

**AGA KHAN UNIVERSITY EXAMINATION BOARD**

**SECONDARY SCHOOL CERTIFICATE**

**CLASS X EXAMINATION**

**APRIL/ MAY 2017**

**Business Studies Paper II**

**Time: 2 hours 25 minutes Marks: 50**

**INSTRUCTIONS**

**Please read the following instructions carefully.**

1. Check your name and school information. Sign if it is accurate.

**I agree that this is my name and school.  
Candidate's signature**

2. RUBRIC. There are TWELVE questions. Answer ALL questions. Questions 11 & 12 each offer TWO choices. Attempt any ONE choice from each.
3. When answering the questions:  
  
Read each question carefully.  
Use a black pointer to write your answers. DO NOT write your answers in pencil.  
Use a black pencil for diagrams. DO NOT use coloured pencils.  
DO NOT use staples, paper clips, glue, correcting fluid or ink erasers.  
Complete your answer in the allocated space only. DO NOT write outside the answer box.
4. The marks for the questions are shown in brackets ( ).
5. You may use a simple calculator if you wish.

Q.1. (Total 3 Marks)

Mr Majid has recently completed his MBA. He would like to start a business as an entrepreneur.

Explain any THREE fundamental business objectives he should keep in mind.

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Q.2. (Total 3 Marks)

Identify the method of business integration from the given business scenarios.

S. No.	Scenario	Method of Business Integration
i.	Kohinoor Chemicals produces dying agents. It has merged its business with Al-Amin Chemicals which also produces dying agents. This has been done to raise the overall market share and to attain cost effectiveness.	
ii.	A supermarket has taken over a well-known packaging house which was responsible for packaging of groceries for the store. This integration has now further extended its range of packed grocery.	
iii.	Al-Samra Restaurant recently integrated a radio cab (taxi) company. The merger will diversify its operation and will give it a new market and a range of services.	

Q.3.

(Total 3 Marks)

Mr Ahmed is the owner of a departmental store in Karachi. He has been earning handsome profit for the last few years. He is now planning to expand his business in Lahore.

Explain any THREE factors that Mr Ahmed needs to consider before choosing the location for his departmental store in Lahore.

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Q.4.

(Total 3 Marks)

Mr Ammar owns a boutique. His business is growing day by day. In order to increase the productivity and production efficiency, he has taken the following measures.

Classify which of the mentioned measures will improve production and which will increase labour productivity.

[Note: The first one has been done for your assistance]

S. No.	Measure	Production/ Productivity
i.	He gave advertisement in a local newspaper for skilled staff such as embroiders (by-hand and machinery), tailors and pressers.	Production
ii.	He signed a contract for raw material with a local cloth vendor for supply of fine quality fabric.	
iii.	He purchased hi-tech automated switching machines and gadgets which will improve the production time and quality.	
iv.	He initiated training of employees to increase efficiency and expertise.	

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Q.5. (Total 5 Marks)

The environment of a business organisation with outdated and substandard policies, negative and unfriendly environment, where individuals are working under an inefficient supervisor, will not improve even if monetary benefit (salary raise) is given to its employees.

- a. Explain the key components of Herzberg Theory of Motivation with reference to the above scenario. (4 Marks)

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- b. How can this issue be addressed in the light of Herzberg Theory of Motivation? (1 Mark)

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Q.6.

(Total 4 Marks)

Saeed, a representative, from the Trade Union is suggesting different modes of industrial actions to the employees to protest against the recent changes in wages proposed by Ajmal & Company.

In the light of the above scenario, explain the following by completing the given table.

Industrial Actions	Explanation
Strike	
Token strike	
Selective strike	
All out strike	

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Q.7. (Total 5 Marks)

The process of transferring and assigning decision-making authority to lower levels of an organisational hierarchy is known as decentralisation.

Explain THREE merits and TWO demerits of decentralisation.

Merits of Decentralisation	
1.	
2.	
3.	
Demerits of Decentralisation	
1.	
2.	

Q.8.

(Total 8 Marks)

a. Identify the suitable mode of finance under each of the given scenarios.

