

ISC BOARD EXAMINATION 2023
BUSINESS STUDIES
Solved Paper
Class-12th

Maximum Marks: 80

Time allowed: Three hours

Candidates are **allowed additional 15 minutes for only** reading the paper. They must **NOT** start writing during this time.

Attempt all four questions in **Section A**, **Section B** and **Section C**

Section A consists of **objectives / very short answer** questions.

Section B consists of **short answer** questions.

Section C consists of **long answer** questions.

The intended marks for questions or parts of questions are given in brackets [].

SECTION - A — 16 MARKS

Question 1

- (i) According to Maslow, one of the human needs deals with the realisation of one's own potential. Name this human need. [1]
- (ii) Which barrier of communication can be overcome by using words familiar to the receiver? [1]
- (iii) A report may have an attachment containing statistical data, tables, graphs, etc. What is this attachment known as? [1]
- (iv) Which part of management is concerned with the employee and their interrelationship within the organisation? [1]
- (v) Expand FSSAI. [1]
- (vi) involves planning the requirement for staff in near future by the organisation. [1]
- (vii) means permanent termination of an employee's services by an organisation due to economic reasons. [1]
- (viii) The style of leadership reduces resistance to change and increases acceptance of new ideas. [1]
- (ix) provides life insurance cover to the employees under a single insurance policy. [1]
- (x) A promotion policy which considers only select few employees as potential candidates for promotion is called a/an Policy. [1]
- (a) Open (b) Closed
(c) Confidential (d) Secured
- (xi) Which of the following cannot be completely outsourced by an organisation? [1]
- (a) Recruitment of clerical staff (b) Tabulation of wages
(c) Training of data entry personnel (d) Promotions of employees
- (xii) With reference to the types of Business Communication, identify the odd one out. [1]
- (a) Formal Communication (b) Internal Communication
(c) Diagonal Communication (d) Oral Communication
- (xiii) State whether of the following are True or False. [1]
- (a) Staff Selection is a negative process.
(b) Public deposits are deposits made by the public in nationalised banks. [1]
(c) Under special circumstances, low morale of employees may lead to high productivity. [1]
(d) Globalisation has increased competition among companies. [1]

SECTION - B — 32 MARKS

- Question 2** [4]
 (i) State any *four* differences between Job Enlargement and Job Enrichment.
OR
 (ii) Give any *four* differences between Autocratic style of leadership and Democratic style of leadership.
- Question 3** [4]
Explain the relevance of the following in a selection procedure:
 (a) Preliminary Screening
 (b) Final Interview
- Question 4** [4]
 Briefly explain any *two* methods of Off the Job Training.
- Question 5** [4]
 (i) Briefly explain the *two* factors as given by Herzberg, that affect satisfaction and dissatisfaction of employees.
OR
 (ii) In the recent past, new trends have emerged at workplaces.
 With reference to this statement, explain any *two* emerging trends in human resources.
- Question 6** [2]
 (i) State any *two* objectives of Performance Appraisal. [2]
 (ii) What is meant by merit grading method of Performance Appraisal? [2]
- Question 7** [4]
Define the following business entities:
 (i) Sole Proprietorship
 (ii) Partnership
- Question 8** [4]
 State any *four* points highlighting the importance of e-business to the buyers.
- Question 9** [4]
 Briefly explain any *two* business regulators.

SECTION - C — 32 MARKS

- Question 10** [8]
 Elucidate any *four* methods of External Recruitment.
- Question 11** [2]
 (i) (a) Explain Piece Rate System of wage payment. [2]
 (b) State any *three* merits and any *three* demerits of the Piece Rate System. [6]
OR
 (ii) (a) Define promotion. [2]
 (b) State any *three* advantages and any *three* disadvantages of Merit-based Promotion. [6]
- Question 12** [8]
 You are employed as the Head of the Department of Mathematics in a school. You have decided to quit the job to pursue higher studies. Draft a Resignation Letter addressed to the Principal of the school.
- Question 13**
Read the passage given below and answer the questions that follow.
 ABC Ltd. is a hardware manufacturing company listed on National Stock Exchange. The company operates only in Delhi-NCR. The management plans to expand their area of operation across the country. They require funds for their expansion plans.
 Briefly explain each source of finance given below.
 State whether these sources can be used by ABC Ltd. or not for raising funds. Give a reason to support your answer.
- (i) Angel Investors [2]
 (ii) Factoring [2]
 (iii) Global Depository Receipts [2]
 (iv) Loans from Financial Institutions [2]

ANSWERS

Answer 1

- (i) Self-actualization
- (ii) Semantic barrier
- (iii) Appendix
- (iv) Human Resource Management
- (v) FSSAI stands for "Food Safety and Standards Authority of India".
- (vi) Manpower planning
- (vii) Retrenchment
- (viii) Participative leadership
- (ix) Group life insurance
- (x) (b) Closed

Explanation: Closed promotion is based on the merits of an employee and the seniority of the employee i.e., superior performance and length of service or both, thus, not open to all employees of the organisation.

