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II-PUC PASSING PACKAGE EASY CAPSULES.

(As per Reduced syllabus 2020-21)

SOLVED MODEL QUESTION PAPERS

FOR THE SUBJECT:

“BUSINESS STUDIES”

(English Version)

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Model Question Paper -1
For Reduced Syllabus-2020-21
II PUC- BUSINESS STUDIES-27

I. Answer the following questions in a word or sentences each. While answering multiple choice questions, write the serial number of the correct choice and write the answer corresponding to it. Each question carries 1marks.

1. What is Efficiency?

Ans:- Efficiency means doing the task correctly and with minimum cost

2. Who is called the Father of Scientific management?

Ans : F. W Taylor (Fredrick Winslow Taylor) is called the father of scientific Management

3. How are principles of management formed?

- a) In a Laboratory b) By experience of manager
c) By experiences of customers d) by propagation of social scientists

4. What is Business Environment?

Ans:- It means the sum total of all individuals, institutions and other forces that Are outside the control of a business enterprise but that may affect its Performance.

5. Give an example for Single Use Plan.

ANS:- Budget is an example for Single Use Plan.

6. What is Organisation Structure?

Ans:- Organisation structure is the outcome of the organising process.

7. Can Accountability be delegated?

Ans:-No. It cannot be delegated at all.

8. Which one of the following is not a function of staffing

- (a) Recruitment (b) Training (c) Compensation (d) Directing

ANS:- (d) Directing

9. Name any one type of Grapevine network.

Ans:-Gossip network.

10. State any one Leadership style.

Ans:- Autocratic or Authoritarian leader

11. Expand PERT/CPM/MIS.

ANS:-PERT:- Programme Evaluation and Review Technique

CPM:- Critical Path Method

MIS:- Management Information System (EACH ONE MARKS)

12. The decision of acquiring a new machine or opening a new branch is an example For

- (a) Financing decision (b) Working capital decision
(c) Investment decision (d) None of the above

ANS:- (c) Investment decision

II. Answer any ten of the following questions in 2 or 3 sentences. Each question carries 2 marks.

13. Define Management.

Ans:-According to Harold Koontz and Heinz Weihrich "Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims."

14. What is Gang Plank ?

Ans : Gang Plank is a shorter route in a scalar chain which allows Employees at the same level to communicate with each other directly. It should be used only in case of emergency

15. Give the meaning of Globalization.

Ans:- Globalisation means the integration of the various economies of the world leading .Towards the emergence of a cohesive global economy.

16. Give the meaning of 'Programme'.

Ans:- Programmes are detailed statements about a project which outlines the objectives, policies, procedures, rules, tasks, human and physical resources required and the budget to implement any course of action.

17. Give the meaning of formal organisation

formal organisation refers to the organisation structure which is given by the management of accomplish a particular task

18. State any two differences between unity of command and unity of direction

Ans : unity of command prevents dual subordination direction overlapping of activitiesUnity of command affects and individual employee and unity of direction the entire organisation

19. what is staffing?

staffing is the part of process management which function utilising maintaining a satisfactory and satisfied workforce

20. Give the meaning of Selection.

ANS:- Selection is the process of choosing from among the pool of the prospective job candidates developed at the stage of recruitment.

21. Write any two features of Leadership.

Ans:- (i)Leadership indicates ability of an individual to influence others.

(ii) Leadership tries to bring change in the behaviour of others.

22.State any two psychological barriers to communication.

Ans:- (i) Premature evaluation: Some times people evaluate the meaning of message before the sender completes his message. Such premature evaluation may be due to preconceived notions or prejudices against the communication.

(ii) Lack of attention: The preoccupied mind of receiver and the resultant non-listening of message acts as a major psychological barrier.

should be retained in the business.

23.State the twin objectives of Financial Planning.

ANS:- (i)To ensure availability of funds whenever required:

(ii) To see that the firm does not raise resources unnecessarily:

III. Answer any SEVEN of the following questions in 10 or 12 sentences. Each question carries 4 marks.

25 .Give any four grounds to say Management is important. (importance of Management)

Ans:-Four importance of management arei) Management helps in achieving group goals: Management is required not for itself but for achieving the goals of the organisation. The task of a manager is to give a common direction to the individual effort in achieving the overall goal of the organisation.

(ii) Management increases efficiency: The aim of a manager is to reduce costs and increase productivity through better planning, organising, directing, staffing and controlling the activities of the organisation.

(iii) Management creates a dynamic organisation: All organisations have to function in an environment which is constantly changing. It is generally seen that individuals in an organisation resist change as it often means moving from a familiar, secure environment into a newer and more challenging one.

(iv) Management helps in achieving personal objectives: A manager motivates and leads his team in such a manner that individual members are able to achieve personal goals while contributing to the overall organisational objective.

26. Is Management a Science? Prove.

Management as a science:- The basic features of science are as follows:

(i) Systematised body of knowledge (ii) Principles based on experimentation: (iii) Universal validity: Based on the above features, we can say that management has some characteristics of science.

(i) Management has a systematised body of knowledge. It has its own theory and principles that have developed over a period of time, but it also draws on other disciplines such as Economics, Sociology, Psychology and Mathematics. Like all other organised activity, management has its own vocabulary of terms and concepts.

(ii) The principles of management have evolved over a period of time based on repeated experimentation and observation in different types of organisations. However, since management deals with human beings and human behaviour, the outcomes of these experiments are not capable of being accurately predicted or replicated. Therefore, management can be called an inexact science.

(iii) Since the principles of management are not as exact as the principles of science, their application and use is not universal. They have to be modified according to a given situation. However, they provide managers with certain standardised techniques that can be used in different situations. These principles are also used for training and development of managers.

27. Discuss the significance of principles of management by explaining any four points

Ans : The significance of principles of management can be discussed in terms of the following points :

(i) Providing managers with useful insights into reality : The principles of management provide the managers with useful insights into real world add to their knowledge, ability and understanding of managerial situations and circumstances. It will also enable managers to learn from past mistakes and conserve time by solving recurring problems quickly.

(ii) Optimum utilization of resources : Human and material resources available with the company are limited. They have to be put to optimum use. The resources should be used in such a manner that they should give maximum benefit with minimum cost.

(iii) Scientific decisions : Principles of management helps in thoughtful decision making. They emphasize logic management decisions are based on the objective assessment of the situation.

(iv) Meeting changing environment requirements : Although the principles are in the nature of general guidelines but they are modified and as such help managers to meet changing requirement of the environment.

