

ISC SEMESTER 2 EXAMINATION
SAMPLE PAPER - 5
COMMERCE

Maximum Marks: 40

Time allowed: One and a half hour

Candidates are allowed an additional 10 minutes for only reading the paper.

They must NOT start writing during this time.

Answer all questions in Section A, Section B and Section C.

Section-A

Question 1.

- (i) Promotions in staffing involves:
 - (a) advertising the skills and qualifications of employees.
 - (b) advertisements in TVs.
 - (c) an employee moving from a low ranked position to higher ranked position with increased responsibilities and pay package increases.
 - (d) none of the above.
- (ii) A supervisor oversees three employees and each of the three employees oversee 5 to 10 junior employees. State this management activity in organising.
- (iii) **Assertion (A):** Directing is a grouped function.
Reasoning (R): Directing is a group of various functions like supervision, motivation, leadership and communication.
 - (a) Both Assertion and Reason are true and Reason is the correct explanation for Assertion.
 - (b) Both Assertion and Reason are true and Reason is not the correct explanation for Assertion.
 - (c) Assertion is true but Reason is false.
 - (d) Assertion is false but Reason is true.
- (iv) Departmentation in a divisional organisational structure is based on:
 - (a) business units that operate over wide geographic areas.
 - (b) grouping of standardised procedures.
 - (c) low costs of production.
 - (d) all of the above
- (v) The final step in _____ involves the establishment of authority that creates the chain of command.
- (vi) State whether the following statements are True or False.
 - (a) Supervision is a static and rigid process.
 - (b) Controlling checks for punctuality among organisational resources.

(vii) Consumer associations:

- (a) sell consumer products.
- (b) are target markets for consumer goods.
- (c) conduct investigation on the authenticity and quality of products.
- (d) set standards and regulations for consumers.

Section-B

Question 2.

How does organising promote training and development? Give reason.

Question 3.

- (i) State any three company related factors that affect the choice of channels of distribution. Does competition also influence the business choice?

OR

- (ii) What is campus recruitment?

Question 4.

Internal sources of the recruitment are based on seniority and merit. Do you agree or disagree? Give your opinion.

Question 5.

Who is not a consumer under Consumer Protection Act, 2019?

Question 6

Planning and controlling are interlinked. Comment on this statement.

Question 7.

Contributing to nearly 30 percent of winter air pollution in Delhi, stubble burning across the nearby states of Punjab, Haryana, and Uttar Pradesh is attributed as one of the major factors for the existence and amplification of air pollution in the region during the winter period. Open stubble burning emits large amounts of toxic pollutants that may eventually cause smog and affect health of residents living in the region.

Does this air pollution attribute to consumer exploitation? Comment.

Section-C

Question 8.

- (i) Eon Ltd. is a dynamic company and known for its product specialisation. The CEO of the company is also very dynamic and allows for autonomy and opportunity to perform multiple functions in multiple departments providing multiple offerings. This enables employees to make decisions on improving working conditions suited with the changes in the local market conditions.

Identify the type of organisation structure for Eon Ltd. and State three features of the organisational structure indicated.

OR

- (ii) Directing is the heart of management. State any four reasons to support your answer.

Question 9.

A company wants to replace manual production technique with mechanised techniques. Labour unions are resisting this change. Which function of management will help to introduce the change and how?

Question 10.

Briefly explain the meaning of the following terms:

- (i) Orientation
- (ii) Social needs

Question 11.

What are the types of market on the basis of volume of transactions and nature of transactions?

Question 12.

Read the given passage carefully and answer the following questions.

Shaila is a small entrepreneur involved in manufacturing organic wax for hair removal among women. She determines the cost of production of 100 grams of hair wax to be ₹ 250. She also keeps a 15% margin for profit. She realises that there is high demand for her organic wax among high-end customers in her city and there are very few competitors providing the same products.

- (i) Which marketing mix is considered by Shaila in the example?
- (ii) Briefly state the factors taken into consideration by Shaila that is affecting the marketing mix identified in question (i).



Section-A

Answer 1.

- (i) (c) An employee moving from a low ranked position to higher ranked position with increased responsibilities and pay package increases.

Explanation:

A promotion is a type of internal source of recruitment which involves an upgrade in employee's responsibility, designation, role and salary within an organisation.

