

PRINCIPLES OF MANAGEMENT

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NOTE:

WBUT course structure and syllabus of 6th Semester has been changed from 2013. Principles of Management has been introduced in the present curriculum as a new subject. We are providing chapterwise model questions & answers along with the complete solutions of new university papers, so that students can get an idea about university questions patterns.

BASIC CONCEPTS OF MANAGEMENT

Multiple Choice Type Questions

1. In the Managerial Hierarchy a Departmental Manager belongs to [WBUT 2013]
a) top management level b) middle management level
c) frontline management level d) none of these

Answer: (b)

2. F.W. Taylor is also known as the father of [WBUT 2013]
a) scientific approach to management
b) functional approach to management
c) behavioural approach to management
d) bureaucratic approach to management

Answer: (a)

3. Division of work promotes [WBUT 2014]
a) Inefficiency b) Specialisation c) Confusion d) Wastages

Answer: (b)

4. When authority flows from top executive to lower level employees, it is known as [WBUT 2014]
a) Line Organisation
c) Project Organisation b) Staff Organization
d) Matrix Organisation

Answer: (a)

5. Which one of the following is NOT the main concern of 'Scientific Management'? [WBUT 2014]
a) Production
c) Mechanistic Methods b) Efficiency
d) Rationality

Answer: (d)

6. One of the most popular ways of defining management is that it involves getting work done [WBUT 2014]
a) As quickly as possible
b) With as little effort as possible
c) Through the efforts of other people
d) Through the efforts of other managers

Answer: (c)

7. Which one of the following is not an informational role of manager? [WBUT 2015]
a) leader b) monitor c) disseminator d) spokesperson

Answer: (a)

8. The principles in management are

- a) applicable in service organizations
- b) applicable only in public sector organizations
- c) universally applicable
- d) none of these

[WBUT 2015]

Answer: (c)

9. The first function of management is

- a) organizing
- b) planning

c) coordinating

[WBUT 2015]

Answer: (b)

d) none of these

10. Scalar chain of management was proposed by

- a) F. W. Taylor
- b) Henri Fayol
- c) Elton Mayo

[WBUT 2015]

Answer: (b)

d) Max Weber

11. According to managerial roles defined by Mintzberg, a manager who sets budget for department is acting in the role of

- a) Disseminator
- b) Figurehead
- c) Resource allocator

[WBUT 2015]

Answer: (c)

d) Entrepreneur

12. Which one of the following roles does not constitute management roles as proposed by Henry Mintzberg?

- a) Interpersonal Roles
- c) Training Roles

b) Informational Roles

d) Decisional Roles

Answer: (c)

13. Management is the art of

- a) Profit making
- c) Getting things done by people

b) Misleading customers
d) Satisfying the competitors

Answer: (c)

[WBUT 2015]

14. Management aims at

- a) Effective utilization of human and material resources
- b) Raising the funds of a company
- c) Retrenchment of employment
- d) Punishing the indisciplined workers

[WBUT 2015]

Answer: (a)

15. Scalar Chain denotes

[WBUT 2015]

- a) Authority from the highest executive to the lowest one
- b) A process of production
- c) Span of management
- d) The size of the organisation

Answer: (a)

POPULAR PUBLICATIONS

16. The principle of 'unity of command' implies:

[WBUT 2015]

- a) In union there is strength
- b) Employees should receive orders from one superior only
- c) Group to be assigned the responsibility of commanding
- d) None

Answer: (b)

17. Scientific Management Theory was proposed by

[WBUT 2016]

- a) Max Weber
- b) Henry Fayol
- c) Chester Barnard
- d) F.W.Taylor

Answer: (d)

18. The main influence on the behavioural science theories are

[WBUT 2017]

- a) psychology and sociology
- b) sociology and bureaucracy
- c) sociology and science
- d) bureaucracy and psychology

Answer: (a)

19. One of the earliest and most enduring descriptions of managerial roles comes from

[WBUT 2017]

- a) Adam Smith
- b) Peter Drucker
- c) Jack Welsh
- d) Henry Mintzberg

Answer: (d)

Short Answer Type Questions

1. How will you classify the levels of management in an organization? Describe the functions performed by different levels of management.