28. Explain any four features of Business Environment.

Ans:- Four features of Business Environment are as follows:-

(i) Totality of external forces: Business environment is the sum total of all things external to business firms and, as such, is aggregative in nature.

(ii) Specific and general forces: Business environment includes both specific and general forces. Specific forces (such as investors, customers, competitors and suppliers) affect individual enterprises directly and immediately in their day-to-day working. General forces (such as social, political, legal and technological conditions) have impact on all business enterprises and thus may affect an individual firm only indirectly.

(iii) Inter-relatedness: Different elements or parts of business environment are closely Interrelated. For example, increased life expectancy of people and increased awareness for health care have increased the demand for many health products and services like diet Coke, fat-free cooking oil, and health resorts. New health products and services have, in turn, changed people's life styles.

(iv) Dynamic nature: Business environment is dynamic in that it keeps on changing whether in terms of technological improvement, shifts in consumer preferences or entry of new competition in the market.

29.Explain any four limitations of Planning.

Ans:-Four limitation of Planning are as follows:-

- (i) Planning leads to rigidity: In an organisation, a well-defined plan is drawn up with specific goals to be achieved within a specific time frame. These plans then decide the future course of action and managers may not be in a position to change it. This kind of rigidity in plans may create difficulty. Managers need to be given some flexibility to be able to cope with the changed circumstances.
- (ii) Planning may not work in a dynamic environment: The business environment is dynamic, nothing is constant. The environment consists of a number of dimensions, economic, political, physical, legal and social dimensions. The organisation has to constantly adapt itself to changes. It becomes difficult to accurately assess future trends in the environment if economic policies are modified or political conditions in the country are not stable or there is a natural calamity. Competition in the market can also upset financial plans, sales targets may have to be revised and, accordingly, cash budgets also need to be modified since they are based on sales figures.
- (iii) Planning reduces creativity: Planning is an activity which is done by the top management. Usually the rest of the members just implement these plans. As a consequence, middle management and other decision makers are neither allowed to deviate from plans nor are they permitted to act on their own. Thus, much of the initiative or creativity inherent in them also gets lost or reduced. Most of the time, employees do not even attempt to formulate plans. They only carry out orders. Thus, planning in a way reduces creativity since people tend to think along the same lines as others. There is nothing new or innovative.
- (iv) Planning involves huge costs: When plans are drawn up huge costs are involved in their formulation. These may be in terms of time and money for example, checking accuracy of facts may involve lot of time. Detailed plans require scientific calculations to ascertain facts and figures. The costs incurred sometimes may not justify the benefits derived from the plans. There are a number of incidental costs as well, like expenses on boardroom meetings, discussions with professional experts and preliminary investigations to find out the viability of the plan.

30.State any two advantages and disadvantages of Informal Organisation.

Ans:- Two advantages of Informal Organisation are as follows:-

- (a) Prescribed lines of communication are not followed. Thus, the informal organisation leads to faster spread of information as well as quick feedback.
- (b) It helps to fulfil the social needs of the members and allows them to find likeminded people. This enhances their job satisfaction since it gives them a sense of belongingness in the organisation.

Two disadvantages of Informal Organisation are as follows:-

- (a) When an informal organisation spreads rumours, it becomes a destructive force and goes against the interest of the formal organisation.
- (b) The management may not be successful in implementing changes if the informal organisation opposes them. Such resistance to change may delay or restrict growth.

31.Explain the internal sources of recruitment.

ANS:- Internal Sources:- There are two important sources of internal recruitment, namely, transfers and promotions, which are discussed below:

- (i) Transfers: It involves shifting of an employee from one job to another, one department to another or from one shift to another, without a substantive change in the responsibilities and status of the employee. It may lead to changes in duties and responsibilities, working condition etc., but not necessarily salary. Transfer is a good source of filling the vacancies with employees from overstaffed departments. It is practically a horizontal movement of employees. Shortage of suitable personnel in one branch may be filled through transfer from other branch or department. Job transfers are also helpful in avoiding termination and in removing individual problems and grievances. At the time of transfer, it should be ensured that the employee to be

transferred to another job is capable of performing it. Transfers can also be used for training of employees for learning different jobs.

(ii) Promotions: Business enterprises generally follow the practice of filling higher jobs by promoting employees from lower jobs. Promotion leads to shifting an employee to a vertical shifting of employees. This practice helps to improve the motivation, loyalty and satisfaction level of employees. It has a great psychological impact over the employees because a promotion at the higher level may lead to a chain of promotions at lower levels in the organisation.

32.Explain any four points which emphasise the importance of Directing.

Ans:- (i) Directing helps to initiate action by people in the organisation towards attainment of desired objectives.

(ii) Directing integrates employees efforts in the organisation in such a way that every individual effort contributes to the organisational performance. Thus, it ensures that the individuals work for organisational goals.

(iii) Directing facilitates introduction of needed changes in the organisation. Generally, people have a tendency to resist changes in the organisation. Effective directing through motivation, communication and leadership helps to reduce such resistance and develop required cooperation in introducing changes in the organisation.

(iv) Effective directing helps to bring stability and balance in the organisation since it fosters cooperation and commitment among the people and helps to achieve balance among various groups, activities and the departments

33.Explain briefly the steps involved in Controlling Process.

Ans:- Controlling Process Controlling is a systematic process involving the following steps.

Step 1: Setting Performance Standards: The first step in the controlling process is setting up of performance standards. Standards are the criteria against which actual performance would be measured. Thus, standards serve as benchmarks towards which an organisation strives to work. Standards can be set in both quantitative as well as qualitative terms.

Step 2: Measurement of Actual Performance: Once performance standards are set, the next step is measurement of actual performance. Performance should be measured in an objective and reliable manner. There are several techniques for measurement of performance. These include personal observation, sample checking, performance reports, etc.

Step 3: Comparing Actual Performance with Standards: This step involves comparison of actual performance with the standard. Such comparison will reveal the deviation between actual and desired results. Comparison becomes easier when standards are set in quantitative terms.

Step 4: Analysing Deviations: Some deviation in performance can be expected in all activities.

Step 5: Taking Corrective Action: The final step in the controlling process is taking corrective action. No corrective action is required when the deviations are within acceptable limits.

34.Explain with any four points the importance of financial planning.

ANS:- The importance of financial planning can be explained as follows:

(i) It helps in forecasting what may happen in future under different business situations. By doing so, it helps the firms to face the eventual situation in a better way. In other words, it makes the firm better prepared to face the future.

