

SELF ASSESSMENT PAPER

BUSINESS STUDIES

Answers

UNIT-1 : Business Environment

Time : 1 hr

Maximum Marks : 30

Section-A



2 Marks Questions

- Ans. 1.** Business environment includes both general and specific forces. Specific forces include those forces which affect individual enterprises directly and immediately in their day-to-day working such as investors, customers, competitors, etc. General forces include those forces who have impact on all business enterprises such as economic, social, cultural, natural and technological conditions. General forces affect an individual firm indirectly.
- Ans. 2. Threats :** Threats are those negative or unfavourable external factors that could harm the firm's position or performance. For example, reduction in tariffs on import could be a threat for domestic firm.
- Ans. 3. Intensity of Competitive Rivalry :** The larger the number of competitors, along with the number of equivalent products and services they offer, the lesser the power of a company. Thus, it becomes necessary for the company to analyze existing competition *e.g.*, major players in the industry, their advertising budgets, their innovation to keep a competitive advantage, etc.

Section-B



4 Marks Questions

- Ans. 4. Strengths :** These are the inherent features of the company in which organisation excels at and can be used to gain strategic advantage over others. For example, one of the greatest strengths of Parle is its market share in India. 28% of the total biscuit market of India is covered by Parle which includes Parle G, Milano and others. Parle forms 50% of this 28% share of its mother brand Parle.
- Weakness :** These are inherent limitations of company hindering it to performing at optimum level. For example, one of the weakest points of Parle could be its marketing. Marketing of Parle is very less and less attractive in comparison to its competitors Horlicks, Britannia, Richfield Industries, Frisco Foods, Cookie Man, Horlicks India, etc.
- Ans. 5.** A framework used to analyze macro environment factors namely, political, economic, social, technological, ecological or environmental and legal known as PESTEL model. These factors are:
- (1) **Political :** The political environment includes taxation policy, government stability and foreign trade regulations.
 - (2) **Economic :** The economic environment includes interest rates, inflation, business cycles, unemployment, disposable income, energy, availability and cost.
 - (3) **Social :** The social/cultural environment includes population demographics, social mobility, income distribution, lifestyle changes, attitudes to work and leisure, levels of education and consumerism.

- (4) **Technological** : It is influenced by government spending on research, new discoveries and development, government and industry focus of technological effort, speed of technological transfer and rates of obsolescence.
- (5) **Ecological/Environmental** : It considers the ways in which the organisation can produce its goods or services with minimum environmental damage.
- (6) **Legal** : It covers areas such as taxation, employment, law, monopoly, legislation and environmental protection laws.

Section-C



8 Marks Questions

Ans. 6. Analysis of Business Environment is must for success and survival of any business. Some direct benefits or reasons which make understanding of Business Environment necessary are as follows :

- (1) **First Mover Advantage** : Continuous analysis of business environment enable a businessman to understand and scan the opportunities and grab them at early stage before their competitors. As it enables businessman to become first mover, he/she can get maximum benefits and capture the largest market share.
- (2) **Early Warning Signals** : Continuous analysis of business environment enable a businessman to identify threats which are external environmental trends and changes that will hinder a firm's performance and act as warning signals for organisation to take appropriate actions. By identifying threats and early warning signals, the organisation may effectively overcome it by adopting counter strategy. Timely scanning of business environment acts as warning signals for a business to prepare itself to modify its working in advance and try to utilise the qualitative information it receives about the competitors.
- (3) **Business Strategies** : In dynamic business environment, a business enterprise is required to adapt itself with fast changing and competitive environment. For this, a firm has to refine its strategies and policies. Scanning of environmental factors provides relevant information which serves as the base for planning and policy formulation.
- (4) **Competitive Advantage** : Scanning of business environment helps in gaining and sustaining an edge over competitors by continuously monitoring the environment and adopting suitable practices. For example, Reliance got competitive advantage over its rivals by launching Jio with low cost 4G.
- (5) **Customer Needs and Confidence** : Understanding needs, preferences and expectations of customers accurately becomes necessary to gain confidence of customers and to understand needs, preferences and expectations, scanning and analysis of environment is necessary.
- (6) **Public Image** : A positive public image leads business enterprises towards prosperity. It requires business firms to be sensitive towards needs and aspirations of public such as contribution towards child education. Scanning of business environment helps business firms in understanding those needs and aspirations.
- (7) **Coping with Changes** : Understanding of business environment helps in coping with rapid changes by developing suitable courses of action to deal with changes taking place in the environment as well as with the pace of change.
- (8) **Keeping Pace with Consumerism** : Consumerism refers to the movement to protect and promote the interests of consumers. In today's era, survival and success depends on how a firm meets consumers' expectation. An organisation is required to be responsive to consumers' needs by 24x7 hours. Thus, study and understanding business environment helps enterprise to cope with changing needs, preferences and aspirations of customers.

