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ISC 2016 BUSINESS STUDIES

- **SOLUTION OF 2016**
- **COMMENTS OF COUNCIL EXAMINERS**
- **SUGGESTIONS FOR TEACHERS**

Dedicated to all my lovely students. May God help you always.

This small booklet contains solution of ISC 2016 Business Studies.

The comments from the council examiners under solution of every question makes this a very handy guide for students to understand what the council expects as answer from the students.

I hope that the students will find this to be useful.

- Md. Zeeshan Akhtar

01st January, 2017.

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BUSINESS STUDIES

PART I (30 Marks)

Answer **all** *questions*

Question 1

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

(i) Define *recruitment*.

(ii) What is the significance of *application blank* in a selection procedure?

(iii) Explain how *office layout* can act as a morale depressant as well as a morale stimulant.

(iv) State *any two* qualities of a good leader.

(v) Explain 'self-actualisation' need as given by Maslow.

(vi) What is meant by *production transfer?*

(vii) Define *promotion*.

(viii) What is *decoding* with reference to communication process?

(ix) Differentiate between *horizontal communication* and *vertical communication*.

(x) Distinguish between a *cellular phone* and a *cordless phone*.

(xi) How does a business reply card help a business concern?

(xii) What is the role of an appendix in a report?

(xiii) Explain *quorum*.

(xiv) Give *any two* limitations of visual communication.

(xv) With reference to remuneration of employees, expand the following:

(a) HRA

(b) LTA

Comments of Examiners

(i) Most of the candidates did not write all the key points thereby making the definition incomplete. Several candidates used the word 'employees' instead of 'prospective employees'/ 'candidates'.

(ii) A few candidates answered this question correctly. However, majority of the candidates gave detailed explanation of the contents of application blank instead of writing about its significance.

(iii) A number of candidates confused 'office layout' with 'lay off'. Others wrote about working conditions, location, pay, challenging jobs, supervisors, etc.; which have nothing to do with the physical layout of the office.

(iv) Most candidates 'named' the qualities of a leader instead of 'stating' them. Some candidates wrote qualities of a manager and not specifically of a leader. A number of candidates wrote 'Physique' as 'physic' and equated it with physical beauty.

(v) A few candidates knew that self-actualisation is the last need, as given by Maslow and is very rarely achieved. However, most candidates had no idea about it and therefore failed to write key terms such as, 'accomplishing one's potential', 'self-realisation', etc.

(vi) Most candidates wrote about 'transfer of products' from one place to another as 'production transfer'. Some explained it as shifting of people from one unit/ branch/department/organisation to another without assigning its purpose.

(vii) Most of the candidates answered this question correctly.

(viii) Majority of the candidate could not explain the term 'decoding' properly. The key terms 'translating the words/symbols' and 'interpreting and obtaining the meaning' were missing in the answers. Several candidates confused 'decoding' with 'encoding' and 'feedback'.

Suggestions for teachers

- Emphasise that if a question requires a definition, ONLY definition is to be given. Time should not be wasted in explanation.
- Key words should be part of definition.
- Ask students to read the question carefully and answer what is asked and not what they know.
- Clearly distinguish between meaning, importance, advantages / disadvantages of various terms.
- The students must specify office layout to be neatly, scientifically, aesthetically arranged or disorganised, shabbily kept office being instrumental in boosting or lowering morale respectively, instead of using general terms as 'good' or 'bad' office layout. Teachers must ask application based questions in internal examinations so that the students get into the thinking mode.
- The students must be told that if the question requires them to 'state', a statement is a MUST.
- Since self-actualisation is an abstract term it can only be explained with the help of examples from real life of people who have achieved this stage.
- It should be explained that production transfer is a transfer from 'over staffed branch to under staffed branch', where more production is required. It may be temporary or permanent.

(ix) Most of the candidates were not able to answer this question correctly. Some candidates explained horizontal communication as 'side to side', 'left to right', 'interdepartmental' or 'informal' communication.

(x) Most of the candidates confused a cellular phone with a landline phone and equated a cordless phone with a mobile.

(xi) Several candidates confused a business reply card with visiting card, post card, order letter, complaint letter, etc. Some candidates who knew the term explained it including the specimen (which was not required), but failed to write 'how it helps the business concern'.