[WBUT 2013]

Answer:

1st Part:

Levels of Management

- Levels of management refer to a line of demarcation between various managerial positions in an organization.
- Levels of management generally imply a demarcation or division of management functions into separate groups.
- In actual practice, there is no uniform application of any division. Levels of management are determined according to the size and type of the organization.
- But, in most of the organizations there are generally three levels of management, namely, top-level management, middle level management and lower-level or first line management.

2nd Part:

Considering the hierarchy of authority and responsibility, the three levels of management are discussed below:

1. Top-Level Management

- The top-level managers are ultimately responsible for the entire organization, as they deal with all elements and forces that affect the growth, stability and survival of the organization.
- Top-level managers are basically involved in broad organizational affairs like policy formulation, corporate goal setting, long range strategic planning and strategy development for the organization.
- The top-level management consists of the Board of directors, Chief Executive Officer (CEO), Chairman of the board of directors, President, Executive Vice-presidents and other Vice-presidents.

Role:

- Although the BODs and other members of the top management play an important role, the CEO is to act as principal strategist, organizational builder and leader.
- **Providing direction:** Top management is to give proper direction to the organization.
- **Vision setting:** Top management team is expected to set standards for the short-run and the long-run.
- **Standard setting:** Top management is to set standards and evaluate the performance of various units or groups of business.
- **Developing a system of control** is one of the tasks of top management.

Functions:

The functions of the top management are as follows:

- Setting the objectives of the business
- Establishing policies
- Assigning responsibility
- Hiring and developing key personnel
- Planning for succession
- Encouraging creative thinking, and measuring and evaluating results.

2. Middle-Level Management

- The middle-level management generally consists of heads of divisions, departments or functional departments such as a plant manager, production manager, purchase manager, marketing manager, personnel director, financial controller and so on.

Role and Function

- To interpret policies and directions set by the top-level management
- To coordinate the working of their departments.
- To act as a link between the strategic activities of the top management and operational activities of the lower-level management/first line managers.

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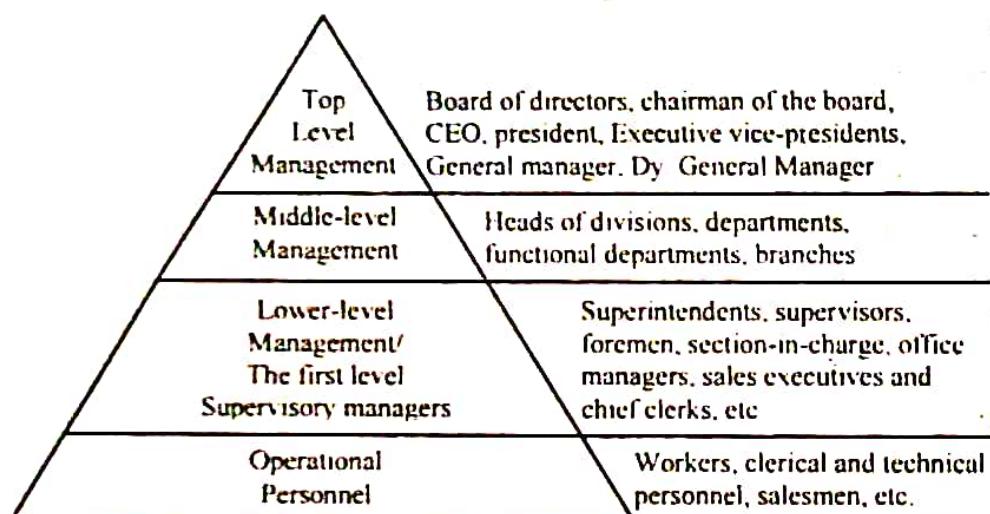
- To monitor operational planning and divisional/departmental activities.
- To report to the top-level management, and
- To provide feed-back to the top level.

