

# **Business Studies**

## **Question Paper 2012**

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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** **(Answer all questions)**

#### **Question 1.**

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

- (i) Recruitment and selection are interdependent. Both are meaningless without each other. Explain.
- (ii) Why are employees kept on probation, even when they have successfully cleared the selection procedure?
- (iii) Give any two points of distinction between training and development.
- (iv) State and explain any one factor that can either act as a morale depressant or a booster, depending on how it is used.
- (v) Explain the significance of pay slip.
- (vi) Why is money regarded as the biggest motivator of employees ?
- (vii) 'Democratic leadership is ideal for white collar workers.' Justify the statement.
- (viii) Mention any two situations under which circulars would be used as means of office communication.
- (ix) Explain any two advantages of using Electronic mail communication.
- (x) What is P.S. in the context of business letters ? Explain whether it is advisable to use it or not.
- (xi) What is meant by cross-reference in a report ? State its importance in a good report.
- (xii) Distinguish between proceedings and ruling in a context of company meetings.
- (xiii) What are special tables ? Why are they also called derivative tables ?
- (xiv) What is date stamping of incoming mails ? State the purpose of using it.
- (xv) With reference to telephone services, write the expanded forms of:

- (a) S.T.D.
- (b) P.C.O.

**Answer:**

(i) Recruitment is the first stage which attract a large number of candidates so that the second stage i. e., selection can be done in a proper manner. Both recruitment and selection are interdependent and are meaningless without each other.

(ii) Selection test are just the sample of behavior of the candidate, No selection procedure is fool proof and the best way to judge the candidate is when he is actually placed on the job. This is the reason why employees are kept on probation.

(iii)

Training	Development
(a) Training is the act of improving the knowledge and skills for doing a specific job. (b) Improves current job performance.	(a) Development involves growth of a person in all respect. (b) Improves future job performance.

(iv) Nature of work: Meaningful and satisfying job helps to improve employee morale on the other hand morale tends to be low when the job provides no challenge and satisfaction and job standards are considered very high.

(v) Composition of wages is somewhat complicated, so employees require slip showing full details of total wages, deductions made-and the net wages paid.

(vi) Money plays an important role in motivation. It is a means to satisfy physiological and safety needs. It is also used in satisfying social needs as it is considered a symbol of power, prestige and status. It determines the standard of living of the person and gives him self-confidence.

(vii) Democratic leadership is ideal for white collar workers as under this type of leadership, decisions are jointly made by the leader as well as his followers. The leader decentralize authority and allows the group to share his power. The followers take an active participation under this leadership.

(viii) When the same message has to be given to the large number of employees. Ex. Admission, retirement or death of a partner.

(ix) It is the fastest method of transmitting written message. The messages sent through e-mail can be sorted or amended and sent elsewhere.

(x) P.S. means postscript when the writer forgets to include something important in the body of the letter he can add the message as P.S. However, writing a postscript is not a good practice and should preferably be avoided in a good business letter.

(xi) Cross-referencing means making a mention at one place in the report about some other point of the report. Cross-referencing helps to save time and space and facilitates the task of the persons who are to read and use the report.

(xii) The discussion and other events which take place in a meeting are known as proceedings. On the other hand, the judgement given by the chairman of the meeting on any controversial point is known as ruling.

(xiii) Special purposes tables are known as special tables. They provide information for particular discussion. These tables are called derivative tables because these are often derived from general tables.

(xiv) All incoming letters are stamped with the date of receipt and are numbered. It can be done by hand or machine Date stamping helps us to know the date when the mail was received and the name and designation of the person to whom letter is intended.

(a) S.T.D.-Subscriber's Trunk Dialling.

(b) P.C.O.-Public Call Office.

## **PART -II**

### **(Answer any five questions)**

#### **Question 2.**

(a) Psychological tests help to predict how successful a candidate could be on the job.' Explain any three types of tests that would help the management judge the capability of a candidate. [6]

(b) Explain the Morale Productivity Matrix. [8]

#### **Answer:**

(a) Aptitude Test: These tests measure the ability or potential of a candidate to learn a new job or skill. Defects in a person's sensory intellectual capacity can be detected through these tests. These types of tests focus attention on a particular type of talent such as reasoning, learning, mechanical bent of mind etc. such as Intelligence Test, Mechanical Aptitude Tests, Psycho motor or skill Test.

