



<b>Date</b> :	<b>4<sup>th</sup> June 2025</b>	<b>CIE – II</b>	<b>Max. Marks</b> :	<b>10 + 50</b>
<b>Semester</b> :	<b>VI</b>	<b>UG</b>	<b>Duration</b> :	<b>30 + 90 Min</b>
<b>Principles of Management and Economics - HS261TA</b>				

**Note:**

1. Answer all the Questions.

<b>Sl. No</b>	<b>Questions</b>	<b>M</b>	<b>BT</b>	<b>CO</b>
<b>Part – A</b>				
1.	Differentiate between strategic goals and operational goals. Provide one example of each.	02	L1	CO2
2.	In the BCG matrix, what does a "Cash Cow" represent? Why is it important for a company?	02	L2	CO2
3.	List any two types of corporate strategies and provide examples.	02	L1	CO2
4.	How does an organic structure differ from a mechanistic structure?	02	L2	CO2
5.	If the price elasticity of demand for a product is -0.5 and the price elasticity of supply is +2.5, what do these values imply about consumer and producer responses to price changes?	02	L3	CO4
<b>Part – B</b>				
1.	Explain the strategic management process. Discuss each stage briefly and explain how this process helps organizations achieve their long-term objectives.	10	L2	CO2
2.	A new entrant in the online grocery market wants to survive among large players like Amazon Fresh and BigBasket. a) Use Porter's Five Forces to analyze the challenges. b) Suggest a competitive strategy the company should adopt and why.	10	L3	CO2
3.	A growing bakery business is expanding from one shop to five locations. The owner notices confusion among staff regarding their tasks, delays in decision-making, and poor coordination between branches. a) Explain the key elements of organizational structure. b) For each element, suggest practical changes the company can implement to resolve the issues the bakery. Explain how these changes will improve organizational effectiveness.	10	L3	CO2
4.	Explain the concepts of demand and supply using appropriate diagrams. How is equilibrium price and quantity determined in a competitive market? What happens when there is a shift in either demand or supply?	10	L3	CO4
5.	Two segments of the food delivery market are being studied: <ul style="list-style-type: none"><li>• Segment A includes dozens of local restaurants offering similar menus but trying to stand out through branding, discounts, and customer experience.</li><li>• Segment B includes just three major food delivery platforms that dominate logistics, pricing control, and customer data.</li></ul> <b>Questions:</b> a) Identify which segment represents <b>monopolistic competition</b> and which represents <b>oligopoly</b> , justifying your answer with characteristics of each market structure. b) Compare and contrast the pricing strategies and customer acquisition methods used in both segments. c) As a new entrepreneur entering the market, which segment would you prefer to compete in and why? Base your answer on market behavior, barriers to entry, and strategic flexibility.	10	L3	CO4



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<b>Principles of Management and Economics - HS261TA</b> <b><i>Scheme &amp; Solution</i></b>				

**Note:**

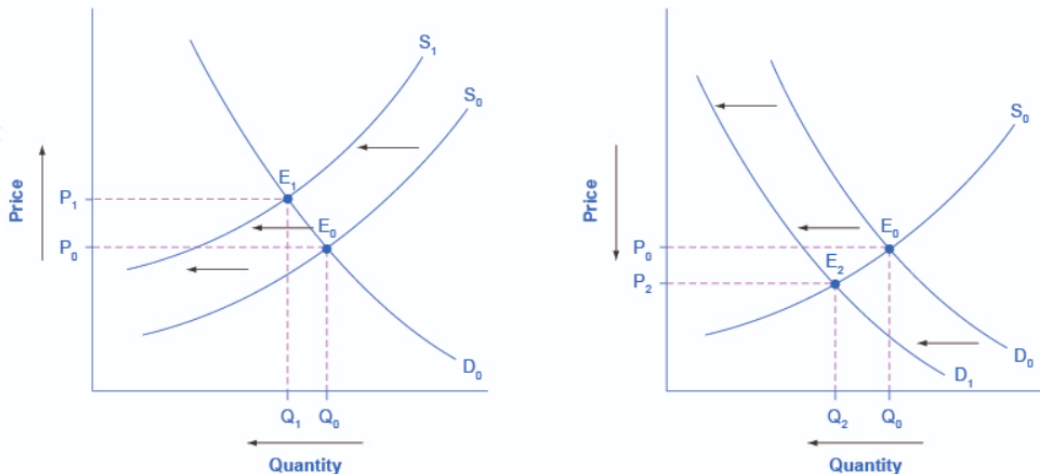
2. Answer all the Questions.