Ans. 7. Porter's five forces model is an outline for the market analysis used to develop business strategies based upon the competitive power and attractiveness of a market. It helps to evaluate the competitive strength and market position of business organisations, explain why various industries/business organisations are able to sustain different levels of profitability.

The five forces are :

- (1) **Threat of New Competition** : Pricing power of a company decreases with increase of new entrants in the markets because it increases competition in the market. Thus, understanding how easy it is for new competition to enter the market is essential.
- (2) **Threat of Substitute Products or Services** : More the substitutes, more the threat as consumer will find an alternative way to fulfil their requirements. Thus, companies that produce goods or services for which there are no close substitutes will have more power to increase prices and vice versa.
- (3) **Intensity of Competitive Rivalry** : The larger the number of competitors, along with the number of equivalent products and services they offer, the lesser the power of a company. Thus, it becomes necessary for the company to analyze existing competition *e.g.*, major players in the industry, their advertising budgets, their innovation to keep a competitive advantage, etc.
- (4) **Bargaining Power of Customers (Buyers)**: It is one of the major forces to drive the prices of company. Thus, the company should analyze that how many buyers or customers a company has, does the customer have options, company's product is unique or not, how much it would cost a company to find new customers or markets for its output, what is the size of the customer market.
- (5) **Bargaining Power of Suppliers** : It refers how easily suppliers can drive up the cost of inputs. It depends on number of forces such as how many suppliers are present in the market, are the goods/services they supply unique and special, is the quality comparable to other suppliers, etc.



OSWAAL BOOKS
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SELF ASSESSMENT PAPER

UNIT-2 : Entrepreneurship

Time : 1 hr

Maximum Marks : 30

Section-A



2 Marks Questions

Ans. 1. Good plant layout provides the following benefits :

- (1) Extends the process of specialization.
- (2) Permits working at optimum conditions by eliminating congestions.
- (3) Reduces the number of accidents.
- (4) Increases the output per man-hour.
- (5) Reduces lost motions between operations.
- (6) Eliminates some of the waste in raw material consumption.
- (7) Reduces the manufacturing cycle in each department.
- (8) Provides adequate and convenient storage facilities.

Ans. 2. Types of Entrepreneurship :

- (1) **Small Business Entrepreneurship** : Small business entrepreneurship refers to those businesses which are start ups of small scale. *e.g.*, hairdressers, grocery stores, electricians, carpenters, plumbers, consultants, etc.
- (2) **Scalable Startup Entrepreneurship** : In this type of entrepreneurship, entrepreneurs start their company believing that their vision can change the world. Their funding comes from venture capitalists .
- (3) **Large Company Entrepreneurship** : Large companies through sustaining innovation, offering new products that are variants around their core products. Examples of large company entrepreneurship include Google, Microsoft, Samsung, etc.
- (4) **Social Entrepreneurship** : Social entrepreneurship is where an entrepreneur creates products and services to solve social needs and problems. They can be non-profit, profit or hybrid.

Ans. 3. An entrepreneur is an independent owner as he undertakes enterprise and bears risk involved by himself for which he also uses his own resources whereas an intrapreneur is dependent on the owner, works under the chief executive promoter and has the financial, technical and marketing resources of the owner.