(xii) A number of candidates confused 'appendix' with 'introduction', 'index', 'summary' and 'bibliography'. A few candidates explained it as a 'disease'.

(xiii) Only a few candidates wrote all the key words that would explain 'Quorum' thoroughly. Some candidates wrote the provisions of the Companies Act, which was not required.

(xiv) Some candidates confused visual communication with the face to face/ audio visual/ gestural communication. Moreover, instead of writing the limitations, some candidates wrote the disadvantages of communication in general and not specifically of visual communication.

(xv) The question was specifically 'with reference to remuneration', yet several candidates gave weird expansions. Some candidates who knew the terms also made mistakes, e.g. HRA was written as House Renting/ Rental Allowance and LTA was written as Leave Travelling Allowance/ Last Travelling Allowance.

Suggestions for teachers

- Explain all the elements of communication clearly, along with the relationship and differences between them.
- Students must be told that if the question requires the two terms to be distinguished, they should distinguish the terms and not explain them.
- Ask students to prepare a report marking all the parts of a report. This will make it interesting and easier for a student to learn.
- Reiterate key words like 'specified minimum number', 'qualified members', 'legally binding'.
- Clarify the difference between disadvantages and limitations.
- Tell students the expansion of acronyms related to the chapter.

MARKING SCHEME **Question 1**	
(i)	Recruitment: Recruitment is defined as identifying the sources of required staff and contacting the sources to attract the sufficient number of candidates. OR Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organisation.
(ii)	Significance of *application blank* in a selection procedure: • Scrutiny of the form helps to weed out candidates who are lacking in education, experience or some other eligibility traits./ suitability and interest of candidates can be judged/ factual information,

<table>
<tr><td></td><td>

It helps in formulating questions to be asked in the interview.
Data contained in application blank can be stored for future reference/permanent record.

(any two points)
</td></tr>
<tr><td>(iii)</td><td>How office layout can act as a morale depressant as well as a morale stimulant:

A good office layout which is well-planned and aesthetically designed office, boosts the morale of employees, whereas a disorganized and shabbily kept office will act as morale depressant.</td></tr>
<tr><td>(iv)</td><td>Qualities of a good leader:

Physical fitness/sound physique
Intelligence
Maturity
Open mind
Self-confidence
Knowledge of work
Communication skills
Vision and foresight
Sense of responsibility
Human relations attitude

(any two points written as a statement)
</td></tr>
<tr><td>(v)</td><td>Self-actualisation need as given by Maslow:
These are the needs for realising one’s full potential. These refers to need of becoming everything that one is capable of accomplishing. This need is also called need for self-fulfilment or self-realisation. It requires continuous self-development.
(any two points)</td></tr>
<tr><td>(vi)</td><td>Production transfer:

Such transfers are made when there is a need for more personnel in one branch or plant and surplus of staff in the other. Employees are transferred from the over-staffed unit to the unit where vacancies are to be filled up due to increased work.</td></tr>
<tr><td>(vii)</td><td>Promotion:

Promotion is defined as the advancement of an employee to a higher job, carrying higher salary, greater status and more responsibilities.</td></tr>
<tr><td>(viii)</td><td>Decoding :

The receiver translates the words and symbols used in the message into idea and interprets it to obtain its meaning.</td></tr>
<tr><td>(ix)</td><td>Horizontal communication and Vertical communication.
<table>
<tr><td>Horizontal communication</td><td>Vertical communication</td></tr>
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	Between persons at the same level of authority	Between different levels of authority
	Creates mutual understanding and cooperation between different parts/departments of an organization	Provides useful feedback
	Example	Example

(x) *Cellular phone* and a *Cordless phone*.

Cellular phone	*Cordless phone*
An independent phone by itself	An extension of main telephone line
Works on rechargeable battery	Works on telephone connection given by the service provider.
Wide range	Limited range

(xi) Business reply card helps a business concern:

- Businessmen can receive a prompt reply from the customers.
- Public can make enquiries about an advertised product free of charge, which may increase business.

(xii) Role of an appendix in a report:

- It contains statistical data or tables, graphs, list of persons or witnesses, etc.
- It helps to explain and support the contents and conclusions of the report.
- Lightens the main report.