(ii) It helps in avoiding business shocks and surprises and helps the company in preparing for the future.

(iii) It helps in co-ordinating various business functions, e.g., sales and production functions, by providing clear policies and procedures.

(iv) Detailed plans of action prepared under financial planning reduce waste, duplication of efforts, and gaps in planning.

IV. Answer any FOUR of the following questions in 20 or 25 sentences. Each question carries 8 marks.

35. Management is a series of continuous interrelated functions' - Comment.

Ans: Management is described as the process of planning, organising, directing and controlling the efforts of organisational members and of using organisational resources to achieve specific goals.

(i) Planning is the function of determining in advance what is to be done and who is to do it. This implies setting goals in advance and developing a way of achieving them efficiently and effectively. Planning cannot prevent problems, but it can predict them and prepare contingency plans to deal with them if and when they occur.

(ii) Organising is the management function of assigning duties, grouping tasks, establishing authority and allocating resources required to carry out a specific plan. Once a specific plan has been established for the accomplishment of an organisational goal, the organising function examines the activities and resources required to implement the plan. It determines what activities and resources are required. It decides who will do a particular task, where it will be done, and when it will be done.

(iii) Staffing simply stated, is finding the right people for the right job. A very important aspect of management is to make sure that the right people with the right qualifications are available at the right places and times to accomplish the goals of the organisation. This is also known as the human resource function and it involves activities such as recruitment, selection, placement and training of personnel.

(iv) Directing involves leading, influencing and motivating employees to perform the tasks assigned to them. This requires establishing an atmosphere that encourages employees to do their best. Motivation and leadership are two key components of direction. Directing also involves communicating effectively as well as supervising employees at work.

(v) Controlling is the management function of monitoring organisational performance towards the attainment of organisational goals. The task of controlling involves establishing standards of performance, measuring current performance, comparing this with established standards and taking corrective action where any deviation is found. The various functions of a manager are usually discussed in the order given above, suggesting that a manager first plans, then organises, puts staff in position, then directs, and finally controls. In reality, managers are rarely able to carry out these functions in isolation. The activities of a manager are interrelated and it is often difficult to pinpoint where one ended and the other began.

36. Explain any four features of Planning.

Ans: Four features of Planning are as follows:-

(i) Planning focuses on achieving objectives: Organisations are set up with a general purpose in view. Specific goals are set out in the plans along with the activities to be undertaken to achieve the goals. Thus, planning is purposeful. Planning has no meaning unless it contributes to the achievement of predetermined organisational goals.

(ii) Planning is a primary function of management: Planning lays down the base for other functions of management. All other managerial functions are performed within the framework of the plans drawn. The various functions of management are interrelated and equally important. However, planning provides the basis of all other functions.

(iii) Planning is pervasive: Planning is required at all levels of management as well as in all departments of the organisation. It is not an exclusive function of top management nor of any particular department. But the scope of planning differs at different levels and among different departments. For example, the top management undertakes planning for the organisation as a whole. Middle management does the departmental planning. At the lowest level, day-to-day operational planning is done by supervisors.

(iv) Planning is continuous: Plans are prepared for a specific period of time, may be for a month, a quarter, or a year. At the end of that period there is need for a new plan to be drawn on the basis of new requirements and future conditions. Hence, planning is a continuous process. Continuity of planning is related with the planning cycle. It means that a plan is framed, it is implemented, and is followed by another plan, and so on.

37.Explain the importance of Organizing.(1 for introduction + 7)

Ans:- The management function of organising ensures that efforts are directed towards the attainment of goals laid down in the planning function in such a manner that resources are used optimally and people are able to work collectively and effectively for a common purpose. The following points highlight the crucial role that organising plays in any business enterprise:

- (i) Benefits of specialisation: Organising leads to a systematic allocation of jobs amongst the work force. This reduces the workload as well as enhances productivity because of the specific workers performing a specific job on a regular basis. Repetitive performance of a particular task allows a worker to gain experience in that area and leads to specialisation.
- (ii) Clarity in working relationships: The establishment of working relationships clarifies lines of communication and specifies who is to report to whom. This removes ambiguity in transfer of information and instructions. It helps in creating a hierarchical order thereby enabling the fixation of responsibility and specification of the extent of authority to be exercised by an individual.
- (iii) Optimum utilization of resources: Organising leads to the proper usage of all material, financial and human resources. The proper assignment of jobs avoids overlapping of work and also makes possible the best use of resources. Avoidance of duplication of work helps in preventing confusion and minimising the wastage of resources and efforts.
- (iv) Adaptation to change: The process of organising allows a business enterprise to accommodate changes in the business environment. It allows the organisation structure to be suitably modified and the revision of inter-relationships amongst managerial levels to pave the way for a smooth transition.
- (v) Effective administration: Organising provides a clear description of jobs and related duties. This helps to avoid confusion and duplication. Clarity in working relationships enables proper execution of work. Management of an enterprise thereby becomes easy and this brings effectiveness in administration.
- (vi) Development of personnel: Organising stimulates creativity amongst the managers. Effective delegation allows the managers to reduce their workload by assigning routine jobs to their subordinates. The reduction in workload by delegation is not just necessary because of limited capacity of an individual but also allows the manager to develop new methods and ways of performing tasks. It gives them the time to explore areas for growth and the opportunity to innovate thereby strengthening the company's competitive position.
- (vii) Expansion and growth: Organising helps in the growth and diversification of an enterprise by enabling it to deviate from existing norms and taking up new challenges. It allows a business enterprise to add more job positions, departments and even diversify their product lines. New geographical territories can be added to current areas of operation and this will help to increase customer base, sales and profit.

38.Explain the four methods of On-the-Job and any four methods of Off-the-Job training.

ANS:- Four methods of On the Job Methods are as follows:-

- (i) Apprenticeship Programmes: Apprenticeship programmes put the trainee under the guidance of a master worker. These are designed to acquire a higher level of skill. People seeking to enter skilled jobs, to become, for example, plumbers, electricians or iron workers, are often required to undergo apprenticeship training. These apprentices are trainees who spend a prescribed amount of time working with an experienced guide, or trainer. A uniform period of training is offered to trainees, in which both fast and slow learners are placed together. Slow learners may require additional training.
- (ii) Coaching: In this method, the superior guides and instructs the trainee as a coach. The coach or counsellor sets mutually agreed upon goals, suggests how to achieve these behaviour and performance. The trainee works directly with a senior manager and the manager takes full responsibility for the trainee's coaching. Classically the trainee is being groomed to replace the senior manager and relieve him from some of his duties. This gives a chance for the trainee to learn the job also.
- (iii) Internship Training: It is a joint programme of training in which educational institutions and business firms cooperate. Selected candidates carry on regular studies for the prescribed period. They also work in some factory or office to acquire practical knowledge and skills.