Section-B



4 Marks Questions

Ans. 4. Factors affecting intrapreneurship :

- (1) **Management Support** : Management support is important for intrapreneurship as they play the main role for developing entrepreneurial behaviour by introducing intrapreneurship in different aspects employees, procedures and processes in the firms. Managers can provide, facilities and mobilize organizational resource to achieve high level of organizational performance
- (2) **Organizational Structure** : For developing intrapreneurship, an organization is required to establish a strong supportive structure that allows and motives employees to participate in innovative entrepreneurial activities in the development of organization. In developing corporate entrepreneurship, the organization should establish a strong supportive structure which allows management to behave in a flexible and innovative entrepreneurial activities in the development of the organization.
- (3) **Resource Availability** : For implementation of intrapreneurship, availability of resources is must as it encourages experimentation and risk-taking behaviour in order to produce something innovative.

- (4) **Risk Taking** : The risk-taking dimension represents the aspect of the strategic position of a company that refers to the firm's willingness and ability to devote increased resources to projects whose outcome is difficult to predict. Organization must be ready to take risks to support the intrapreneurs.

Ans. 5. A new venture goes through three specific phases – pre-start up, start up, and post start up phase. The pre-start up phase begins with a business idea and ends when the doors are opened for business. The start up phase starts when sales activity is initiated and ends when the business is finally established and is beyond short run threats to survival. The post start up phase lasts until the venture is terminated or sold away. Start up business means an enterprise which has formal business plan, searches for capital and develops a managerial team and begins selling its initial product. In a start up business the founder is normally involved in every aspect of day to day life of business. The main goal is to get off to a good start and to gain momentum in the market place. The main challenge before the start up is to ensure the initial product is right and to lay the groundwork for growth. It is important not to rush things.

Section-C



8 Marks Questions

Ans. 6. Entrepreneurs according to Clarence Danhof :

- (1) **Innovative Entrepreneurs** : Entrepreneurs are very innovative because they take initiative and find innovative ways of starting a new business. It is because of their innovative nature that they are able to introduce new products, new methods and new techniques of production. They also use innovation in finding a new market and new use of the product. Through their innovative approach entrepreneurs make things happen. Example :

Walt Disney started huge theme parks such as the Disney Land. Walt Disney's drive for innovation was pushed by the joy he found in the challenge of thinking about and discovering new ways to deliver top value to customers.

- (2) **Imitative Entrepreneurs** : Imitative Entrepreneurs are those who just copy or adopt the suitable innovations made by successful innovative entrepreneurs. They do not create factors of production but they play important role in organizing them. Example :

Flipkart, an e-commerce firm, was launched on the lines of Amazon.com USA, by Sachin Bansal and Binny Bansal who were former employees of Amazon.com.

- (3) **Fabian Entrepreneurs** : Fabian Entrepreneurs are very shy and lazy. They do not believe in taking risk. They are generally second generation entrepreneurs in a family business. They take action only to avoid the loss otherwise they are very rigid and fundamental in their approach. They follow one old saying strictly "why to fix, when nothing is broken". Example :

Kodak, a company that happened to be the market leaders in producing analog cameras but they did not realise the change and the introduction of the Digicam, for what they lost their leadership. Having lost the leadership they have diversified the business in producing the Digicams instead of producing Analog cameras.

- (4) **Drone Entrepreneurs** : Drone Entrepreneurs are also known as laggards because they are not ready to make any change in the existing business model. They are ready to face losses but avoid changes. They do not use opportunities that come their way. Example :

Nokia refused to change its hardware designs and thought it could catch up with iPhone's superiority and collapsed.

Ans. 7. The steps involved in starting a new enterprise are as follows :

- (1) **Selection of Line of Business** : The first thing to be decided by any entrepreneur of a new business is the nature and type of business to be undertaken. One should enter an industry which is in the growth phase and thus, has a higher possibility of profits. Technical knowledge and interest the entrepreneur has for producing a particular product is also important in this regard.
- (2) **Size of the Firm** : Size of the firm refers to the scale of its operation. Business can be started at a large scale if the entrepreneur is confident that the demand for the proposed product is likely to be high over time and he has the necessary skills and capital for business. Business should be started at a small or medium scale if the market conditions are uncertain and risks are high.
- (3) **Form of Ownership** : There are various forms of ownership in a business organization like sole proprietor, partnership or a Joint Stock Company. The choice of the suitable form of ownership will depend on factors such as the capital requirements, liability of owners, division of profit, transferability of interest and so on.