- (ii) The management activity in the organisation indicated here is span of control or management. Span of control can be defined as the total number of direct subordinates that a manager can control or manage. The number of subordinates managed by a manager varies depending on the complexity of the work. For example, a manager can manage 4-6 subordinates when the nature of work is complex, whereas, the number can go up to 15-20 subordinates for repetitive or fixed work.
- (iii) (a) Both Assertion and Reason are true and Reason is the correct explanation for assertion.

Explanation:

One of the features of directing is that it is a grouped function that includes elements like supervision, motivation, leadership and communication.

- (iv) (a) business units that operate over wide geographic areas.

Explanation:

Divisional organisational structure involves creating different departments or business units as per different product lines and can operate in different geographical regions. Costs of production for a divisional organisational structure varies for different products and different markets.

- (v) organising

Explanation:

The final step in organising involves establishing reporting relationship or authority. This means that employees will have to report to an authority like top management or superiors who will manage, guide, supervise and oversee their work.

- (vi) (a) False

Explanation:

Supervision is a continuous and a flexible process that involves motivating subordinates and providing guidance, self-demonstration, constructive criticism and feedback to subordinates continuously.

(b) True

Explanation:

Controlling involves establishing benchmarks for efficient allocation of resources to utilise time and efforts of resources effectively to ensure punctuality in completion of planned jobs and tasks in hand among employees.

(vii) (c) conduct investigation on the authenticity and quality of products.

Explanation:

Consumer associations facilitate consumer protection by conducting investigation on the authenticity and quality of products to create consumer awareness and protect consumer rights.

Section-B

Answer 2.

Delegation of authority from superiors to managers is an attempt to encourage the managers to take initiative and responsibilities on their own without supervision or instruction. Accordingly, managers with authority can encourage employees to participate in training and development to strengthen their skills and expand their knowledge with the purpose of assuming greater responsibilities in the future. This can enable employees to innovate with new approaches, technologies and new areas of growth for the organisation. This is how organising promotes training and development.

Answer 3.

(i) The company-related factors that affect the choice of channels of distribution are related to the internal environment in which a business operates and are as follows:

1. **Goodwill:** A business that experiences a good reputation in the market will not necessarily involve intermediaries.
2. **Controlling distribution:** Business that control distribution either to control costs, quality or pricing products do not rely on middlemen.
3. **Financial strength:** Business with strong financial base can develop their own channels of distribution. However, businesses with weaker financial base usually rely on middlemen.

Yes. Competition also influences a business' choice of channels of distribution. It is the nature and extent of competition that determines the choice of channels of distribution. Producers may either imitate their competitors and use middle-men or rely on direct—sales to show a competitive edge over their competitors.

OR

(ii) Campus recruitment is an external source of recruitment in which there is a close liaison between organisations and educational institutions that can lead to recruitment of suitable candidates for specific jobs in an organisation. The suitable candidates are fresh graduates from schools, colleges and universities for specific jobs which require technical or professional qualifications. Campus recruitment is usually meant for positions in organisations at a junior level or as management trainees.

Answer 4.

Agree. A promotion given to an employee is an internal source of recruitment that is based on seniority and merit. An employee's position is upgraded from a lower rank to a higher rank in the organisation with more responsibilities and more pay package. Promotions also involve improvement in status, higher recognition, accessibility and availability of amenities and facilities in an organisation.

Answer 5.

Under the Consumer Protection Act, 2019, a person is not a consumer who obtains:

1. goods free of charge.

2. who avails services free of charge.
3. who obtains goods for resale or for any commercial purposes.
4. who avails services for any commercial purposes.
5. who avails services under contract of service.

As per the provisions of the Act, commercial purpose does not include use of goods bought by a person and used by him exclusively for the purposes of earning his livelihood by means of self-employment.

Answer 6.

Planning sets goals for the organisation while controlling ensures these goals are accomplished. The effectiveness of a plan can be determined only when the controlling process has measured the actual performance with the pre-determined performance. Controlling thus has strong linkages with planning.

Answer 7.

Air pollution due to open stubble burning attributes to consumer exploitation due to lack of consumer awareness or knowledge about stubble burning and its impact on health and safety of residents. To cater to the ill-effects of air pollution, residents need to spend additional costs on medicines, etc. It also encroaches the consumers' right to safety, information and choices of living a healthy lifestyle.