3. Lower-Level Management (The first level supervisory managers)

- Lower-Level management is directly concerned with the control of the performance of the operative personnel.
- Lower-level management consists of Superintendents, Supervisors, Foremen, Section-in-charge, Sales executives and Chief clerks, etc.

Role and Function

- To Man day-to-day operations, assign personnel to specific tasks, supervise their activities and evaluate their performances.
- To act as a link-man between the operational personnel (workers) and the middle-level management.
- To direct, motivate and control the operational personnel.
- To deal with internal human relations, and
- To provide feed-back to the middle-level management.



2. Explain the significance of Management.

[MODEL QUESTION]

Answer:

- 'Management is an essential component of all types of organizations. Management exists everywhere as a distinct, separate and dominant activity.'

The significance of Management are summarized in the following paragraphs.

1. Facilitates Group Efforts

- Management makes things happen. Management creates team work and team spirit in an organization by developing a sound organization structure. It binds the human and material resources together and generates motivation among organizational people for achieving organizational goals.

2. Facilitates optimum utilization of all resources

- Since, Management has definite objectives to pursue, it must employ all its human and material resources like Men, Money, Materials, Machines and Methods to attain the objectives.

3. Facilitates challenges of Change

- Management, as a **change agent**, has to keep itself always prepared to recognize the need for change, and to plan and implement changes systematically, for achieving both growth and stability of the organization.

4. Facilitates Innovation

- Management provides new challenging ideas, imagination and vision to an organization.

5. Facilitates as Productivity Catalyst

- As productivity catalyst, management has to take into account both economic and social inputs (costs) and the economic and social outputs (benefits) while planning, formulating and evaluating any business projects. Society wants from the management that its social resources to be used as wisely as its economic resources.

6. Facilitates as Management Leadership

- Management Leadership is called upon to recognize the importance of democratic and participative management in order to satisfy the expectations of modern employees.
- Social needs and goals are compelling managers to work toward **high quality of life**, as it satisfies the hunger of body, hunger of mind and spirit – higher level human wants and aspirations.

7. Facilitates as Producer of Wealth of Society

- The business is the wealth-creating and wealth-producing resources and it must besides increase the wealth-creating and wealth-producing capacity of these resources and with them the **wealth of society**. This responsibility is absolute and lies with the management.

8. Facilitates as a Life Giving Force

- Management is the dynamic, life giving element in every business. Without 'management' the 'resources of production' remain resources and never become production. Management is needed to convert the disorganized resources of men, machines, money, methods and materials into useful and effective enterprise.

9. Facilitates direction to the organization

- It is the Management process of '**direction**' which aim at reconciliation and integration of conflicting attitudes, behavioral patterns and goals of the organizational people so that the organization members can work efficiently and effectively for attainment of organizational goals.

10. Facilitates Various Interest – Groups

- Management owes social obligations to its various interest groups, namely, shareholders, Employees, Customers, Suppliers, Government and the Society as a whole.

Significance
of
Management

- Facilitates Group Efforts
- Facilitates Optimum Utilisation of All Resources
- Facilitates Challenges of Change
- Facilitates Innovation
- Facilitates as Productivity Catalyst
- Facilitates as Management Leadership
- Facilitates as Producer of Wealth of Society
- Facilitates as a Life-Giving Force
- Facilitates Direction to the Organisation
- Facilitates Various Interest Groups

3. What is meant by 'Universality of management'?

[MODEL QUESTION]

Answer:

Universality of management

- The principles of Management are of universal application. The basic nature of management activity remains same in all areas of organization – may it be a Mandir, a Masjid, a Church, a Gurdwara, a School, a College, a University, a Hospital, a Trade Union, a Club, a Municipality, a Military organization, a Multinational corporation, a Government organization, and even a Family organization.
- There may be slight variations in approach and style depending on the organization to organization, but the management activity remains the same irrespective of the organizations.