(iv) Job Rotation: This kind of training involves shifting the trainee from one department to another or from one job to another. This enables the trainee to gain a broader understanding of all parts of the business and how the organisation as a whole functions.

Four methods of Off the Job Methods are as follows:-

(i) Class Room Lectures/Conferences: The lecture or conference approach is well adapted to conveying specific information rules, procedures or methods. The use of audio-visuals or demonstrations can often make a formal classroom presentation more interesting while increasing retention and offering a vehicle for clarifying more difficult points.

(ii) Films: They can provide information and explicitly demonstrate skills that are not easily represented by the other techniques. Used in conjunction with conference discussions, it is a very effective method in certain cases.

(iii) Case Study: Taken from actual experiences of organisations, cases represent attempts to describe, as accurately as possible real problems that managers have faced. Trainees study the cases to determine problems, analyse causes, develop alternative solutions, select what they believe to be the best solution, and implement it.

(iv) Computer Modelling: It simulates the work environment by programming a computer to imitate some of the realities of the job and allows learning to take place without the risk or high costs that would be incurred if mistake were made in real life situation.

39. Explain the qualities of a good leader.

Ans:- Some of the qualities of a good leader are explained below:

(i) Physical features: Physical features like height, weight, health, appearance determine the physical personality of an individual. It is believed that good physical features attract people. Health and endurance help a leader to work hard which inspires others to work with same tempo.

(ii) Knowledge: A good leader should have required knowledge and competence. Only such person can instruct subordinates correctly and influence them.

(iii) Integrity: A leader should possess high level of integrity and honesty. He should be a role model to others regarding the ethics and values.

(iv) Initiative: A leader should have courage and initiative. He should not wait for opportunities come to his way, rather he should grab the opportunity and use it to the advantage of organisation.

(v) Communication skills: A leader should be a good communicator. He should have the capacity to clearly explain his ideas and make the people to understand his ideas. He should be not only good speaker but a good listener, teacher, counsellor and persuader.

(vi) Motivation skills: A leader should be an effective motivator. He should understand the needs of people and motivate them through satisfying their needs.

(vii) Self Confidence: A leader should have high level of self confidence. He should not lose his confidence even in most difficult times. In fact, if the leader lacks self confidence, he can not provide confidence to his followers.

(viii) Decisiveness: Leader should be decisive in managing the work. Once he is convinced about a fact, he should be firm and should not change opinions frequently.

(ix) Social skills: A leader should be sociable and friendly with his colleagues and followers. He should understand people and maintain good human relations with them

40. Explain any four factors affecting the working capital requirement of an organisation.

ANS:- FACTORS AFFECTING THE WORKING CAPITAL REQUIREMENTS

1. Nature of Business: The basic nature of a business influences the amount of working capital required. A trading organisation usually needs a smaller amount of working capital compared to a manufacturing organisation. This is because there is usually no processing. Therefore, there is no distinction between raw materials and finished goods. Sales can be effected immediately upon the receipt of materials, sometimes even before that. In a manufacturing business, however, raw material needs to be converted into finished goods

before any sales become possible. Other factors remaining the same, a trading business requires less working capital. Similarly, service industries which usually do not have to maintain inventory require less working capital.

2. Scale of Operations: For organisations which operate on a higher scale of operation, the quantum of inventory and debtors required is generally high. Such organisations, therefore, require large amount of working capital as compared to the organisations which operate on a lower scale.

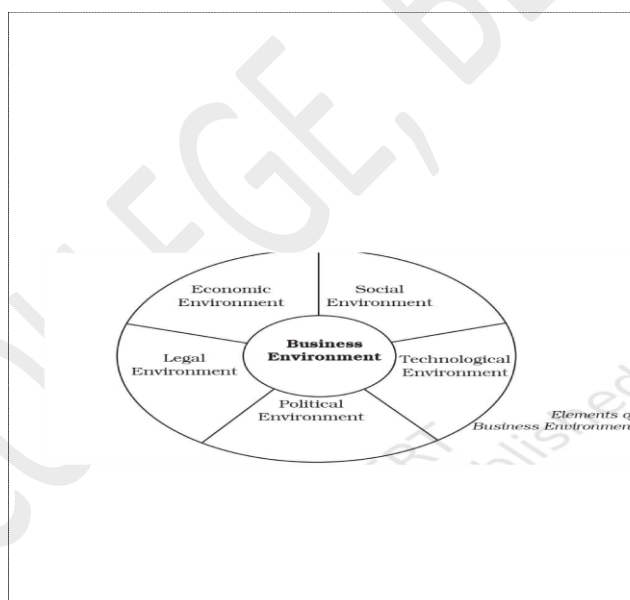
3. Business Cycle: Different phases of business cycles affect the requirement of working capital by a firm. In case of a boom, the sales as well as production are likely to be larger and, therefore, larger amount of working capital is required. As against this, the requirement for working capital will be lower during the period of depression as the sales as well as production will be small.

4. Seasonal Factors: Most business have some seasonality in their operations. In peak season, because of higher level of activity, larger amount of working capital is required. As against this, the level of activity as well as the requirement for working capital will be lower during the lean season.

(PRACTICAL ORIENTED QUESTIONS)

V. ANSWER ANY TWO OF THE FOLLOWING QUESTIONS

41. Show the different Elements of Business Environment that influence the success of business Enterprises with a neat diagram



42. As a manager what logical steps you follow in Planning process before executing a project? (7 steps)

Ans:- Logical Steps followed in Planning process before executing a project are

1. Setting objectives
2. Developing premises
3. Identification of alternative courses of action.
4. Evaluating alternative courses.
5. Selecting an alternative
6. Implement the plan.
7. Follow up action

43. Draw the neat diagram of Maslow's need hierarchy.

Model Question Paper -2
For Reduced Syllabus-2020-21
II PUC- BUSINESS STUDIES-27

I. Answer the following questions in a word or sentences each. While answering multiple choice questions, write the serial number of the correct choice and write the answer corresponding to it. Each question carries 1marks.

1.Which of the following is not a function of management

(a) Planning (b) Staffing (c) Cooperating (d) Controlling

Ans:- (c) Cooperating

2.Who is known as Father of General Management ?