Section-C

Answer 8.

- (i) Eon Ltd has a divisional organisational structure.

Three features of divisional organisational structure followed by Eon Ltd is as follows:

1. **Product specialisation** : Eon Ltd., is adaptable and can target specific customers through product specialisation by focusing on specialised efforts on a particular product, service or market and employees can shift the direction of their businesses to respond to changes in local conditions.
2. **Multiple offerings** : Eon Ltd., provides multiple offerings, which are diverse product lines and can converge a large organisation like Eon Ltd into smaller profit centres.
3. **Local decisions** : As the company is dynamic and allows for autonomy, decisions on all managerial functions can be made as per changing local market conditions.

OR

- (ii) Directing is the heart of management due to the following reasons.

1. **Integration of employee efforts** : The work and activities of employees across all levels are interrelated and direction attempts to integrate all individual efforts through coordination between plans, resources and human efforts and through guidance, supervision and counselling.
2. **Initiates action** : Direction initiates action based on the preconditions set up by planning, organising and staffing. Correspondingly, it stimulates the actions of managers by supervising, motivating and leading their subordinates in the right way.
3. **Provides balance and stability** : Direction provided balance and stability by smooth integration of all organisational activities and avoids all conflicts. It provides relevant rewards and recognition to employees that strives the employees to achieve suitable goals in the organisation.
4. **Facilitates changes** : Direction enables an organisation to adapt to changing conditions through better leadership and communication.

Answer 9.

Directing will help to introduce the change in the following ways:

1. **Initiating action** : Managers can stimulate actions by demonstrating the new techniques and supervising and motivating the employees to try out the new production process.
2. **Integrating employees' efforts** : Managers can guide, supervise and counsel all employees to integrate and coordinate their efforts with the mechanised techniques.

3. **Motivation** : Managers can motivate the employees to contribute their maximum efforts which will be easier to do under the mechanised production process.
4. **Providing stability and balance** : Managers can reduce the conflicts with the labour unions by directing them towards possible rewards and recognition with improvement in productivity due to usage of mechanised production techniques.

Answer 10.

- (i) Orientation is a step in staffing that occurs after the right candidate is selected for the right job. The selected candidates or new employees are introduced to the company and its workings through an orientation which familiarises them with the workings and the standing in the market. The orientation also informs them about the organisation's objectives and policies along with the new employee's responsibilities/authorities. It aims at familiarising and accommodating them in the organisation.
- (ii) Social needs are one the needs indicated in Maslow's Hierarchy of needs which can be achieved after an individual's physiological and security needs are satisfied. As humans are social beings social needs are related to the need to love or to be loved, seek friendship, affection and acceptance by the group they interact. Social needs in an organisational set up are however, different and organisations attempt to create an environment of amity and trust for enabling ease in communication, team work and productivity. This environment can be created by organising recreational activities, competitions and informal gatherings, etc. Employees can satisfy their social needs of belongingness and acceptance by participating in recreational activities.

Answer 11.

The types of markets on the basis of volume of transactions include the following:

1. **Wholesale market** : A wholesale market involves purchase and sale of commodities in bulk and occur mainly between producers and traders.
2. **Retail market** : A retail market includes purchase and sale of commodities as per the requirements of the consumer in smaller quantities. Retailers purchase goods from wholesales and sell them to the end-consumers.

The types of markets on the basis of nature of transactions include the following:

1. **Spot/cash market** : A spot market is a market in which goods are exchanged for money immediately after the sale.
2. **Forward market** : A market in which the purchase and sale of a commodity takes place at time " t " but the exchange of the commodity takes place on some specified date in future *i.e.*, time $(t + 1)$. Sometimes even on the specified date in the future, there may not be any exchange of the commodity. Instead, the differences in the purchase and sale prices are paid or taken.

Answer 12.

- (i) The marketing mix considered by Shaila is pricing or price mix
- (ii) Factors affecting the pricing of organic hair removal wax are as follows:
 1. **Cost of production** : Price of 100 grams of organic hair removal wax should be able to cover the cost of production.
 2. **Organisational objective** : Shaila aims at earning 15% margin for profit by selling her organic wax.
 3. **Demand** : Shaila has studied the demand for her organic wax among high-end customers in the city.
 4. **Competition** : Shaila has also assessed that there are very few customers in her area providing the same product.