Sl. No	Questions	M	B T	CO
<b>Part – A</b>				
1.	1) <b>Strategic goals</b> are long-term, broad objectives set by top management Eg: Expand into international markets in 5 years. 2) <b>Operational goals</b> are short-term, specific targets set at departmental levels Eg: Increase monthly sales by 10%	0 2	L1	CO 2
2.	A Cash Cow is a product or business unit with high market share in a low-growth market. It generates consistent cash flow, which can fund new ventures or pay dividends.	0 2	L2	CO 2
3.	1) <b>Growth Strategy</b> : A company expands its operations Eg: Amazon entering the grocery market. 2) <b>Stability Strategy</b> : A firm focuses on maintaining current performance Eg: A utility company continuing operations without expansion	0 2	L1	CO 2
4.	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <div style="background-color: #4CAF50; color: white; padding: 5px; margin-bottom: 10px;"><b>Mechanistic</b></div> <ul style="list-style-type: none"> <li>High specialization</li> <li>Rigid departmentalization</li> <li>Clear chain of command</li> <li>Narrow spans of control</li> <li>Centralization</li> <li>High formalization</li> </ul> </div> <div style="text-align: center;"> <div style="background-color: #FF9800; color: white; padding: 5px; margin-bottom: 10px;"><b>Organic</b></div> <ul style="list-style-type: none"> <li>Cross-functional teams</li> <li>Cross-hierarchical team</li> <li>Free flow of information</li> <li>Wide spans of control</li> <li>Decentralization</li> <li>Low formalization</li> </ul> </div> </div>	0 2	L2	CO 2
5.	1) <b>Price Elasticity of Demand (PED) = -0.5</b> This means demand is <b>inelastic</b> — consumers are not very responsive to price changes. A price increase will lead to a small decrease in quantity demanded. 2) <b>Price Elasticity of Supply (PES) = +2.5</b> This means supply is <b>elastic</b> — producers are very responsive to price changes. A price increase will lead to a large increase in quantity supplied.	0 2	L3	CO 4
<b>Part – B</b>				
1.	<b><u>The Strategic Management Process</u></b> <p style="text-align: center;">(2 marks)</p>	1 0	L2	CO 2



	<p>The Strategic Management Process is a structured approach that helps organizations set goals, formulate strategies, and align efforts to achieve long-term success. It involves the following six stages: (6 marks)</p> <ol style="list-style-type: none"> <li><b>1) Establish Vision and Mission:</b> Defines the organization's purpose, values, and long-term direction.</li> <li><b>2) Internal Analysis:</b> Evaluates strengths and weaknesses in resources, capabilities, and processes.</li> <li><b>3) External Analysis:</b> Assesses opportunities and threats using tools like PESTEL or Porter's Five Forces.</li> <li><b>4) Strategy Formulation:</b> Develops corporate, business, and functional-level strategies based on the analyses.</li> <li><b>5) Strategy Implementation:</b> Involves allocating resources, designing structure, and ensuring employee alignment to execute strategies.</li> <li><b>6) Evaluation and Control:</b> Monitors performance, compares actual results with targets, and makes necessary adjustments.</li> </ol> <p>This process ensures that organizations are proactive, competitive, and aligned with their long-term objectives, allowing them to adapt effectively to changing environments. (2 marks)</p>			
2.	<p><b>a) Porter's Five Forces Analysis (5 marks)</b></p> <ol style="list-style-type: none"> <li><b>1. Threat of New Entrants – Moderate to High</b> Entry into online retail is relatively easy due to e-commerce platforms, but building brand trust and logistics is difficult.</li> <li><b>2. Bargaining Power of Suppliers – Moderate</b> Grocery suppliers (farmers, FMCG brands) have some power, but can be negotiated with bulk orders and long-term contracts.</li> <li><b>3. Bargaining Power of Buyers – High</b> Customers have many choices (Amazon Fresh, BigBasket, Blinkit) and can easily switch due to price sensitivity and app-based convenience.</li> <li><b>4. Threat of Substitutes – High</b> Offline supermarkets, local vendors, and instant delivery services (like Swiggy Instamart) serve as substitutes.</li> <li><b>5. Industry Rivalry – Very High</b> Dominated by large players offering discounts, fast delivery, and loyalty programs. Intense competition makes survival difficult for new entrants.</li> </ol>	10	L3	CO2