(xiii) *Quorum:*
A quorum is the specified minimum number of qualified persons whose presence is necessary to transact the legally binding business at a meeting/invalid/void. Meeting cannot start without quorum and shall be adjourned.

(xiv) Limitations of visual communication:

- They can present only approximate value
- Only limited amount of information can be given
- Cannot present qualitative facts
- Diagrams and graphs can be easily misinterpreted in advertisements

(any two points)

(xv) (a) HRA – House Rent Allowance
(b) LTA – Leave Travel Allowance

PART II (70 Marks)

Answer any **five** *questions.*

Question 2

(a) Differentiate between *induction training* and *job training*. **[6]**

(b) *Filling vacancies from within the organization has some merits as well as demerits.* Briefly explain *any four* such merits and *any four* demerits. **[8]**

Comments of Examiners

(a) Most of the candidates wrote short notes instead of differentiating between the two terms. Many candidates used general features such as, costly / cheap, before / after, in the organisation/ outside the organisation, by the trainer / supervisor. A few candidates differentiated between 'on the job' and 'off the job'.

(b) Most of the candidates answered this question correctly. A number of candidates wrote about promotion and gave merits and demerits of promotion.

Suggestions for teachers

- Explain types of training in the class.
- Tell students that 'Job training' is not a synonym of 'on the job training'.
- Teach students to distinguish between two terms on the same basis. And ask them to write the differences in a tabular form.
- While teaching, give special emphasis on the merits and demerits of internal recruitment and then merits and demerits of each source under internal recruitment.

MARKING SCHEME

Question 2

(a) Differentiate between *induction training* and *job training*.

Induction training	*Job training*
Process of socialisation where a new employee is made familiar with his work environment.	Process of providing knowledge and skills for doing a particular job.
Once in lifetime of an employee in an organization	May be several times
Only for new employees	Both, new and existing.
To help an employee adjust to the organisation	To improve efficiency of employees
	(any three well differentiated points)

(b) Merits of internal recruitment:

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	• It motivates the employees • Builds up loyalty amongst the staff, thereby reducing labour turnover and absenteeism • No money is wasted on advertisements, tests, interview, checking references, etc. • No need of induction training. • It expedites (time saving) the process of recruitment. Demerits of internal recruitment: • Inbreeding of ideas • Limited choice resulting in promotion of unsuitable candidates. • Time bound promotion leads to lethargy • Infighting amongst those who aspire for promotions • Incomplete source. Have to resort to external recruitment at some point or other. *(any four points)*

Question 3

(a) State *any three* advantages and *any three* disadvantages of Piece rate system of wage payment. **[6]**

(b) Explain the relationship between *morale* and *productivity*. **[8]**

Comments of Examiners

(a) Most of the candidates explained meaning of Piece rate system which was not required. Some candidates explained suitability as advantages. Several candidates gave the same points for advantages as well as disadvantages. For example, costly and economical; easy and difficult to calculate; trade unions favour/against it; for the employees/against the employees.

(b) Most of the candidates answered this part correctly.

Suggestions for teachers

- Teach the two types of wage systems along with their advantages and disadvantages.
- While explaining the morale-productivity matrix, the teachers must explain the 'cause' and 'effect' of each situation and that morale (whether high or low) leads to productivity (high or low) and not the other way around.

MARKING SCHEME **Question 3**	
(a)	Advantages of piece rate system of wage payment: • Reward is directly linked with the efforts • Need for supervision is reduced • Workers accept modernization of organization • Simplifies measurement and forecasting of labour cost

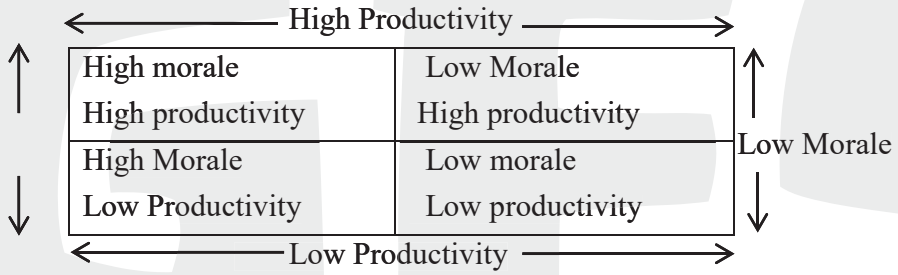
- Production planning and controlling becomes efficient
- Identification of inefficient employees and their training is facilitated
- Higher production

Disadvantages of Piece rate system of wage payment.