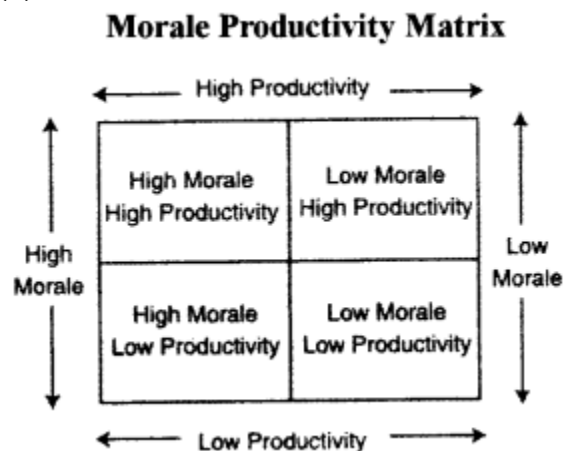
**Personality Test:** These test study the psychological make up of a person. They probe deeply to discover clues to an individual's value system, emotional reactions and maturity. These tests are used to select supervisors and executives and for counselling people. These are widely used in industry as these provide an all round picture of a candidates's personality.

Types:

- Objective Tests
- Protective Tests
- Situation Tests

**Interest Tests:** These tests are inventories of a candidates likes and dislikes in relation to work. These are used to discover a person's areas of interest and to identify the kind of work that will satisfy him

(b)



**High Morale – High Productivity** – High morale will lead to High Productivity if proper leadership is provided. This situation is likely to occur when employees are motivated to achieve high performance standards.

**High Morale – Low Productivity** – The situation arises when employees spend their time and energy in satisfying their personal objectives unrelated to the company's goals. Faulty machinery, lack of training, ineffective supervision and restrictive norms of informal groups can also lead to low productivity.

**Low Morale – High Productivity** – Low morale cannot result in high productivity for a long period. This situation occurs for a temporary period due to fear of loss of job, exceptionally good supervision and machine paced Work.

**Low Morale – Low productivity** – If a person has low morale it will positively lead to low productivity. It is a normal relationship.

**Question 3.**

- (a) Define leadership. Distinguish between leadership and management. [6]  
(b) With reference to time rate system of payment, answer the following : [8]  
(i) Explain this system of wage payment.  
(ii) State two advantages of this system.  
(iii) State two disadvantages of this system.  
(iv) State two specific conditions, when this system can be used effectively.

**Answer:**

(a) "Leadership is the process of influencing a group of persons so that they strive willingly to attain the desired objectives.

Leadership	Management
(i) It is possible in both organized and unorganized groups. (ii) A leader derives his authority from his appeal for his followers. (iii) It is mainly a part of direction.	(i) It is possible in formally organized groups only. (ii) A manager derives his authority mainly from his official position in the organization. (iii) It involves planning, organizing, staffing, directing and controlling.

(b) Time Rate System : Under this system, wages are directly linked with the time spent by workers on the job.

Wages (W) = Time spent (T) × Rate of wages per unit of time (R).

**Advantages:**

Simplicity : Time rate system is very simple and easy to calculate and understand.

Acceptance by Trade union: Trade union prefer the time-rate system because it facilitates worker's unity. Under this system there is no distinction made between efficient and inefficient workers.

**Disadvantages of Time rate system :**

Premium on inefficiency : The time rate system makes no distinction between efficient and inefficient workers. Inefficient workers are protected and they are treated at par with efficient Workers. Therefore, the efficiency of worker is likely to decline.

Lack of incentives: This system provides no inducement to work hard and produce more. Ambitious and hard-working employees do not get more wages, and therefore, they begin to restrict their output to the level which is necessary to keep their jobs.

**Suitability of Time-Rate System :**

- Where quality' rather than quantity of output is the main consideration.
- When work is standardized and not repetitive.

**Question 4.**

- (a) 'Demotion is a serious punishment and humiliation for the employee.' State and explain any three reasons, when it becomes necessary to implement it in the office. [6]
- (b) State and explain any four ways in which an employee's association with his organization may come to an end. [8]

**Answer:**

(a) Demotion is a reduction in rank often accompanied by a reduction in pay but did does require of rethinking of Employees job responsibility. 3 reasons when it becomes necessary to implement it is the office are :

- To certain read an to initial disqualifying action to solve problems.
- For improvement Especially when manager's position is under viewed.
- Realignment of work is division or when an oral waiting is required to install measures to increase productivity.

(b) Four Ways in which an employee's association with his organization may come to an end.

Retrenchment: Means permanent termination of an employee's service for economic reasons in a going concern. It is termination due to redundancy of workforce.

Retrenchment creates a sense of insecurity and resentment among the staff.

Dismissal: Dismissal or discharge refers to terminating the services of an employee by way of punishment for misconduct or unsatisfactory performance. Unsatisfactory performance implies persistent failure of the employee to perform his job to the specified standards. Dismissal is a drastic step and should, therefore, be resorted to with great care. It should be supported by a just and sufficient cause.