Ans : Henry Fayol is known as Father of General Management.

3.Who strongly advocated piece wage system ?

Ans : F. W. Taylor strongly advocated piece wage system.

4.Which of the following does not characterize the business environment?

(a) Uncertainty (b) Employees (c) Relativity (d) Complexity

Ans:- (b) Employees

5..State the first step in Planning Process.

ANS:- The first and foremost step is setting objectives

6.. Grouping of activities on the basis of functions is a part of

(a) Decentralized organization (b) Divisional organisation
(c) Functional organisation (d) Centralised organisation

Ans:_ (c) Functional organisation

7.What is Delegation?

Ans:- Delegation refers to the downward transfer of authority from a superior to a subordinate.

8. Grapevine is

(a) Formal Communication (b) Barrier to Communication
(c) Lateral Communication (d) Informal Communication

Ans:- (d) Informal Communication

9.What is a 'Motive'?

Ans:- A motive is an inner state that energises, activates or moves and directs behaviour towards goals.

10.Expand PERT/CPM/MIS.

ANS:-PERT:- Programme Evaluation and Review Technique

CPM:- Critical Path Method

MIS:- Management Information System

11.What is Responsibility Accounting?

Ans:- Responsibility accounting is a system of accounting in which different sections, divisions and departments of an organisation are set up as 'Responsibility Centres'. The head of the centre is responsible for achieving the target set for his centre

12.Give an example for fixed asset.

ANS:- Plant and machinery, furniture and fixture, land and building, vehicles, etc.(ANY ONE)

II. Answer any ten of the following questions in 2 or 3 sentences. Each question carries 2 marks.

13.Define Coordination.

Ans:-According to McFarland " Coordination is the process whereby an executive develops an orderly pattern of group efforts among his subordinates and secures unity of action in the pursuit of common purpose

14. What is discipline?

discipline is the obedience to organisational rules and employment agreement which are necessary for the working of the organisation.

15. What is scalar chain?

The formal lines of authority from highest to lowest ranks or known as scalar chain.

16. What is demonetisation?

demonetisation means an act of stripping the legal tender status of currency unit it happens currency. whenever there is a change of any national currency country entirely replace the old currency with new currency.

17. Give the meaning of planning premises.

planning is concerned with the future which is uncertain and everyone are is using conjunction about what might happen in future therefore the manager is required to make certain assumptions about the future these assumptions are called planning premises.

18. Write any two differences between functions and divisional structure

Ans:- Two differences between Functional and Divisional Structures are as follows:-

BASIS	Functional Structure	Divisional Structure
Formation	Formation is based on functions	Formation is based on product lines and is supported by functions
Specialisation	Functional specialisation	Product specialisation

19. What is recruitment?

recruitment may be defined as the process of searching for prospective employers and stimulating time to apply for jobs in the organisation.

20. what is job rotation?

job rotation in what shifting the training from one department to another from one job to another.

21. what do you understand by supervision?

The process of guiding efforts employees and other resources to accomplish the desired objectives.

22. what is communication?

communication is a process by which people create and share information with one another in order to reach common understanding.

23. Give the meaning of break even analysis.

The sales volume at which there is no profit no loss.

24. give the meaning of dividend decision.

it is the decision relating to how much of the profit earned by company is to be distributed to shareholders and how much of it should be retained in the business

III. Answer any SEVEN of the following questions in 10 or 12 sentences. Each question carries 4 marks.

25. Explain the Objectives of Management.

Ans:- (i)Organisational Objectives: These are survival, profit and growth.

(a)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.

(b)Profit: Mere survival is not enough for business. Management has to ensure that the organisation makes a profit. Profit is essential for covering costs and risks of the business.

(c)Growth: A business needs to add to its prospects in the long run, for this it is important for the business to grow.

(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 includes using environmental

friendly methods of production, giving employment opportunities to the disadvantaged sections of society and providing basic amenities like schools and crèches to employees.

(iii) Personal objectives: Organisations are made up of people who have different personalities, backgrounds, experiences and objectives. These vary from financial needs such as competitive salaries and perks, social needs such as peer recognition and higher level needs such as personal growth and development.

26. "Management as an art " Elucidate.

Ans:- Management as an art:- What is art? Art is the skillful and personal application of existing knowledge to achieve desired results. It can be acquired through study, observation and experience. Since art is concerned with personal application of knowledge some kind of ingenuity and creativity is required to practice the basic principles learnt. The basic features of an art are as follows:

(i) Existence of theoretical knowledge: (ii) Personalised application: (iii) Based on practice and creativity: Management can be said to be an art since it satisfies the following criteria:

(i) A successful manager practices the art of management in the day-to-day job of managing an enterprise based on study, observation and experience. There is a lot of literature available in various areas of management like marketing, finance and human resources which the manager has to specialise in. There is existence of theoretical knowledge.

(ii) There are various theories of management, as propounded by many management thinkers, which prescribe certain universal principles. A manager applies these scientific methods and body of knowledge to a given situation, an issue or a problem, in his own unique manner.

(iii) A manager applies this acquired knowledge in a personalised and skillful manner in the light of the realities of a given situation. He is involved in the activities of the organisation, studies critical situations and formulates his own theories for use in a given situation.

27. Explain the nature of principles of management

Ans : Nature of principles of management are explained below:-

(i) Universal applicability :-The principles of management are intended to apply to all types of organizations, business as well as non-business, small as well large, public sector as well as private sector, manufacturing as well as the service sectors. However the extent of their applicability would vary with the nature of the organization, business activity, scale of operations and the like.

(ii) General guidelines :-The principles are guidelines to action. But do not provide readymade solutions to all managerial problems. This is so because real business situations are very complex and dynamic and are a result of many factors.

(iii) Formed by practice and experimentation :-The principles of management are formed by experience and collective wisdom of managers as well as experimentation. For example in order to remedy the problem of fatigue of workers in the factory, an experiment may be conducted to see the effect of improvement of physical conditions to reduce stress.

(iv) Flexible :-The principles of management are not rigid. They are flexible and can be modified by the manager when the situation so demands. For example the degree of concentration of authority or its dispersal will depend upon the situations and circumstances of each enterprise.

(v) Mainly behavioural in Nature :-Management principles aim at influencing behavior of human beings. It is not that these principles do not pertain to things and phenomenon at all it is just a matter of emphasis more over principles enable a better understanding of the relationship between human and material resources in accomplishing organizational purposes.