- If the worker fails to calculate his wages himself, he may mistrust the management.
- Insecurity among workers
- More supervision required to check wastage of resources.
- Substandard work as workers are in a hurry to produce maximum units.
- Since workers overwork to increase their wages, it proves to be harmful in the long run
- Careless handling of material and equipments
- Higher overheads
- Opposition by trade unions
- Disputes may arise regarding determination of standard work and piece rate.

(any three advantages and any three disadvantages explained in a sentence or two)

(b) Morale productivity matrix:



1. High Morale – High Productivity:
   This is the most common situation as workers produce more since their morale is high may be because of higher financial and / or non-financial incentives or/better resources or complete identification with organizational goals.
2. High Morale – Low Productivity:
   Although rare, high morale may still result in low productivity because of faulty equipment, lack of training or ineffective supervision. At times, inspite of high morale, workers spend their time and energy in satisfying their personal objectives unrelated to the organizational goal.
3. Low Morale – Low Productivity:
   A normal situation as workers dissatisfaction with compensation and / or not agreeing to the organizational goals leads to low productivity.
4. Low Morale – High Productivity
   This situation does not continue for a long period. However, not very uncommon in a short run.
   Fear of loss of job, exceptionally good supervision can lead to high productivity inspite of low morale. Productivity may also be high if work is dependent on speed of machine.

Question 4

(a) Define *staff appraisal*. Explain in brief, *any four* objectives of staff appraisal. **[6]**

(b) Explain the procedure of staff dismissal that a large organisation should follow. **[8]**

Comments of Examiners

(a) Many candidates took 'staff appraisal' to be a synonym of 'performance appraisal'. Some candidates wrote about merit grading which was not required. A number of candidates explained the term instead of defining it, as required.

(b) This part was well attempted by majority of the candidates. A few candidates committed mistakes while giving the sequence of the procedure.

Suggestions for teachers

- Emphasise that staff appraisal includes performance and potential appraisal.
- A clear distinction must be made between confusing terms such as, objectives, importance, role, etc.
- The procedure needs to be written stepwise. The order must not be changed.

MARKING SCHEME

Question 4

(a) *Staff appraisal*:

Staff appraisal is the systematic evaluation of the individual with respect to his performance on the job and his potential for development.

All formal procedures used in working organisations to evaluate personalities and contributions and potentials of group members.

It is the process of evaluating the employees' performance on the job in terms of requirement of the job.

Staff appraisal is a formal programme under which contributions and potential of people are evaluated.

Objectives of staff appraisal:

- To judge whether the employees are performing their jobs at the desired level.
- To provide a record of each employee's performance for deciding wage increments and reward.
- To identify faulty placement of employees so that suitable action can be taken.
- To judge the potential of employees for promotion
- To identify the weaknesses of employees so that suitable training and development programmes may be required to remove such weaknesses.
- To make employees aware of their performance so as to motivate them, leading to self-development.

(Correct definition, any four points explained in a sentence or two)

(b) Procedure of staff dismissal that a large organisation should follow:

1. Charge sheet

	2. Receipt of explanation 3. Issue of notice of enquiry 4. Holding of enquiry 5. The findings 6. Decision 7. Communication of the order

Question 5

(a) Briefly explain *any three* essentials of a good report. **[6]**

(b) *Action taken by the receptionist while routing visitors varies, based on different situations.* State *any four* such situations and explain how the receptionist will act under each situation. **[8]**

Comments of Examiners

(a) Some candidates wrote qualities of a good reporter instead of a good report. A number of candidates wrote parts of the report. In several cases, the explanation was inappropriate.

(b) Most candidates did not understand the term 'routing' visitors and instead gave a lengthy explanation on the conduct, behaviour and appearance of the receptionist. Some of the candidates wrote imaginary situations of the visitor misbehaving with the receptionist. Some candidates wrote the qualities/functions of a receptionist.

Suggestions for teachers
- Instruct students to answer as per the requirements of the question.
- Questions must be read and understood in their entirety and not piece-meal.