Long Answer Type Questions

1. What are the different schools of Management thought?

[WBUT 2015]

Answer:

The different schools of Management Schools of Thought are as follows:

1. The Scientific Management School: The Classical Approach
2. The Management Process School: The Classical Approach
3. The Bureaucracy Theory School: The Classical Approach
4. The Human Relations School: The Neo-Classical Approach

5. The Contingency Approach to Management: The Modern School of Thought
6. The Systems Theory School: The Modern School of Thought
7. The Decision Theory School: The Modern School of Thought
8. The Mathematical or Quantitative Measurement School: The Modern School of Thought
9. The Behavioral Science School: The Modern School of Thought
10. The Social System School: The Modern School of Thought

2. Discuss the managerial roles, as developed by Henry Mintzberg, which deal with people and their behaviour.

[MODEL QUESTION]

Answer:

Henry Mintzberg has developed ten Managerial roles, which deal with people and their behaviour.

- These ten managerial roles are divided into three categories. They are:
(A) Interpersonal roles, (B) Informational Roles and (C) Decision Roles

A) Interpersonal Roles:

Managers spend a considerable amount of time in interacting with peers, subordinates, superiors, suppliers, customers, government officials and general public (community leaders). Study reveals that interacting with people takes up nearly 80% of a Manager's time.

Through these interactions, **three major sub-roles** often managers perform.

These roles are:

1. Figure Head Role / Ceremonial / Symbolic Role

Managers are to perform social and legal obligations as symbolic figureheads of the organization. Though the duties of managers are of **ceremonial** in nature, but are essential for business operations of the organization.

2. Leadership Role

Leadership is an indispensable activity which every manager must perform to give direction to the people working under him. So, a manager has to be an '**exemplary leader**'.

3. Liaison Role

Besides making liaison with the internal people in the organization. Managers are to keep liaison and maintain a network of external contacts and thereby assess the external environment of business and also build up **external Information System**.

B) Informational Roles

- This involves the role of assimilating and disseminating information as and when required.
- Under Informational Roles, a Manager in the capacity of information possessor performs the following **three roles**.

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- These roles are (1) **Monitor Role**, (2) **Information disseminator Role**, and (3) **Spokesman Role**

1) Monitor Role

Managers are constantly to collect information from both inside (internal) and outside (external) of the organization and closely monitor and analyze information which may affect the environment of business and also provide opportunities to the organization.

2) Information Disseminator Role

As disseminator, a manager is to communicate information to the organizational members in respect of company policy, administration, supervision, etc, through circulars, office-memos, direct contact, phone calls or group meetings, etc.

3) Spokesman Role

As spokesman, a manager is to represent the organization to the outsiders by providing relevant information as and when situation demands.

C) Decision Roles

Peter F. Drucker said, "Whatever a manager does, he does through decision making". The very determination of objectives, policies, programmes, strategies, etc. of the organization is a decision making process.

- A Manager, while making decisions, performs four important roles. They are, (1) **Entrepreneurship Role**, (2) **Disturbance Handler/Conflict Handling Role**, (3) **Resource Allocator Role** and (4) **Negotiator Role**

1. Entrepreneurship Role

As entrepreneur, a manager is constantly involved in identifying opportunities, exploiting opportunities, arrange for capital, untried technological possibility for producing new commodity or producing an old one in a new way, etc.

2. Disturbance Handler/Conflict Handling Role

As disturbance handler or conflict handler, a manager is constantly involved in solving various types of differences and conflicts that generates in the organization for various reasons. A manager is to anticipate such conflicts and take corrective and preventive action for smooth running of the organization.