(4 Marks)

S. No.	Scenario	Most Suitable Financing Option
i.	Mr Alam, a sole trader, requires funds to extend his retail outlet. He has good flow of sales revenue but the cash balance in his account is not enough.	
ii.	Alpha Shoe Company has recently started its operations. Company need to extend their production because of high demand of their product. The company is running short of operating cash too. However, they are eager to extend the production.	
iii.	Al-Hamra Health Club is a Non-Profit Organisation (N.P.O) and the club is facing some financial constraints as most of the health related supplies and machine prices are rising day by day due to inflation. On the other hand, neither have the membership fees nor service charges have increased since the last three years.	
iv.	Ali and Karim have merged their fast food businesses to start a new restaurant. They need finances to furnish the premises and improve the dining area of the restaurant. Hence, they need short term credit.	

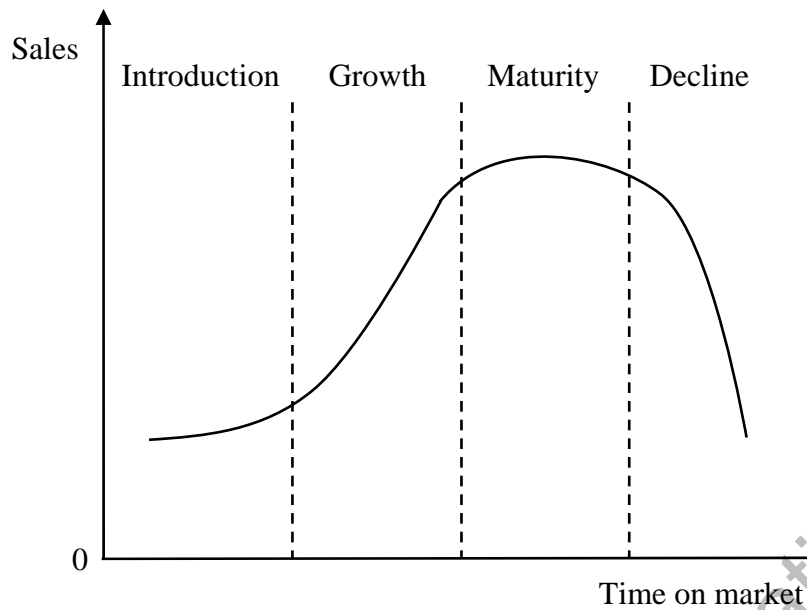
b. Justify your choice for the mode of finance identified in part (a).

(4 Marks)

S. No.	Justification
i.	
ii.	
iii.	
iv.	

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Q.9. (Total 3 Marks)



The hypothetical diagrammatic sketch of the life cycle of a product is given above.

a. Define the term 'product life cycle'. (1 Mark)

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b. Describe any TWO stages of product life cycle. (2 Marks)

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Q.10.

(Total 3 Marks)

Hafeez group of industries is planning to become a multinational company by producing and selling their product in five different countries of the world.

With reference to the given situation, elaborate THREE advantages of upgrading a business to become a multinational.

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Q.11.

(Total 5 Marks)

**EITHER**

- a. Aleem owns a shop known as ‘Washing and Dry Cleaning Services’. Due to expansion in his business operations, he needs a larger working area. He wants to shift his business to a new location in the same town.

Describe FIVE key factors he should consider while shifting his business to a different location in the town.

**OR**

- b. Haneef is a dress designer. He designs formal and informal outfits according to the specifications given by the client.

Explain the method of production most suitable to him and describe TWO merits and TWO demerits of this method of production.

AKU-EB May Examination

Q.12.

(Total 5 Marks)

**EITHER**

- a. The solid foundation of any successful company is its people. Employees represent a source of knowledge and ideas, but often that resource remains untapped. Involving employees in the decision making process empowers them to contribute to the success of an organisation.

Discuss with reference to the above statement FIVE merits of active participation of workers in the decision making process of an organisation.

**OR**

- b. Mr Ayan is an entrepreneur and runs a departmental store. He has announced the following in his yearly all staff meeting.

‘I have always believed in a decentralised decision making structure. This has encouraged managers of different departments to take important decisions and to use their own understanding and skills to the full. I allow my departmental managers to take decisions on new product ranges and major market promotions to raise the sale of their specific sale areas. However, they need to convey the decision to the floor managers and higher management.’

With reference to the above announcement explain the concept of decentralisation. Describe any THREE ways in which this decentralised management structure will benefit Mr Ayan.

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END OF PAPER

Please use this page for rough work

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