- (xi) (d) Promotion of employees
- (xii) (d) Oral Communication

Explanation: Oral communication is a method of communication.

- (xiii) (a) False

Explanation: Staff selection is not a negative process. It is a positive process of identifying and hiring the most suitable candidates for a job.

- (b) False

Explanation: Public deposits refer to the unsecured deposits invited by companies from the public mainly to finance working capital needs.

- (c) True

Explanation: Under special circumstances, such as a crisis or a challenging project, low morale of employees may lead to high productivity as employees may be motivated to work harder to overcome the challenge. However, this is not a sustainable approach to maintaining high productivity in the long-term.

- (d) True

Explanation: Globalization has increased competition among companies as it has opened up new markets and increased access to resources, talent, and technology from around the world. Companies must now compete not just with local rivals, but with international players as well.

Answer 2

- (i) Difference between Job Enlargement and Enrichment

Basic of Differences	Job Enlargement	Enrichment
Quantity and quality	Job enlargement means increasing the number of tasks within the current job quantitatively.	Job enrichment means improvement in the quality of job by providing variety in tasks or added responsibilities requiring development of new skills.
Nature	Job enlargement is found where expansion is horizontal in nature or within the same level of the existing job.	Job enrichment means a vertical expansion in duties and responsibilities and span of control thus adding variety, challenges and depth to their daily routine.
Purpose	Through job enlargement, jobs of employees can be less repetitive and more interesting thus reducing boredom by performing the same task.	Through job enrichment, employees can be motivated with increased meaningfulness, responsibilities and knowledge from the newly added tasks.
Skills	It may not require learning new higher level of skills.	It may require learning higher level of skills.

OR

Difference between Autocratic style of leadership and Democratic style of leadership:

Autocratic	Democratic
Leader determines the policy.	All policies are a matter of group discussion and decision, encouraged and assisted by the leader.
Techniques and activity steps dictated by the authority.	General steps to group goal sketched, and where technical advice is needed, the leader suggests two or more alternative procedures from which a choice can be made.
Leader dictated the particular work task.	Division of tasks is left upon the group.
Leader tends to be personal in praising and criticizing the work of each member.	Leader is objective and fact minded.

Answer 3

- (a) **Preliminary Screening:** Preliminary screening is an essential step in a selection procedure as it helps to eliminate unsuitable candidates early in the process, saving time and resources. It typically involves reviewing applications, resumes, or CVs to identify candidates who possess the required qualifications, skills, and experience for the job. Preliminary screening can also include initial interviews or assessments to assess a candidate's suitability further. By screening candidates at an early stage, employers can ensure that only the most qualified candidates progress to the next stage of the selection process, increasing the chances of finding the right person for the job.
- (b) **Final Interview:** The final interview is a critical step in the selection process as it allows employers to assess a candidate's suitability for the job in more depth. Typically, the final interview is conducted after preliminary screening and any other selection methods, such as assessments or skills tests. During the final interview, the employer may ask more in-depth questions about the candidate's experience, skills, and qualifications, and may also discuss the company's culture, values, and expectations. The final interview also provides an opportunity for the candidate to ask questions and learn more about the company, the job, and the work environment. By conducting a final interview, employers can make a more informed decision about which candidate is the best fit for the job, taking into account both their skills and their fit with the company culture.

Answer 4

Methods of Off-the-job Training

- (a) **Classroom Training:** Under this type of training, training is provided in company classrooms or in educational institutions. The use of lectures, case studies, group discussions, audio-visuals or demonstrations can often make a formal classroom presentation more interesting and increases the knowledge and skills of the trainees.
- (b) **Vestibule Training:** In this method, a training centre called vestibule is set up and actual job conditions are reproduced in it. Employees learn their jobs on the equipment they will be using, but the training is conducted away from the actual work floor. This is usually done when employees are required to handle sophisticated machinery and equipment.

