual. It is a personal and internal feeling which arises from the needs and wants of a person.

Complex process : Motivation is a complex process as there is no universal theory to motivation. Different individuals seek different things or work for different reasons. Moreover, human needs change from time to time.

Continuous process : Motivation is an on going process. Human needs are unlimited whereas the means to satisfy them are limited. Fulfillment of one set of needs gives rise to another set of needs.

Financial and non-financial benefits: Financial motivation may be in the form of bonus, rewards, allowances etc. and non-financial benefits relates to affection, participation in decision-making, recognition etc.

(b) Various factors that influence the staff morale:

(i) to use his talent and work with full enthusiasm. Morale tends to be low when the job provides no challenge and satisfaction and job standards are considered very high.

Interpersonal relations: Confidence in fellow worker builds high morale. An employee would get more confidence in his fellow workers when he finds that his fellow workers are providing the right advice. This will increase the morale among the employee.

Working conditions : A physical work environment exerts significant influence on the morale of employees, job security, medical benefits, wages, welfare facilities etc. have a great impact on the employees' morale. When the wages are fair, job is secure and there are opportunities for promotion, job satisfaction and morale are likely to be high.

Organisational efficiency : The line of authority and responsibility should be clearly defined so that each employee may be able to know the person to whom he is responsible. So, there should be proper system of communication to promote organisational efficiency which is the key to degree of morale.

**Question 4.**

- (a) Write a short note on authoritative leadership. [6]
- (b) Explain four major differences between Halsey and Rowan plans of incentive. [8]

**Answer:**

(a) Authoritative 'Leadership : An autocratic leader concentrates all his authority and decision making powers on himself. He holds out threats of punishment or uses his powers to distribute rewards on the assumption that people are lazy and will avoid work and shirk responsibility. An autocratic leadership can be successful where subordinates are reluctant to take the initiative. The subordinates are generally ill-informed, in secured and afraid of the leaders authority.

Advantages:

- Many subordinates prefer to work under-centralized authority and strict discipline.
- It permits quick decisions as a leader takes decisions. .

Disadvantages :

- It leads to frustration, low morale and conflict which affect organisational efficiency.
- There is resistance to change as workers feel harassed and disturbed.

(b) Distinction between Halsey Plan and Rowan Plan

Basis	Halsey Plan	Rowan Plan
1. Understandability	It is simple to understand and calculate wages.	It is difficult to understand.
2. Bonus calculation	Bonus is fixed percentage of time saved.	Bonus is the proportion between time saved and standard time-bonus varies.
3. Danger of over payment	There is a danger of over-payment of bonus when the rate is not fixed.	There is no danger of over-payment of bonus when the rate is not fixed.
4. Formula	$(\text{Time taken} \times \text{Hourly rate}) + \left( \frac{\text{Time saved}}{2} \times \text{Hourly rate} \right)$	$(\text{Time taken} \times \text{Hourly rate}) + \left( \frac{\text{Time saved}}{\text{Standard time}} \times \text{Time taken} \times \text{Hourly rate} \right)$

**Question 5.**

- (a) Briefly explain any six reasons for the rising need for efficient communication. [6]  
(b) (i) Define promotion. [8]  
(ii) With regard to promotion, explain the following:  
(1) Upgrading  
(2) Open promotion  
(3) Closed promotion

**Answer:**

(a) There are various reasons for the rising need for efficient communication :  
Increases managerial efficiency : Manager provide guidance to employees through communication. Effective communication will make the employees feel more secure and more interested in their work.

(ii) Decision making: The quality of any decision depends upon the quality of information available to the decision-maker. Effective communication is designed to implement the decisions very quickly. •

Motivation to employees: Communication seeks to make employees interested in their duties and in the company as a whole. It encourages the employees to accept new ideas for completion of the work systematically. So, good communication can mould employees' behavior and create cordial relationship.

To create team-work: Communication is designed to create mutual understanding and cooperation among people working or living together. It satisfies employees' personal and social needs and stimulates their job interests.

Human relations: Participation of employees in the decision-making process and other means of communication help to develop among employees a sense of belonging and loyalty to the organisation. This can be created through an exchange of ideas, opinions, information, suggestions etc.

Public relations: Effective communication helps the management in maintaining good relations with customers, suppliers, shareholders, government etc. This will improve the business image in society and big enterprises employ professional experts for this purpose.

(b)According to Dale Yoder, "Promotion is the movement to a position in which responsibilities and prestige are increased."

Promotion means advancement of an employee to a more senior position with higher salary, better conditions, responsibilities and status. Promotion also provide motivation and job satisfaction to employees at various levels in the organisation.



1. Upgrading: It means uplift of an employee for a job with the increase in pay but without increase in status and responsibilities.
2. Open Promotion : All the existing employees are taken as potential candidates by the company and announces internally such position openings.
3. Closed Promotion : In the closed system, candidacy is restricted or is not open to all the employees and the vacancies are not announced.