MARKING SCHEME **Question 5**	
(a)	Essentials of a good report: • Simplicity • Clarity • Accuracy and unbiased • Completeness • Relevance • Precision • Cross referencing • Objectivity • Brevity • Reader oriented

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(b)	The action to be taken by a receptionist in different situations: • Visitors with appointment and can be received • Visitors with appointment but cannot be received • Visitor without appointment but can be received • Visitors without appointment and cannot be received • Regular visitors *(any four situations, action taken by the receptionist in the situations)*

Question 6

(a) Discuss *any three* barriers to effective Communication. **[6]**

(b) Explain *any four* functions of a business letter. **[8]**

Comments of Examiners

(a) While a number of candidates wrote the barriers to effective communication correctly, many failed to explain them clearly.

(b) Very vague answers were given, with a number of candidates writing on how to write a good business letter rather than its functions. A few candidates wrote examples of where a business letter can be used and some others wrote the advantages of written communication.

Suggestions for teachers

– Teach various barriers to communication with the help of examples from day to day life which will help students to understand them properly.

– Explain each business letter clearly. Since business letters are written communication, functions, objectives, significance, merits and demerits will be overlapping.

MARKING SCHEME **Question 6**	
(a)	Barriers to effective Communication: • Semantic barriers • Physical and mechanical barriers • Organizational barriers • Socio-psychological barriers • Denotations & Connotations • Words with different meanings • Bad expression • Faulty translation • Unclarified assumption • Noise

	• Distance & Time • Information overload • Long chain of command • Poor spatial arrangement • Inappropriate medium • Attitudes & Opinion • Emotion • Status & Fear • Closed mind • Perceptual Distortion • Resistance to change *(any three with explanation)*
(b)	Functions of a business letter: • Widens contacts • Shares information • Authoritative proof • Record and reference • Building goodwill • Lasting impression *(any four well explained points)*

Question 7

(a) What are *statistical tables*? Explain *caption* and *stub* in this context. **[6]**

(b) With reference to Company Meetings, explain the following: **[8]**

(i) What is a *Motion?*

(ii) State *any two* ways by which a Motion can be amended.

(iii) What is a *Counter Motion?*

(iv) Name *any four* types of Formal Motions.

Comments of Examiners

(a) Some of the candidates explained statistical tables as tables showing statistics. A number of candidates did not mention the columns/ rows. Caption was termed as heading and many candidates appeared to be ignorant about 'stub'.

(b) (i) Key words such as, 'proposal/ proposition', 'moved by a member', were missing from the answers. Most candidates used the term 'discussion'.

(ii) Many candidates wrote about various voting methods instead of the ways by which a motion can be amended.

(iii) Most candidates wrote counter motion to be a changed motion. Candidates did not write that it is a motion which 'completely' changes the original motion.

(iv) Majority of the candidates wrote correct names and went on to explain the terms. Some wrote the ways by which motion can be amended; others wrote types of motions and resolutions.

Suggestions for teachers

- Explain various parts of a table with the help of a specimen of the statistical table.
- Ask students to prepare a table from the given data and in the process point out various parts of the table.
- Emphasise technical/ legal terms used in a 'meeting' which cannot be substituted with colloquial terms.
- While teaching the chapter on meetings, each concept should be clearly explained as per the Companies Act. The various terms should be distinguished from each other.
- Explain the concept of counter motion with the help of examples for clear understanding.
- Ask students to read the question carefully and to understand 'what is asked' and 'how much is asked' and not to waste their time in writing unnecessary details.

MARKING SCHEME

Question 7

(a)		Statistical tables: A statistical table is a systematic arrangement of statistical data in columns and rows. OR A statistical table is logical listing of related quantitative/numerical data in vertical columns and horizontal rows of numbers. *Caption* and *stub:* Captions mean column heads. It explains what the column represents. It may consist of one or more column headings. There may be sub-heads. Captain should be clearly defined and placed at the middle of the column. Units of measurement should be stated. Stubs refer to row headings. They are at the extreme left of the table and are usually wider than column heads.
(b)	(i)	Motion:

		Motion is a proposal or proposition moved by a member for the purpose of discussion at the meeting.
	(ii)	Ways in which a motion can be amended: • By deleting words • By inserting words • By deleting certain words and substituting other words • By altering the position of words *(any two points written in a statement)*
	(iii)	Counter Motion: An amendment to a motion which changes the motion altogether is called a counter motion.
	(iv)	Types of Formal Motions: • Previous question • Closure / Gag • Proceed to next business • Postponement • Adjournment *(any four)*