Answer 5

- (i) Frederick Herzberg, a prominent psychologist, proposed the Two-Factor Theory of motivation that identifies two factors that affect employee job satisfaction and dissatisfaction:

Hygiene Factors: These are also known as extrinsic factors, which are essential for maintaining employee satisfaction and prevent dissatisfaction. Hygiene factors refer to the working conditions, job security, salary, benefits, and interpersonal relationships within the workplace. If these factors are not met, employees may feel unhappy and dissatisfied, but if they are met, they may not necessarily feel motivated or satisfied with their job. In other words, hygiene factors do not lead to job satisfaction but are necessary to prevent dissatisfaction.

Motivational Factors: These are also known as intrinsic factors, which are essential for motivating employees and promoting job satisfaction. Motivational factors refer to the job content, recognition, achievement, growth, and responsibility within the workplace. If these factors are met, employees may feel motivated, satisfied, and committed to their jobs. Unlike hygiene factors, motivational factors are not necessary to prevent dissatisfaction, but they are essential for promoting job satisfaction and motivation.

According to Herzberg, hygiene factors are necessary but not sufficient for promoting job satisfaction and motivation. Instead, organisations need to focus on both hygiene factors and motivational factors to create a work environment that fosters employee motivation, satisfaction, and commitment.

- (ii) Yes, in recent years, new trends have emerged in human resources that are changing the way organisations attract, retain and develop their employees. Two emerging trends are:

(a) Flexible work arrangements: Many organisations are recognizing the importance of offering flexible work arrangements to their employees. This includes options such as remote work, flexible hours, compressed workweeks, job sharing, and sabbaticals. By offering flexible work arrangements, organizations can attract a diverse range of talent, improve work-life balance, increase employee engagement, and reduce turnover. Additionally, flexible work arrangements have become more prevalent due to advancements in technology, which have made remote work more accessible and effective.

(b) Retainership: Retainership contract is one in which the employees are hired on retainership basis. Since there are no fixed hours of office attendance, of such a contract, statutory requirements of employment like PF, Bonus, Gratuity, etc., are not applicable to the individuals. The working hours, monthly charges, and other benefits can be given depending upon mutual understanding and terms of contract between the company and the individual, there will be no master and servant relationship in such contract.

Answer 6

(i) Objectives of Performance Appraisal:

- To maintain records in order to determine compensation packages, wage structure, salary raises, etc.
- To facilitate communication between employee and employer.
- To identify the strengths and weaknesses of employees to place right men on the right job.
- To identify employee training needs.
- To maintain and assess the potential present in a person for further growth and development.
- To validate selection techniques and human resource policies to meet regulatory requirements. (Any two)

OR

(ii) Merit grading is a method of performance appraisal involves assigning a score or grade to an employee based on their job performance. The merit grading method is often used in conjunction with a predetermined set of performance criteria and standards, which are used to evaluate employee performance. The criteria may include factors such as quality of work, productivity, customer service, and teamwork. The grades or scores assigned to each employee are used to determine their compensation, bonuses, promotions, and other rewards. The merit grading method is a systematic and objective approach to performance appraisal, which helps to ensure fairness and consistency in the evaluation process.

Answer 7

(i) Sole Proprietorship is a type of business entity where an individual owns and operates the business on their own. The owner is responsible for all the assets and liabilities of the business, and any profits or losses generated by the business are considered the personal income or losses of the owner. A sole proprietorship is the simplest and most common form of business entity, and it requires minimal legal formalities to set up.

(ii) Partnership is an association of two or more persons who pool their financial and managerial resources and agree to carry on a business, and share its profit. The persons who form a partnership are individually known as Partners and collectively a firm or Partnership firm.

It is a type of business organisation in which two or more individuals pool money, skills, and other resources, and share profit and loss in accordance with terms of the partnership agreement. In absence of such an agreement, a partnership is assumed to exist where the participants in an enterprise agree to share the associated risks and rewards proportionately.

Answer 8

1. **Convenience:** E-business provides buyers with the convenience of shopping from anywhere and anytime. Buyers can access online stores and purchase products or services with just a few clicks on their computer or mobile devices, saving them time and effort.
2. **Variety of Options:** Online businesses offer a wide variety of products and services that may not be available in traditional brick-and-mortar stores. This gives buyers more options to choose from and ensures that they can find exactly what they are looking for.
3. **Competitive pricing:** E-businesses often offer competitive pricing for their products and services. Due to lower overhead costs, online stores can offer lower prices compared to traditional stores, which is beneficial to buyers who can get more value for their money.
4. **Reviews and Feedback:** E-businesses offer buyers the opportunity to read reviews and feedback from other customers before making a purchase. This allows buyers to make informed decisions and ensure that they are getting high-quality products or services.