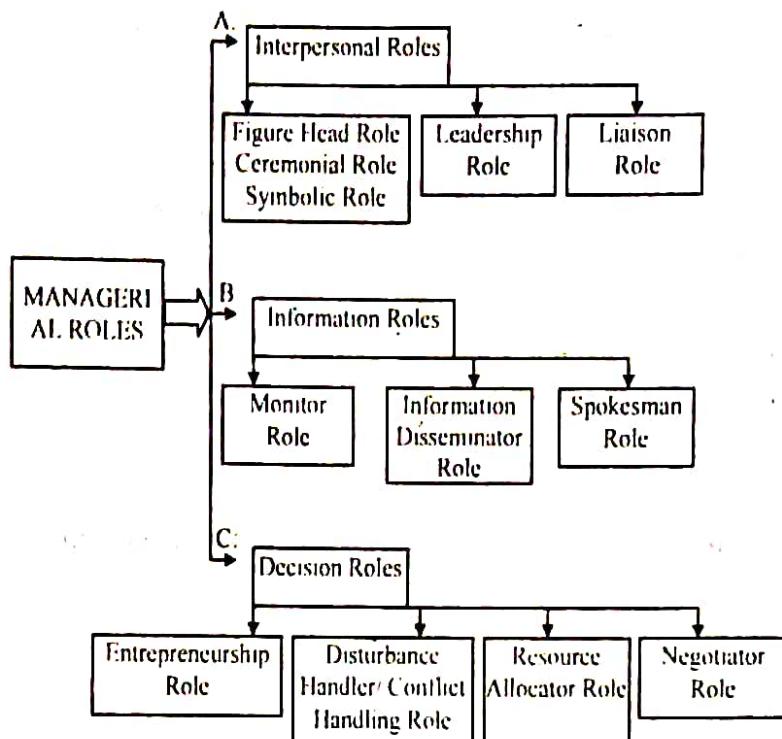
3. Resource Allocator

As resource allocator, a manager is to prioritize among various programmes, projects and accordingly arrange budgetary allocations to different programmes and activities based upon priorities. Further, a Manager is to allocate human, physical and material resources according to priorities.

4. Negotiator Role

As negotiator, a manager is to negotiate deals and agreements within and outside the organization. A manager is to negotiate agreements or contracts with the Trade Union, Employee Association, etc. for maintaining cordial industrial relations.

Managerial roles at a glance



3. Discuss the levels of management with the help of a suitable chart stating the functions associated with each level. [MODEL QUESTION]

Answer:

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Role and Function

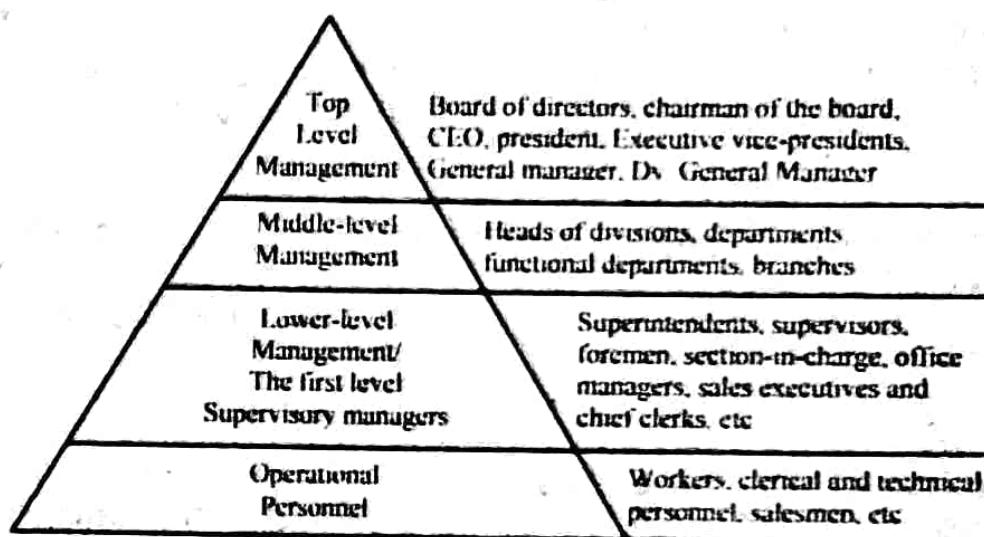
- To interpret policies and directions set by the top-level management
- To coordinate the working of their departments.
- To act as a link between the strategic activities of the top management and operational activities of the lower-level management/first line managers.
- To monitor operational planning and divisional/departmental activities.
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- To act as a link-man between the operational personnel (workers) and the middle-level management.
- To direct, motivate and control the operational personnel.
- To deal with internal human relations, and
- To provide feed-back to the middle-level management.