Retirement: The contract with an employee specifies the age of retirement. Employees retire from service on attaining the age of super annuation. At the time of retirement, the employee receives his provident fund amount, gratuity and encashment of earned leaves etc.

Resignation : It means an employee takes or is made to take the initiative to leave the job. Resignation may be voluntary or involuntary. In case of voluntary resignation an employee resigns on his own due to dissatisfaction with the organization. Resignation is considered involuntary when the employer advises the employee to resign or face disciplinary action.

**Question 5.**

- (a) Define communication. Discuss the significance of feedback in a sound communication process. [6]
- (b) What is meant by semantic barriers ? Explain any three semantic barriers to communication. [8]

**Answer:**

(a) 'Communication is an exchange of facts, ideas, opinions or emotions by two or more persons.' The process of communication is incomplete until the sender receives the feedback. If the feedback is in tune with the message, communication is said to be effective.

Feedback is the key element in communication as it is the only way of judging the effectiveness of the message. Feedback indicates the knowledge about the outcome of communication. It begins when the receiver responds to the message and ends when the response reaches the sender. Feedback enables the sender to know whether his message has been properly understood or not.

Feedback varies from one situation to another. In face-to-face communication there is immediate feedback. The sender can judge the effect of his message from the face of the receiver. While, in case of written messages, the feedback is not available immediately. The writer cannot see the facial expressions of the receiver. Feedback does not become available automatically in all situations. Feedback may also be collected through grapevine or oral communication.

(b) Semantic barrier refers to the study of meanings of words and signs. Semantic barriers arise due to problems in language. Three semantic barriers to communication are:

**Words with different Meanings:** Communication is mainly carried through spoken or written words. But some words convey different meanings to different people. When the reader or listener assigns a different meaning to a word than what the writer or speaker intended, there occur miscommunication. People interpret the same word differently due to differences in their economic, social, cultural or educational background.

**Bad Expression:** When the message is not formulated and presented in the proper manner, the receiver fails to comprehend it and misunderstanding occurs.

**Badly expressed message lose their impact.** A badly expressed message causes loss of valuable time and money as it requires further corrections and clarifications.

**Faulty Translation :** Each information received should be translated in a suitable form for further transmission. Often people translate words in a literal sense thereby losing

the spirit behind the words. Inaccurate translation leads to misunderstanding and confusion.

**Question 6.**

(a) Name and explain any three staff locating systems that can be used in a modern office. [6]

(b ) Discuss four advantages and four limitations of telephone services in an organization. [8]

**Answer:**

(a) Three staff locating system that are used in a modern office :

Public Address System : It is the simplest and in some cases the most effective method of locating staff. Under this system a loudspeaker is used to broadcast an appeal from a master station to all the departments requesting the attention of the desired person.

Bells and Buzzers: Bells and Buzzers are commonly used to call a messenger or a subordinate. The person called is given some message through sound. This system is noisy and at times the person fails to hear the bell or buzzer.

Lighted Signals : These are installed to attract the attention of the particular person. Each person on the call list is given a code number. Whenever a particular individual is required, his code number is lighted on the signal and a buzzer is operated.

Advantages of the telephone service :

- It saves time by providing immediate contact. It is a very fast mode of communication.
- It overcomes the distance barrier and avoids the need for face-to-face conversation.
- It provides immediate feedback. The speaker can explain and clarify his message to ensure that it is properly understood.
- It reduces status barriers. There are certain things which people hesitate to say in face-to- face meeting but which can be said over the phone.

Disadvantages of the telephone services :

- In telephone conversation, facial expressions and gestures cannot be used to supplement words.
- The receiver of a telephone call cannot go over the message again and again and there is little time to think.
- It is not possible to judge the mood or temper of the receiver.
- It is not suitable for lengthy messages.



**Question 7.**

With reference to company meetings, answer the following :

- (a) What is meant by casting vote ? [3]
- (b) Under what circumstances can a meeting be adjourned ? Explain the term sine die in this connection. [3]
- (c) Explain quorum as a pre-requisite of a valid meeting. [4]
- (d) Write a short note on proxy. [4]

**Answer:**

(a) Casting vote is the vote which a chairman can exercise to decide the issue on which members are equally divided or there is a tie.

(b) Adjournment is a motion which is moved to suspend the entire proceedings of a meeting either for a particular period or indefinitely. "Sine die" means for the indefinite period.

(c) A quorum means the specified minimum number of qualified persons whose presence is necessary to transact the legally binding business at a meeting. The members who constitute the quorum must be effective members i.e., entitled to vote at the meeting. The meeting is not legally constituted when the quorum is not present.