Answer 9

(i) **Reserve Bank of India (RBI):** RBI has the responsibility of regulating the nation's financial system. As a regulator and supervisor of the Indian banking system, it ensures financial stability and public confidence in the banking system. RBI uses methods like on-site inspections, off-site surveillance, scrutiny and periodic meetings to supervise new bank licenses, setting capital requirements and regulating interest rates in specific areas.

- (ii) **Food Safety and Standards Authority of India (FSSAI):** FSSAI is an autonomous body established under the Ministry of Health and Family Welfare, Government of India. The FSSAI has been established under the Food Safety and Standards Act, 2006 which is a consolidating statute related to food safety and regulation in India. FSSAI is responsible for protecting and promoting public health through the regulation and supervision of food safety.

Answer 10

External recruitment is the process of hiring employees from outside the organization. There are several methods of external recruitment that organizations use to attract and select candidates:

- **Advertisement:** Advertisement in newspapers, magazines, journals, radio, TV, etc., is generally used by an organisation to fill job vacancies by organisations requiring a diverse range of candidates across different qualifications and experience for staff recruitment.
- **Campus Recruitment:** Campus recruitment means a programme conducted within educational institute or in a common place to provide jobs to students pursuing education and are nearing completion of the programme.
- **Employment Exchange:** The Government of India has set up employment exchanges throughout the country wherein the details about the job seekers such as name, qualification, experience, etc., are stored and given to respective employers searching for suitable candidates. Employment exchanges run by the Government are regarded as a good source of recruitment for unskilled and skilled operative jobs.
- **Placement Agencies:** A Placement agency or a Recruitment firm acts as a link between the companies that offer jobs in various areas and the job-seekers. They help match the job vacancies to suitable candidates and work directly with companies to offer the best fit to their vacant positions.
- **Casual Callers:** The casual callers, also called as unsolicited applications, which are from job seekers who approach organizations casually though not in response to any advertisements and either mail or drop in their job applications for seeking suitable job opportunities. Many reputed business organisations keep a database of unsolicited applicants in their offices. Such job-seekers can be a valuable source of manpower.
- **Gate Hiring or Direct Recruitment:** Gate hiring is also known as direct recruitment, wherein a notice is placed on the notice-board of the enterprise specifying the details of the jobs available. Job-seekers, who are mostly unskilled or badli workers, assemble outside the premises of the organisation on the specified date and selection is done on the spot and are paid daily wages.
- **Labour Contractors:** The labour contractors are those who are either employed with the firm or have an agreement to supply workers to the firm for the completion of a specific type of a task. This method is again used for hiring the unskilled and semi-skilled workers. The contractor keeps in touch with the workers and sends them to the places where their need arises. Correspondingly, the contractors get a commission for each worker supplied.

Answer 11

- (i) (a) The piece-rate system of wage payment is a method in which an employee's earnings are based on the number of units or pieces they produce. Under this system, workers are paid a fixed amount for each unit or piece they produce, rather than being paid a fixed hourly rate. This means that the more work they do, the more they earn.

(b) Merits of the Piece Rate System:

1. **Increased Productivity:** The piece-rate system provides an incentive for workers to produce more output, as their earnings are directly linked to the number of units or pieces they produce. This can result in increased productivity and output levels.
2. **Fairness:** Piece-rate wages are often seen as more equitable, as workers are paid according to their individual effort and output. This system rewards workers who work hard and produce more units, which can motivate employees to perform better.
3. **Cost-Effective:** For employers, the piece-rate system can be cost-effective as it allows them to pay workers for the actual output produced. This reduces the risk of overpaying employees who are not producing enough output.

Demerits of the Piece Rate System:

1. **Quality Concerns:** Piece-rate wages may incentivise workers to focus on quantity rather than quality. In order to earn more, workers may prioritize producing more units, which can result in a decline in quality.
2. **Health and Safety Issues:** In some cases, the piece-rate system can lead to workers sacrificing safety for higher output. Workers may be incentivized to work faster and overlook safety precautions to increase their output, which can lead to accidents and injuries.
3. **Disputes over Pay:** Disputes over pay can arise when workers feel they are not being paid fairly for their output. For example, if the piece-rate wage is too low or if workers feel that they are being unfairly monitored, it can lead to dissatisfaction and conflict between employees and employers.