Question 8

(a) With reference to Postal Services, explain the following: **[6]**

(i) Registered Post

(ii) Money Order

(b) Draft a letter of appointment for a School Teacher, offering her a job of an English teacher in a secondary school. **[8]**

Comments of Examiners

(a) (i) Many candidates wrote that registered post is a service provided by the post office (which was written in the question itself). Some of the candidates wrote 'it is to be registered with the government'. Several candidates failed to write about the prepaid fee for registration/proof of registration and posting/ more secure post.

(ii) Several candidates were not clear about what a money order is.

(b) A number of candidates wrote an Interview letter; some wrote an application for a job. In some cases, the salutation was written as, 'Dear Ma'am/Sir' - since it was a specific appointment, a specific name should have been mentioned. In a few cases, complimentary close was written as, 'Yours faithfully'. At times, the letter was centrally aligned but complimentary close was left aligned. In general, the answers showed lack of practice on the part of the candidates.

Suggestions for teachers

- First, registration of post should be explained and then A.D. card.
- It is very important for teachers to discuss the entire process in detail right from the time a person goes to the post office and picks up a money order form to the time the money is received by the receiver at the other end.
- Make students practice writing various types of letters. All letters with their format and requisites should be explained clearly.

MARKING SCHEME **Question 8**		
(a)	(i)	Registered Post: A Post card, letter, packet or parcel may be sent through registered post. The fee for registration is charged in addition to the cost of the letter. Postage and registration fee are to be pre-paid. The post office issues a receipt as a proof of registration. This registration makes the sending of an article more secure. The sender of a registered article can obtain acknowledgement of delivery signed by the addressee by paying the prescribed fee in addition to the postage and registration charges at the time of posting the article. An *acknowledgement due* card is attached with the article which is marked Registered AD.
	(ii)	Money Order: A Money order is an order issued by one post office to another requiring the latter to pay a certain sum of money to the specified person. It is a means for remittance of money through the Post Office to any place within the country. The sender must fill in the prescribed form and pay commission charges to the post office.

(b)	Letter of appointment of an English teacher

R.K. Senior Secondary School*
7, Pandara Road *
New Delhi – 110 003

21.05.15*

To,
Ms. Sneha Agrawal
4 Sanjay Nagar*
Saket
New Delhi – 110017

*Ref: No. Empl/S/E/15/3
*Sub: Letter of Appointment

Dear Ms. Agrawal,*

This is with reference to your application and subsequent interview for the post of an English teacher in our Secondary School.

We are pleased to inform you that you have been selected for appointment. Your basic salary will be ₹12,000 rules of the school. Your appointment is on probation for one year and will be confirmed on satisfactory completion of the probation period. The appointment is terminable by a month's notice from either side during the probation period.

Please sign a copy of the letter of appointment as your acceptance and send it to us latest by 5th June 2015. You should report to the Principal of the school, Mrs. Neeta Tiwari, on 10th June 2015, at 8.00 a.m.*

With warm regards,

Yours sincerely, *

Sd/-
Reena Mishra
Chairman *

GENERAL COMMENTS:

(a) Topics found difficult by candidates in the Question Paper:

- Question 1 (vi): Production transfer
- Question 1 (x): Cellular phone
- Question 1 (xv): Expansion of HRA and LTA
- Question 7 (b): Company meetings
- Question 8 (a): Postal services
- Question 8 (b): Letter writing

(b) Concepts in which candidates got confused:

- Define and Explain
- Name and State
- Significance/Importance/Role/Merits/Suitability
- Horizontal and Vertical communication
- Job Training and on the Job Training
- Piece Rate and Time Rate
- Caption and Stub
- Types of Letter

(c) Suggestions for candidates:

- Do not depend on rote learning. Try to relate the topics learnt to daily life.
- Reading time during the examination must be used fruitfully to understand the nuances of each and every question.
- Answer according to the requirements of the question. Do not waste time in write unnecessary details.
- Questions requiring distinction between two terms must be answered in a tabular form where the two terms are distinguished on the same basis.
- Pay attention to key words.