- (4) **Location of Business** : Enterprise plant location is an important factor to be considered at the start of the business. Availability of raw materials and labour, power supply and services like banking, transportation, communication, warehousing, etc., are important factors while making a choice of location.
- (5) **Financing Decisions** : Financing decision is concerned with providing the necessary capital for starting as well as for continuing the proposed business. Capital is required for investment in fixed assets and current assets. Proper financial planning must be done to determine the requirement, source and allocation of funds.
- (6) **Physical Facilities** : Availability of physical facilities including machines and equipment building and supportive services is a very important factor to be considered at the start of the business. The decision relating to the factor will depend on the nature and size of business, availability of funds and the process of production.
- (7) **Plant Layout** : Plant layout refers to a layout plan showing the arrangement of physical facilities such as machines and equipment for production. It should be drawn by the entrepreneur after deciding about the scale of operation and physical facilities to be acquired
- (8) **Competent and Committed Employees** : In present time, the most crucial resource for a business is the human resource. Every business depends on the competence and commitment of its work force to perform various activities so that physical and financial resources are converted into desired outputs in an efficient and effective manner.
- (9) **Tax Planning** : Every business has to pay certain taxes as levied by the government. Tax planning and management for reducing tax liability as far as possible is acceptable both legally and ethically. The entrepreneur must consider in advance the tax liability under various tax laws and its impact on business decisions.
- (10) **Launching the Enterprise** : After the decisions relating to the above-mentioned factors have been taken, the entrepreneur can go ahead with actual launching of the enterprise which would mean mobilising various resources, fulfilling necessary legal formalities, starting the production process and initiating the sales promotion campaign.



SELF ASSESSMENT PAPER

UNIT-3 : Managers and Managerial Roles

Time : 1 hr

Maximum Marks : 30

Section-A



2 Marks Questions

- Ans. 1.** (1) Decision making power is reserved with top level managers.
 (2) Operating authority is reserved with the middle level managers.
 (3) Reservation of operation at lower level at the directions of the top level. **(Any two)**
- Ans. 2.** Authority is the power of taking decision. Every employee requires some authority to discharge assigned responsibilities. Thus, assigning responsibilities also requires delegation of some authority. Responsibility is the obligation to perform the assigned duty. An individual is accountable for the outcome of his work. He can delegate some of his work to his subordinate but he is also responsible to his superior for the work done by his subordinate. Thus, every individual will be held responsible for his work and his responsibility cannot be delegated. So, Authority can be delegated but Responsibility cannot be delegated.
- Ans. 3.** In this role, manager collects information about tasks and functions for which he is responsible. He also acquires information about business environment through documents, meetings and conversations. This role enables the manager to keep abreast of what is going on both inside and outside the organisation.

Section-B



4 Marks Questions

- Ans. 4.** The ADKAR model is a change management tool to help identify why change is difficult and why some changes succeed while others are unsuccessful. The name ADKAR is an acronym that is based on five building blocks that bring about successful change.
 The letters stand for Awareness, Desire, Knowledge, Ability and Reinforcement.
- (1) **Awareness** : Employees must be made aware of the need for change.
 - (2) **Desire** : Employees must have the desire to participate and fully support the change.
 - (3) **Knowledge** : By gathering knowledge about the change process the (ultimate) goal of the change will become clear for the employees.
 - (4) **Ability** : Because of the ability to learn new skills and by managing behaviour, change is accepted.
 - (5) **Reinforcement** : Reinforcement to sustain the change makes it clear for all employees that there is no turning back.
- Ans. 5.** Organisational Resistance to change are :
- (1) **Threat of power on an individual level** : It is more likely that managers will resist changes that will decrease their power and transfer it to their subordinates. In such a way threat of power is one of the causes of resistance to change.
 - (2) **Reallocation of Resources** : With organizational changes, some groups, departments or sectors of the organization can receive more resources while others will lose. So, this will bring resistance from the individuals, groups or departments who will lose some of their currently available resources.
 - (3) **Organisational Structure** : It is very difficult to bring change in established organizational structure as people are habitual of that. For example, where organisation follow bureaucratic structure, it is difficult to bring autocratic style as top management will resist it.
 - (4) **Sunk Costs** : As organisations have already invested in fixed assets and other resources, the cost incurred cannot be recovered. So, if change would be implemented, these resources becomes useless, thus, organisations resist the change.