OR

(ii) (a) Promotion refers to the upward movement of an employee in an organisation's hierarchy to a higher job position with greater responsibilities, authority, and higher pay. Promotion usually involves an increase in status, job title, and job duties.

(b) **Advantages of Merit-Based Promotion:**

- **Encourages High Performance:** Merit-based promotion encourages employees to perform at their best in order to be eligible for promotion. This can lead to increased productivity and better performance from employees.
- **Encourages Employee Loyalty:** When employees see that promotions are based on merit, they are more likely to be loyal to the organisation and work towards its success.
- **Improves Employee Morale:** Merit-based promotion can improve employee morale, as it provides a fair and transparent system for career advancement. Employees who feel they have been fairly evaluated and promoted are more likely to be motivated and committed to their work.

Disadvantages of Merit-Based Promotion:

- **Limited Opportunities:** Merit-based promotion can result in limited opportunities for promotion if the number of vacancies is limited. This can create a sense of competition among employees, which can lead to negative behavior and resentment.
- **Can be Subjective:** Merit-based promotion can be subjective, as the criteria for merit may not be clear or transparent. This can lead to allegations of favoritism or discrimination.
- **Can Create Discontent:** Merit-based promotion can create discontent among employees who feel that they have been overlooked for promotion, even though they believe they have performed well. This can lead to resentment and decreased morale among employees.

Answer 12

Date: _____

To,

_____ (Name of Principle)

Principle

XYZ School

Subject: Resign from the Post of HOD Mathematics

Dear (Name of principle)

I am writing to inform you of my decision to resign from my position as Head of the Department of Mathematics at [School Name], effective from [Date of Resignation].

After much contemplation, I have decided to pursue higher studies in the field of mathematics. It has been a difficult decision for me to make, as I have thoroughly enjoyed my time at [School Name], and have formed close relationships with my colleagues and students. However, I believe that this is the right step for me to take in order to advance my career and personal goals.

I would like to take this opportunity to thank you for the support and guidance you have provided me during my time at [School Name]. I am grateful for the opportunities I have had to work alongside such a dedicated and talented team of educators, and to contribute to the academic growth of our students.

I will do everything in my power to ensure a smooth transition for my replacement and to assist with the handover of my duties. Please let me know how I can be of further assistance during this period.

Thank you for the wonderful memories and experiences that I have had at [School Name]. I will cherish them always.

Sincerely,

[Your Name]

Answer 13

(i) **Angel Investors:** Angel investors are wealthy individuals who invest in start-up or early-stage companies in exchange for an ownership stake. They provide funds and expertise to the company to help it grow. Angel investors are suitable for companies that have high growth potential but may not have sufficient collateral or creditworthiness to secure traditional bank loans.

ABC Ltd. can use angel investors as a source of finance if they meet the criteria of a start-up or early-stage company with high growth potential. However, since ABC Ltd. is already an established company, they may not be suitable for this type of funding.

(ii) **Factoring:** Factoring is a type of financing in which a company sells its accounts receivable to a third-party financial company at a discount. The third-party company then collects payment from the customers and takes a percentage of the payment as a fee. Factoring provides immediate cash flow for the company but comes with a high cost.

ABC Ltd. can use factoring as a source of finance to meet their short-term cash flow needs. However, this may not be a sustainable solution for long-term financing.

- (iii) **Global Depository Receipts:** Global Depository Receipts (GDRs) are financial instruments that represent ownership in a foreign company's stock. They are traded on international stock exchanges and allow companies to raise funds from investors worldwide.

ABC Ltd. can use GDRs as a source of finance to raise funds from international investors. However, they need to meet the regulatory requirements and comply with the rules of the foreign stock exchange where the GDRs will be listed.

- (iv) **Loans from Financial Institutions:** Loans from financial institutions are a common source of finance for companies. Banks and other financial institutions provide loans to companies at a fixed rate of interest for a specified period. The loan amount and interest rate depend on the company's creditworthiness and ability to repay the loan.

ABC Ltd. can use loans from financial institutions as a source of finance for their expansion plans. They need to provide collateral and meet the creditworthiness criteria set by the financial institution to secure the loan. ■■