**Question 6.**

- (a) Briefly discuss any three advantages and any three disadvantages of face to face communication. [6]
- (b) Explain any four ways in which voting can take place in a company meeting. [8]

**Answer:**

(a) Various advantages of Face-to-Face Communication are:

- Facial expressions and gestures can be used to reinforce the spoken words.
- It removes distances and barriers between the communicator and the communicatee.
- It speaker can make necessary adjustments on the spot so as to suit the listener's reactions.
- It is less expensive and quicker as compared to written communication.
- An individual's personality can be judged through face-to-face interview.
- It is a flexible method where messages can be changed to suit the needs of the receiver.

Various Disadvantages of Face-to-Face Communication are:

- It may generate communication gaps.
- It is not always possible to have face-to-face communication when the number of employees is very large or there is long physical distance.
- It tends to be loose and vague.
- It has a tendency of being distorted.
- It is not suitable for lengthy messages to be transmitted to a large number of persons.
- It provides no record for future reference.

(b) Four ways in which voting can take place in a company meeting are:

**By Ballot:** Under this method, ballot papers are distributed to every member who is entitled to vote. They records his vote on the ballot paper and puts it in the ballot box. The result is declared by the chairman after the votes are counted by impartial persons.

**By Division:** Under this method, the members who are in favor of the motion forms one block and those who against it form other block. The chairman appoints two tellers

who, on counting the number of each block, communicate the numbers and then announces the result.

**Voting by Poll:** Under this method, the voting right of each member is entitled to cast votes in proportion to the number of shares held by him. A separate poll is required for each resolution to be passed at the meeting.

**By Voice-Notes:** Under this method, the chairman requests the member who are in favor of the issue say 'Yes' and who are against the issue say 'No'. On the basis of the volume of voices, the chairman announces the verdict.

**Question 7.**

(a) What are reports ? Explain cross-referencing and appendix with regard to reports. [6]

(b) Briefly explain any four advantages of each of the following:

- (i) Telefax
- (ii) e-mail [8]

**Answer:**

(a) A Report is a written statement based on a collection of facts and opinions. It may deal with past accomplishments, present conditions of probable future developments. It provides the required information to shareholders, creditors, customers and the Government. It also serves as a basis for measuring executive or departmental performance.

**Cross-Referencing :** Cross Referencing means making a mention at one place in the report about some other point of the report. It helps to save time, space and facilitates the task of the person who are to read and use the report.

**Appendix:** An appendix helps to explain and support the contents and conclusions of the report. It includes statistical data, graphs, tables, list of persons or witness etc.

(b) Advantages of Telefax are:

- Any type of drawing, whether handwritten, typed or printed can be transmitted.
- This is a device for transmitting sketches, diagrams etc. from one place to another.
- Copies received at the other end can be used immediately without any further process.
- It transmits copies of important documents from one place to another at a speed of telephone call.

Advantages of E-mail are:

- E-mail is the fastest method of communicating written messages anywhere in the world at the least cost.
- E-mail messages can be kept confidential and secure. The use of codes can make a message so secure.
- Messages can be sent and received anywhere in the world.
- Clarifications can be sought and offered immediately when both the receiver and sender are simultaneously sitting at their computer terminals.

**Question 8.**

(a) Explain the Post Box Service provided by Post Office. State any two advantages to the organisation which uses this service.[6]

(b) As the Manager of a company, write a letter of complaint to XYZ Furniture Ltd., for having delivered some chairs in a broken condition and asking them for replacement of the broken chairs. [8]

**Answer:**

(a) Post Box Service: A post box is a numbered box which are available on rent at certain major post offices. Every post box is allocated a number and only postal articles bearing that number are placed into that box. Big business houses generally make arrangements with the postal authorities that all incoming parties are asked to use the post box number in their letters. The hirer of the post box may open the post box at any time during the business hours of the post office and collect the mail. It also ensure regular and early delivery of mail. It facilitates the collection of mail at the convenience of the renter.

Two Advantages of Post Box Services:

- The mail remains secure and the hirer gets it without loss of time.
- The clients need not to write full address and can write only the post box number on letters, parcels etc.

(b) XYZ Furniture Ltd.

8 March 2017

Dear Sir,

I am the manager of a company. On the behalf of the company, I feel very regret to inform you that the some chairs delivered by your company i.e., XYZ Furniture Ltd. on 2nd March 2017, has been received in an entirely in a broken condition. Will you, therefore, look into the matter and send us a fresh pieces of chairs. On receipt of these goods, we shall return this chairs in a broken conditions to you. The cost incurred in returning the damaged goods will be borne by you.

Please replace the goods urgently.  
An early reply is awaited.

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