	<p><b>b) Recommended Competitive Strategy: Focused Differentiation (3marks)</b></p> <ol style="list-style-type: none"> <li>Target a niche market (e.g., organic/local groceries).</li> <li>Offer unique value like fresher produce or subscription models.</li> <li>Avoid direct price competition with giants.</li> <li>Build customer loyalty through specialization and personalized service.</li> </ol> <p style="text-align: center;">2 marks</p>			
3.	<p><b>a) Key Elements of Organizational Structure: (6 marks)</b></p> <ol style="list-style-type: none"> <li><b>Work Specialization:</b> Division of tasks into specific jobs.</li> <li><b>Departmentalization:</b> Grouping jobs into departments by function or location.</li> <li><b>Chain of Command:</b> Clear line of authority and reporting.</li> <li><b>Span of Control:</b> Number of employees managed by one supervisor.</li> <li><b>Centralization vs Decentralization:</b> Degree of decision-making authority at top vs lower levels.</li> <li><b>Formalization:</b> Written rules and procedures guiding work.</li> </ol> <p><b>b) Practical Changes and Impact: (2 marks)</b></p> <ol style="list-style-type: none"> <li><b>Work Specialization:</b> Define clear roles for each staff member to reduce confusion and increase efficiency.</li> <li><b>Departmentalization:</b> Organize staff by shop location or function to improve coordination.</li> <li><b>Chain of Command:</b> Establish clear reporting lines so employees know whom to approach, speeding up communication.</li> <li><b>Span of Control:</b> Assign manageable teams per manager to ensure proper supervision.</li> <li><b>Decentralization:</b> Delegate routine decisions to shop managers to reduce delays.</li> <li><b>Formalization:</b> Create simple process manuals to standardize work and reduce errors.</li> </ol> <p><b>Overall Effect:</b> These changes clarify roles, speed decision-making, and improve coordination, enhancing the bakery's operational effectiveness. (2 marks)</p>	1 0	L3	CO 2
4.	<p><b>1. Concept of Demand and Supply (4 marks)</b></p> <ol style="list-style-type: none"> <li><b>Demand:</b> The quantity of a good or service that consumers are willing and able to buy at different prices in a given period. <ul style="list-style-type: none"> <li>✓ <i>Law of Demand:</i> As price decreases, quantity demanded increases (inverse relationship).</li> <li>✓ <b>Demand Curve:</b> Downward sloping.</li> </ul> </li> <li><b>Supply:</b> The quantity of a good or service that producers are willing and able to offer for sale at different prices.</li> </ol>	1 0	L3	CO 4

	<p>✓ <b>Law of Supply:</b> As price increases, quantity supplied increases (direct relationship).</p> <p>✓ <b>Supply Curve:</b> Upward sloping.</p> <p><b>2. Equilibrium Price and Quantity (3 marks)</b></p> <p>a) The equilibrium is the point where the demand and supply curves intersect.</p> <p>b) At this point, quantity demanded equals quantity supplied, and the market clears.</p> <p><b>3. Shifts in Demand or Supply (3 marks)</b></p> <p>a) A <b>shift in demand</b> occurs due to factors like income, preferences, or prices of related goods.</p> <p>✓ <i>Increase in demand:</i> Rightward shift → higher price and quantity.</p> <p>✓ <i>Decrease in demand:</i> Leftward shift → lower price and quantity.</p> <p>b) A <b>shift in supply</b> occurs due to input costs, technology, or taxes.</p> <p>✓ <i>Increase in supply:</i> Rightward shift → lower price, higher quantity.</p> <p>✓ <i>Decrease in supply:</i> Leftward shift → higher price, lower quantity.</p>			
	 <p>(a) Shift in supply</p> <p>(b) Shift in demand</p>			
5.	<p><b>a) Market Identification (4 marks)</b></p> <p><b>Segment A: Monopolistic Competition</b></p> <ol style="list-style-type: none"> <li>Many sellers with similar but differentiated products (menus, branding).</li> <li>Easy entry/exit; firms have some pricing power.</li> </ol> <p><b>Segment B: Oligopoly</b></p> <ol style="list-style-type: none"> <li>Few dominant firms; high entry barriers.</li> <li>Firms are interdependent and control pricing/logistics.</li> </ol> <p><b>b) Pricing &amp; Customer Strategies (3 marks)</b></p> <ol style="list-style-type: none"> <li><b>Segment A:</b> Flexible pricing, local discounts, branding, and quality focus.</li> <li><b>Segment B:</b> Stable pricing, tech features, app offers, strong brand presence, and data use.</li> </ol> <p><b>c) Preferred Segment (3 marks)</b></p>	1 0	L4	CO 4



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	i.	Prefer <b>Segment A</b> for lower entry barriers, flexible strategies, and smaller investment.			
	ii.	Easier to differentiate and build customer loyalty in a local market.			

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