(vi) Cause and effect relationships :-The principles tells us if a particular principle was applied in a particular situation what would be its likely effect. It Principles of management assists managers in establishing these relationships (cause and effect) to some extent and are therefore useful. In situations of emergencies it is desirable that someone takes charge and others just follow.

(vii) Contingent :-The application of principles of management are contingent. The application of principles has to be changed as per requirements. For example employees deserve fair and just remuneration. But what is just

and fair is determined by multiple factor. They include contribution of the employee and also prevailing wage rate for the occupation under consideration.

Conclusion :-Having described the inherent qualities and characteristics of management principles, it should be easy for you to appreciate the significance of these principles in managerial decision making.

28. Explain any four points to explain how important the understanding of Business Environment for managers is.

Ans:- . The importance of business environment and its understanding by managers can be appreciated if we consider the following facts:

(i) It enables the firm to identify opportunities and getting the first mover advantage: Opportunities refer to the positive external trends or changes that will help a firm to improve its performance. Environment provides numerous opportunities for business success. Early identification of opportunities helps an enterprise to be the first to exploit them instead of losing them to competitors.

(ii) It helps the firm to identify threats and early warning signals: Threats refer to the external environment trends and changes that will hinder a firm's performance. Besides opportunities, environment happens to be the source of many threats. Environmental awareness can help managers to identify various threats on time and serve as an early warning signal.

(iii) It helps in tapping useful resources: Environment is a source of various resources for running a business. To engage in any type of activity, a business enterprise assembles various resources called inputs like finance, machines, raw materials, power and water, labour, etc., from its environment including financiers, government and suppliers.

(iv) It helps in coping with rapid changes: Today's business environment is getting increasingly dynamic where changes are taking place at a fast pace. It is not the fact of change itself that is so important as the pace of change.

29.Explain any four challenges that were to be faced by business and industry due to changes in Government Policy.

Ans:- The following four challenges that were to be faced by business and industry due to changes in Government Policy.

(i) Increasing competition: As a result of changes in the rules of industrial licensing and entry of foreign firms, competition for Indian firms has increased especially in service industries like telecommunications, airlines, banking, insurance, etc. which were earlier in the public sector.

(ii) More demanding customers: Customers today have become more demanding because they are well-informed. Increased competition in the market gives the customers wider choice in purchasing better quality of goods and services.

(iii) Rapidly changing technological environment: Increased competition forces the firms to develop new ways to survive and grow in the market. New technologies m

30.Explain the importance of Planning?

Ans:- Importance of Planning are as follows:-

(i) Planning reduces the risks of uncertainty:Planning is an activity which enables a manager to look ahead and anticipate changes. By deciding in advance the tasks to be performed, planning shows the way to deal with changes and uncertain events. Changes or events cannot be eliminated but they can be anticipated and managerial responses to them can be developed.

(ii) Planning reduces overlapping and wasteful activities: Planning serves as the basis of coordinating the activities and efforts of different divisions, departments and individuals. It helps in avoiding confusion and misunderstanding. Since planning ensures clarity in thought and action, work is carried on smoothly without interruptions. Useless and redundant activities are minimised or eliminated. It is easier to detect inefficiencies and take corrective measures to deal with them.

(iii) Planning promotes innovative ideas: Since planning is the first function of management, new ideas can take the shape of concrete plans. It is the most challenging activity for the management as it guides all future actions leading to growth and prosperity of the business.

(iv) Planning facilitates decision making: Planning helps the manager to look into the future and make a choice from amongst various alternative courses of action. The manager has to evaluate each alternative and select the most viable proposition. Planning involves setting targets and predicting future conditions, thus helping in taking

31. Distinguish between Formal and Informal Organisation by taking any four bases.

Ans:- Differences between Formal and Informal Organisation

BASIS	Formal organisation	Informal organisation
Meaning	Structure of authority relationships created by the management	Network of social relationships arising out of interaction among employees
Origin	Arises as a result of company rules and policies	Arises as a result of social interaction
Authority	Arises by virtue of position in management	Arises out of personal qualities
Behavior	It is directed by rules	There is no set behaviour pattern

32. Explain any four types of tests used for selection of employees.

ANS:- Four Tests Used for Selection of Employees:

- (a) Intelligence Tests: This is one of the important psychological tests used to measure the level of intelligence quotient of an individual. It is an indicator of a person’s learning ability or the ability to make decisions and judgments.
- (b) Aptitude Test: It is a measure of individuals potential for learning new skills. It indicates the person’s capacity to develop. Such tests are good indices of a person’s future success score.
- (c) Personality Tests: Personality tests provide clues to a person’s emotions, her reactions, maturity and value system etc. These tests probe the overall personality. Hence, these are difficult to design and implement.
- (d) Trade Test: These tests measure the existing skills of the individual. They measure the level of knowledge and proficiency in the area of professions or technical training.

33. Explain the internal sources of recruitment.

ANS:- Internal Sources:- There are two important sources of internal recruitment, namely, transfers and promotions, which are discussed below:

- (i) Transfers: It involves shifting of an employee from one job to another, one department to another or from one shift to another, without a substantive change in the responsibilities and status of the employee. It may lead to changes in duties and responsibilities, working condition etc., but not necessarily salary. Transfer is a good source of filling the vacancies with employees from overstaffed departments. It is practically a horizontal movement of employees. Shortage of suitable personnel in one branch may be filled through transfer from other branch or department. Job transfers are also helpful in avoiding termination and in removing individual problems and grievances. At the time of transfer, it should be ensured that the employee to be transferred to another job is capable of performing it. Transfers can also be used for training of employees for learning different jobs.
- (ii) Promotions: Business enterprises generally follow the practice of filling higher jobs by promoting employees from lower jobs. Promotion leads to shifting an employee to a higher position, carrying higher responsibilities, facilities, status and pay. Promotion is a vertical shifting of employees. This practice helps to improve the motivation, loyalty and satisfaction level of employees. It has a great psychological impact over the

employees because a promotion at the higher level may lead to a chain of promotions at lower levels in the organisation.

34. Briefly explain any four benefits of Motivation.

Ans:- (i) Motivation helps to improve performance levels of employees as well as the organisation. Since proper motivation satisfies the needs of employees, they in turn devote all their energies for optimum performance in their work. A satisfied employee can always turnout expected performance.

(ii) Motivation helps to change negative or indifferent attitudes of employee to positive attitudes so as to achieve organisational goals

(iii) Motivation helps to reduce employee turnover and thereby saves the cost of new recruitment and training. It also helps to retain talented people in the organisation.