(d) A member entitled to attend and vote at a meeting can appoint or nominate another person to attend and vote at the meeting on his behalf. The person so appointed is known as the proxy. The proxy may or may not be a member of the company. Proxies can be appointed in accordance with the provisions of the Articles of Association. The proxy cannot speak at the general meeting nor can he cast a vote unless there is a poll. There are two types of proxies namely special proxy and general proxy.

**Question 8.**









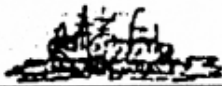


- (a) Explain pictogram and histogram with the help of suitable examples. [6]
- (b) Draft a letter of order with the following details: [8]
  - (i) 100 units of 60 watts tube-lights @ 40/- per unit.
  - (ii) 150 units of 100 watts bulbs @ 15/-per unit.
  - (iii) 250 units of 40 watts CFL bulbs @ 70 per unit.

**Answer:**

(a) Pictograms are widely used in presenting statistical data. They are not abstract presentations such as line graphs or bar graphs. Pictogram are attractive and easy to understand. When pictograms are used data are represented through a carefully selected pictorial symbol. Pictograms are more difficult to construct. Pictograms are very popular in fairs and exhibitions etc., where the attention of masses is to be drawn. The following table gives the military balance between India and Pakistan:

	<i>India</i>	<i>Pakistan</i>
Men in arms	11.3 (lakhs)	4.85 (lakhs)
Tanks	2,400	1,600
Artillery pieces	2,500	1,400
Armoured personnel carriers	600	550
Combat aircraft	740	275
Submarines	8	11
Aircraft Carrier	1	—
Destroyers	3	7
Frigates	21	16
Naval combat aircraft	36	3

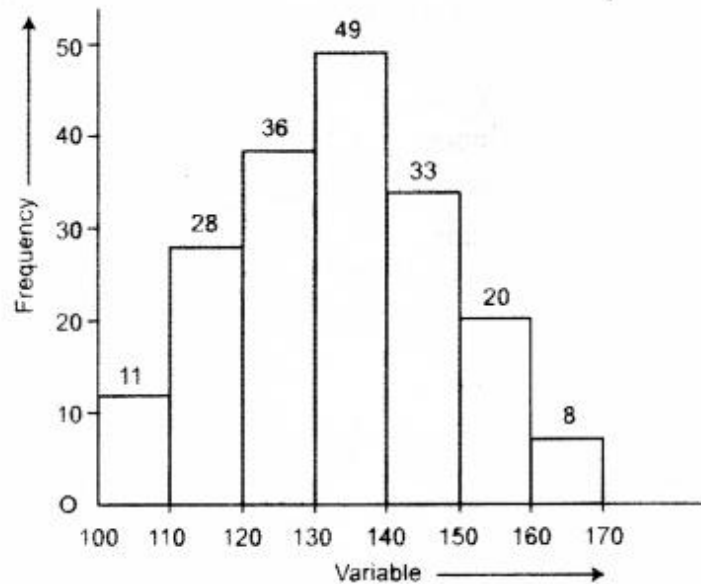
Represent the data by a pictogram.

		INDIA	PAKISTAN
			
Men under arms		11.3 (Lakhs)	4.85 (Lakhs)
Tanks		2400	1600
Artillery pieces		2500	1400
Armoured personnel carriers		600	550
Combat aircraft		740	275
Submarines		8	11
Aircraft carriers		1	—
Destroyers		3	7
Frigates		21	16
Naval combat aircraft		36	3

Histogram is the most popular and widely used graphic method of presenting a frequency distribution. A histogram is a set of vertical bars whose areas are proportional to the frequencies represented. The area of the histogram represents the total frequency as distributed throughout the classes. Histogram is most widely used for graphical presentation of a frequency distribution; Histogram can be quite misleading if the frequency distribution has in equal class intervals and suitable adjustments in frequencies are not made.

Draw the histogram for the following data :

<i>Variable</i>	<i>Frequency</i>	<i>Variable</i>	<i>Frequency</i>
100 – 110	11	140 – 150	33
110 – 120	28	150 – 160	20
120 – 130	36	160 – 170	08
130 – 140	49		



(b) Order Letter :

Tel : 064-888-7654

Castle Cary PLC  
5, Barlow Street,  
Mussoorie

Telex No. : 202769  
Date : 13 Mar. 2012  
Order No. : 39876

To,

Brookside PLC

DehraDun

Please supply and deliver to the above address the following goods.

<i>Description</i>	<i>Quantity</i>	<i>Unit Price</i>	<i>Total</i>
Tube lights of 60 watts	100	40	4,000/-
100 watt bulbs	150	15	2,250/-
40 watts CFL bulbs	250	70	17,500/-

₹ 23,750

Terms of payment

$2\frac{1}{2}\%$  one month, 5% 7 days.

Signed .....

Purchasing Officer  
Castle Cary PLC