Section-C



8 Marks Questions

Ans. 6. Planned Change is a conscious and deliberate attempt to modify the existing organisational system which is done in advance and differently for improvement of present position into brighter one. Main steps in the process of Managing Change are described below :

- (1) **Identifying the Need for Change** : Management should first scan internal as well as external environment to know changes and its impact on organisation, through which management determines whether the change is required or not. At this stage, management is required to find answer of the following questions:
 - (a) What do we need to change?
 - (b) Why is this change required?
 Management should analyse the gap between the desired situation and existing situation to identify, what do we need to change and also define the objectives that why this change is required.
- (2) **Define the Elements to be Changed** : After deciding the required changes and its objective, management should determine the elements to be changed. For this, management should first analyse the impacts of the change at various organizational levels. It will help to decide where changes are required to mitigate those impacts. Usually there are three elements which generally requires the change and contains other sub-elements; structure, technology and people.
- (3) **Planning the Change** : Planned changes are implemented in various steps. These steps are decided in advance at this stage. Management should first find the answers of the questions like when to bring change, how to bring change and who will bring change. This helps the management to decide the time, pace, quantum and change agents to implement change. Strategies, resources required, timelines, communication plan, etc. are determined at this stage.
- (4) **Assessing Change Forces** : There are two types of change forces; Restraining forces which oppose the change and Driving forces which favour the change. Once a manager knows about both type of forces, he may decide the strategies that how to use driving forces to overcome restraining forces. This step helps the management to decide the strategies to overcome resistance to change.
- (5) **Implementation of Change** : Implement change step by step. At this stage, management faces resistance, for which it should use the strategies formulated and provide physical and emotional support to adjust people to the change and to build proficiency of behaviors and technical skills needed to achieve desired business results. To make implementation effective, management can also start counselling services or mentorship.
- (6) **Follow-up and Feedback** : Throughout the change management process, a proper follow up action and measurement of results with its objectives are necessary to ensure that change is progressing in the right direction. Feedback should also be taken to determine its effectiveness.

Ans. 7. Obstacles that can make delegation within an organization difficult or even impossible can be classified into 3 general categories :

- (1) Obstacles related to the Supervisor
 - (2) Obstacles related to Subordinates
 - (3) Obstacles related to Organization
- (1) **Obstacles related to the Supervisor** : A supervisor may resist delegating his authority to subordinates because he cannot bear to part with any authority. Two other supervisor related obstacles are the fear that the subordinates will not do a job well and the suspicion that surrendering some authority may be seen as a sign of weakness. If supervisors are insecure in their jobs or believe certain activities are extremely important to their personal success, they may find it hard to put the performance of these activities into the hands of the others.
 - (2) **Obstacles related to Subordinates** : Subordinates may be reluctant to accept delegated authority because they are afraid of failing, lack self-confidence, or feel the supervisor doesn't have the confidence in them. These obstacles will be especially apparent in subordinates who have never before used delegated authority. Other subordinate related obstacles are the fear that the supervisor will be unavailable for guidance when needed and the reluctance to exercise authority that may complicate comfortable working relationships.
 - (3) **Obstacles related to the Organizational Structure** : In organizations, where few job activities and little authority have been delegated in the past, an attempt to initiate the delegation process may make

employees reluctant and apprehensive, for the supervisor would be introducing a significant change in procedure and change is often strongly resisted. Other than this, inadequate planning, lack of clear cut authority- responsibility relationship, lack of unity of command, absence of effective control mechanism, etc. are also some obstacles related to organizational structure.



SELF ASSESSMENT PAPER

UNIT-4 : Automation at Workplace

Time : 1 hr

Maximum Marks : 30

Section-A



2 Marks Questions

- Ans. 1.** Use of typewriter in place of manuscripts is an example of mechanization. On the other hand, use of robots to control machinery and equipment in a factory is an example of automation.
- Ans. 2.** (1) POS Machine—Point of Sale machine
(2) VoIP—Voice over Internet Protocol.
(3) QR code—Quick Response Code
(4) AODB Solutions—Airport's Operational Data Base
- Ans. 3.** With the growing advancements in technology everyday more and more work will be taken over by the machines and only the supervision will remain in the hands of human civilization. For example, automated tractors and harvesters are seen to be the future of agriculture where the tractors and harvesters can be deployed at any time of the day to work. The tractors and harvesters will no longer require a farmer to drive them. Driverless cars, railways and airplanes, factories and offices run by robots, etc. are all expected to take over next stage of automation.