(iv) Motivation helps to reduce absenteeism in the organisation. Some important reasons for absenteeism are- bad working conditions, inadequate rewards, lack of recognition, poor relations with supervisors and colleagues etc. Through sound motivational system, all these deficiencies can be covered.

35. Explain the limitations of Controlling.

Ans:- (i) Difficulty in setting quantitative standards: Control system loses some of its effectiveness when standards cannot be defined in quantitative terms. This makes measurement of performance and their comparison with standards a difficult task. Employee morale, job satisfaction and human behaviour are such areas where this problem might arise.

(ii) Little control on external factors: Generally an enterprise cannot control external factors such as government policies, technological changes, competition etc.

(iii) Resistance from employees: Control is often resisted by employees. They see it as a restriction on their freedom. For instance, employees might object when they are kept under a strict watch with the help of Closed Circuit Televisions

(iv) Costly affair: Control is a costly affair as it involves a lot of expenditure, time and effort. A small enterprise cannot afford to install an expensive control system

36. Explain any four factors affecting financing decisions.

ANS:- Four factors affecting financing decisions are

(a) Cost: The cost of raising funds through different sources are different. A prudent financial manager would normally opt for a source which is the cheapest.

(b) Risk: The risk associated with each of the sources is different.

(c) Floatation Costs: Higher the floatation cost, less attractive the source.

(d) Cash Flow Position of the Company: A stronger cash flow position may make debt financing more viable than funding through equity.

(e) Fixed Operating Costs: If a business has high fixed operating costs (e.g., building rent, Insurance premium, Salaries, etc.), It must reduce fixed financing costs. Hence, lower debt financing is better. Similarly, if fixed operating cost is less, more of debt financing may be preferred.

IV. Answer any FOUR of the following questions in 20 or 25 sentences. Each question carries 8 marks.

37. Explain the characteristics of Management.

Ans:- The important characteristics of Management are

(i) Management is a goal-oriented process: An organisation has a set of basic goals which are the basic reason for its existence. These should be simple and clearly stated. Different organisations have different goals

(ii) Management is all pervasive: The activities involved in managing an enterprise are common to all organisations whether economic, social or political.

(iii) Management is multidimensional: Management is a complex activity that has three main dimensions. These are:

(a) Management of work: All organisations exist for the performance of some work. In a factory, a product is manufactured, in a garment store a customer's need is satisfied and in a hospital a patient is treated.

Management translates this work in terms of goals to be achieved and assigns the means to achieve it.

(B) Management of people: Human resources or people are an organisation's greatest asset. Despite all developments in technology "getting work done through people" is still a major task for the manager.

C) Management of operations: No matter what the organisation, it has some basic product or service to provide in order to survive. This requires a production process which entails the flow of input material and the technology for transforming this input into the desired output for consumption.

IV. Management is a continuous process: The process of management is a series of continuous, composite, but separate functions (planning, organising, directing, staffing and controlling). These functions are simultaneously performed by all managers all the time.

V. Management is a group activity: An organisation is a collection of diverse individuals with different needs. Every member of the group has a different purpose for joining the organisation but as members of the organisation they work towards fulfilling the common organisational goal.

VI. Management is a dynamic function: Management is a dynamic function and has to adapt itself to the changing environment.

VII. Management is an intangible force: Management is an intangible force that cannot be seen but its presence can be felt in the way the organisation functions.

38. Explain any four types of Plans.

Ans:- Four types of plan are as follows:-

(i) Objectives: The first step in planning is setting objectives. Objectives, therefore, can be said to be the desired future position that the management would like to reach. Objectives are very basic to the organisation and they are defined as ends which the management seeks to achieve by its operations. Therefore, an objective simply stated is what you would like to achieve, i.e., the end result of activities. For example, an organisation may have an objective of increasing sales by 10% or earning a reasonable rate of return on investment, earn a 20% profit from business. They represent the end point of planning. All other managerial activities are also directed towards achieving these objectives. They are usually set by top management of the organisation and focus on broad, general issues.

(ii) Policy:- Policies are general statements that guide thinking or channelize energies towards a particular direction. Policies provide a basis for interpreting strategy which is usually stated in general terms. They are guides to managerial action and decisions in the implementation of strategy. For example, the company may have a recruitment policy, pricing policy within which objectives are set and decisions are made. If there is an established policy, it becomes easier to resolve problems or issues. As such, a policy is the general response to a particular problem or situation. There are policies for all levels and departments in the organisation ranging from major company policies

39. What is Decentralization? Explain its importance. (2+6)

Ans:- An organisation is centralised when decision-making authority is retained by higher management levels. Decision making authority is shared with lower levels and is consequently placed nearest to the points of action. Importance of Decentralisation

(i) Develops initiative among subordinates: Decentralisation helps to promote self-reliance and confidence amongst the subordinates. This is because when lower managerial levels are given freedom to take their own decisions they learn to depend on their own judgment. It also keeps them in a state wherein they are constantly challenged and have to develop solutions for the various problems they encounter

(ii) Develops managerial talent for the future: Formal training plays an important part in equipping subordinates with skills that help them rise in the organisation but equally important is the experience gained by handling assignments independently. Decentralisation gives them a chance to prove their abilities and creates a reservoir of qualified manpower who can be considered to fill up more challenging positions through promotions

(iii) Quick decision making: The management hierarchy can be looked upon as a chain of communication. In centralised organisation because every decision is taken by the top management the flow of information is slow

as it has to traverse many levels. Response also takes time. This reduces the speed of decision making and makes it difficult for an enterprise to adapt to dynamic operating conditions.

(iv) Relief to top management: Decentralisation diminishes the amount of direct supervision exercised by a superior over the activities of a subordinate because they are given the freedom to act and decide albeit within the limits set by the superior. Also, personal supervision is generally replaced by other forms of control such as return on investment etc. Decentralisation also leaves the top management with more time which they can devote to important policy decisions rather than occupying their time with both policy as well as operational decisions.

(v) Facilitates growth: Decentralisation awards greater autonomy to the lower levels of management as well as divisional or departmental heads. This allows them to function in a manner best suited to their department and fosters a sense of competition among the departments. Consequently, with each department doing its best in a bid to outdo the other, the productivity levels increase and the organisation is able to generate more returns which can be used for expansion purposes.

(vi) Better control: Decentralisation makes it possible to evaluate performance at each level and the departments can be individually held accountable for their results. The extent of achievement of organisational objectives as well as the contribution of each department in meeting the overall objectives can be ascertained. Feedback from all levels helps to analyse variances and improve operations.

40. Explain the benefits of training and development to the organization and to the employees

ANS:- Benefits to the organisation:- The benefits of training and development to an organisation are as follows: (i) Training is a systematic learning, always better than hit and trial methods which lead to wastage of efforts and money.

(ii) It enhances employee productivity both in terms of quantity and quality, leading to higher profits.

(iii) Training equips the future manager who can take over in case of emergency.

(iv) Training increases employee morale and reduces absenteeism and employee turnover.

(v) It helps in obtaining effective response to fast changing environment – technological and economic.

Benefits to the Employee:- The benefits of training and development activity to the employees are as follows:

(i) Improved skills and knowledge due to training lead to better career of the individual.

(ii) Increased performance by the individual help him to earn more. individual help him to earn more.

(iii) Training makes the employee more efficient to handle machines. Thus, less prone to accidents.

(iv) Training increases the satisfaction and morale of employees

41. Suggest the suitable measures to improve communication effectiveness.

Ans:- The following measures to improve communication effectiveness. i) Clarify the ideas before communication: The problem to be communicated to subordinates should be clear in all its perspective to the executive himself. The entire problem should be studied in depth, analysed and stated in such a manner that is clearly conveyed to subordinates.

(ii) Communicate according to the needs of receiver: The level of understanding of receiver should be crystal clear to the communicator. Manager should adjust his communication according to the education and understanding levels of subordinates.

(iii) Consult others before communicating: Before actually communicating the message, it is better to involve others in developing a plan for communication. Participation and involvement of subordinates may help to gain ready acceptance and willing cooperation of subordinates.

(iv) Be aware of languages, tone and content of message: The contents of the message, tone, language used, manner in which the message is to be communicated are the important aspects of effective communication. The language used should be understandable to the receiver and should not offend the sentiments of listeners.

(v) Convey things of help and value to listeners: While conveying message to others, it is better to know the interests and needs of the people with whom you are communicating.

(vi) Ensure proper feedback: The communicator may ensure the success of communication by asking questions regarding the message conveyed. The receiver of communication may also be encouraged to respond to communication.

- (vii) Communicate for present as well as future: Generally, communication is needed to meet the existing commitments to maintain consistency, the communication should aim at future goals of the enterprise also.
- (viii) Follow up communications: There should be regular follow up and review on the instructions given to subordinates. Such follow up measures help in removing hurdles if any in implementing the instructions.
- (ix) Be a good listener: Manager should be a good listener. Patient and attentive listening solves half of the problems. Managers should also give indications of their interest in listening to their subordinates

42 .Explain any four factors affecting the fixed capital requirement of an organisation.

ANS:- Factors affecting the Requirement of Fixed Capital

1. Nature of Business: The type of business has a bearing upon the fixed capital requirements. For example, a trading concern needs lower investment in fixed assets compared with a manufacturing organisation; since it does not require to purchase plant and machinery, etc.
2. Scale of Operations: A larger organisation operating at a higher scale needs bigger plant, more space etc. and therefore, requires higher investment in fixed assets when compared with the small organisation.
3. Choice of Technique: Some organisations are capital intensive whereas others are labour intensive. A capital-intensive organisation requires higher investment in plant and machinery as it relies less on manual labour. The requirement of fixed capital for such organisations would be higher. Labour intensive organisations on the other hand require less investment in fixed assets. Hence, their fixed capital requirement is lower.
4. Technology Upgradation: In certain industries, assets become obsolete sooner. Consequently, their replacements become due faster. Higher investment in fixed assets may, therefore, be required in such cases. For example, computers become obsolete faster and are replaced much sooner than say, furniture. Thus, such organisations which use assets which are prone to obsolescence require higher fixed capital to purchase such assets.

(PRACTICAL ORIENTED QUESTIONS)

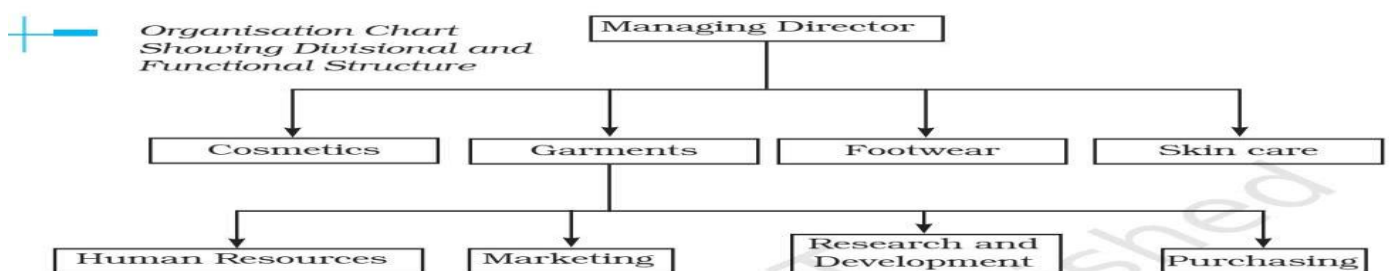
V. ANSWER ANY TWO OF THE FOLLOWING QUESTIONS

43.As a General Manager list out any ten Fayol’s Principles of Management which you would like to adopt in your business organization.

Ans : As a General Manager I would like to adopt the following ten principles of Fayol in our organization

- (i) Division of work
- (ii) Authority and responsibility
- (iii) Discipline
- (iv) Unity of command
- (v) Unity of direction
- (vi) Remuneration of employees
- (vii) Scalar chain
- (viii) Centralization and Decentralization
- (ix) Order
- (x) Equity
- (xi) Stability of personnel
- (xii) Initiative
- (xiii) Subordination of individual interest to general interest
- (xiv) Espirit De Corps: (team spirit)

45.Draw the organization chart showing divisional and functional structure.



46. **As a Financial Consultant, give the list of any ten factors which affect the choice of Capital Structure.**

ANS:- 1. Cash Flow Position:

1. Interest Coverage Ratio (ICR):
2. Debt Service Coverage Ratio (DSCR):
3. Return on Investment (RoI):
4. Cost of debt:
7. Cost of Equity
8. Floatation Costs:
9. Risk Consideration:
10. Flexibility:
11. Control:
12. Regulatory Framework:
13. Stock Market Conditions:
14. Capital Structure of other Companies:

SRS/PU COLLEGE, BELLUR