Section-B



4 Marks Questions

- Ans. 4.** There has been a controversy regarding the effects of automation on workers. Some experts believe that automation eventually helps to improve the efficiency of workers. They argue that automation makes jobs more pleasant and work environment more comfortable by reducing physical labour and monotonous clerical work on the part of workers. On the other hand, other experts believe that automation results in unemployment as it displaces human with machines. This, however, is not true. Computers and other devices of automation have led to greater convenience, neatness, speed and efficiency in work. Automation and introduction of machines by itself does not dehumanize organizations. Rapid computerization and automation of office operations is enough proof of the fact that automation if carried out and managed properly will not only contribute to higher efficiency but also increase happiness of workers.
- Ans. 5. Advantages of Internet and WiFi in corporate offices :**
- (1) **Widespread coverage :** The WiFi network allows access from anywhere in the building. This allows an employee to take a laptop from an office to the conference room without losing network connectivity. It gives access to network resources without needing to hunt around for a free computer.
 - (2) **Offsite access :** More and more WiFi hotspots are appearing in airports, hotels, coffee shops, and restaurants. Some cities are installing municipal wireless networks that allow access anywhere within the city limits. Employees who are travelling to meet with clients can have access to company resources and e-mail wherever they are.
 - (3) **More efficient employees :** Employees particularly those who travel are less likely to experience dead time when they cannot work. It allows employees to better balance their work and personal lives by giving them more options on when and where they can work.
 - (4) **Increased collaboration :** Because employees can be located anywhere in the office and still access key documents and information, they can work in teams or groups very easily.

Section-C



8 Marks Questions

Ans. 6. Productivity Enhancement Tools and Facilities at Airport :

- (1) **Self Check-in. Kiosk** : Check-in kiosks are being used in airports to decrease check-in times and costs. By automating these simple tasks, airport staff can focus more on security of passengers and more complex tasks to improve customer service.
- (2) **CUTE Workstations** : Computer system provided to airlines by the airport that allows airline staff to access their own computer systems without having their own dedicated equipment, while allowing more flexible and efficient use of airport facilities.
- (3) **AODB Solutions** : Central database to be used for collecting, analyzing and sharing the airport's operational data among the approved users and other applications.
- (4) **ATS** : An air traffic service (ATS) is a service which regulates and assists in real-time to ensure their safe operations.

Ans. 7. The various digital payments systems are :

- (1) **Unified Payments Interface (UPI)** : It started in April 2016. A payment service that reduces steps involved in fund transfer. It is very easy to use. We just need internet enabled smartphone along with UPI supported banking app that supports UPI services.
- (2) **Immediate Payment Services (IMPS)** : It started in 2010. We can make payments by using mobile number or aadhaar number. To use IMPS, we have to register for mobile banking, once registered send money in real time. Banks levy a transaction charge to use IMPS.
- (3) **Bharat QR** : It was introduced in 2017. One needs to scan QR code at merchant outlet and make payment directly from your bank account. You only need single QR code to connect any bank account to any merchant. Don't need POS machines.
- (4) **National Unified USSD Platform (NUUP)** : It started in the year 2014. It is beneficial for those without a smartphone or internet connection. Just dial *99# to transact. It is available in 12 languages and can also be used for checking account balance, generate mini-statement. User must be registered for mobile banking.
- (5) **Bharat Interface for Money (BHIM)** : It started on December 30, 2016. It is a unified payment interface based open app that links to any bank account. All transactions can be done via single app. Only available in Hindi and English language.
- (6) **Aadhaar enabled Payment System** : This is the payment service that lets bank customer use Aadhaar as their identity to access their Aadhaar enabled bank accounts and perform basic banking transactions such as balance enquiry, cash deposit, cash withdrawal and remittances through a business correspondent. It is aimed at encouraging customers to use Aadhaar, with their unique ID and fingerprint, for merchandise.