FUNCTIONS OF MANAGEMENT

Multiple Choice Type Questions

1. Which of the following can be accepted as a type of plan?

- a) policy
- b) procedure
- c) rule

[WBUT 2013]

- d) all of these

Answer: (d)

2. In the MBO system, the manager

- a) sets objectives for subordinates
- c) sets objectives for peers

- b) sets objectives for superiors

- d) none of these

Answer: (a)

3. Span of Management refers to the number of subordinates that can be effectively supervised by

[WBUT 2014]

- a) two managers
- c) one manager

- b) multiple managers

- d) none of these

Answer: (c)

4. Narrow span of management leads to

[WBUT 2014]

- a) Flat Structure
- c) Tall Structure

- b) Mechanistic Structure

- d) Organise Structure

Answer: (c)

5. When authority flows from top executive to lower level employees, it is known as

- a) Line Organisation
- c) Project Organisation

- b) Staff Organisation

- d) Matrix Organisation

Answer: (a)

6. Narrow span of management leads to

[WBUT 2015]

- a) Flat Structure
- c) Tall Structure

- b) Mechanistic Structure

- d) Organise Structure

Answer: (a)

7. Pfizer, a pharmaceutical company, operates in over 40 countries around the world, and many of the larger-country units enjoy considerable freedom and autonomy. Thus, it can be said that Pfizer exemplifies a(n) _____ mode of decision making.

[WBUT 2015]

- a) centralized
- b) decentralized
- c) asymmetric
- d) none of these

Answer: (c)

8. Which of the following is a personal objective of an organisation's employee?

[WBUT 2016]

- a) Higher production
- c) Higher remuneration

- b) Improved image of the brand
- d) Minimization of competition

Answer: (c)

9. are formulated at the top management level that guide employees what to do, has a direct destination and a wider scope. [WBUT 2016]

- a) Procedures b) Objectives c) Policies

d) Rules

Answer: (c)

10. Which system lays emphasis on objective determination of both overall as well as those of subordinates with active participation of all levels of management? [WBUT 2016]

- a) Span of management

b) Decentralized planning

- c) Management business by objectives

d) Top down management approach

Answer: (c)

11. In the twenty-first century the four functions of management are [WBUT 2017]

- a) monitoring, organizing, suggesting and accommodating employees

- b) planning, organizing, controlling and leading employees

- c) planning, organizing, suggesting, and accommodating employees

- d) monitoring, suggesting, journaling and accommodating employees

Answer: (b)

12. Don MacKinnon, the person in charge of "Hear Music" has been given goals related to the rollout and sales of this subsidiary of Starbucks. His success at implementing the strategy will be assessed by comparing actual performance against the goals. This comparison is known as [WBUT 2017]

- a) planning

- b) organizing

- c) implementing

- d) controlling

Answer: (d)

13. Strategic planning as a board concept consists of

[WBUT 2017]

- a) corporate strategy and business strategy

- b) strategy formulation and strategy implementation

- c) inputs and outputs

- d) environmental analysis and internal analysis

Answer: (b)

14. Authority, discipline, unity of command and unity of direction are: [WBUT 2017]

- a) four of Fayol's fourteen principles of management

- b) Taylor's four principles of management

- c) principles of the human relations movement

- d) key features of learning organizations

- e) elements of Weber's ideal bureaucratic structure

Answer: (a)

15. The concept of management by Objectives was introduced by

[MODEL QUESTION]

- a) Peter Drucker

- b) Elton Mayo

POPULAR PUBLICATIONS

c) George Odiorne

d) Rensis Likert

Answer: (a)

16. Top managers of an organization are primarily responsible for which type of planning? [MODEL QUESTION]

- a) Business-level planning
- c) Corporate-level planning

- b) Divisional-level planning
- d) Department-level planning

Answer: (c)

17. Many organizations fail because of

[MODEL QUESTION]

- a) Poor and unsystematic planning
- c) Systems approach to management

- b) Availability of skilled employees
- d) Careful SWOT analysis

Answer: (a)

18. Plans can be classified in a number of ways – on the basis of the organization level, the frequency of use and their time-frame. Based on time frame, plans which generally cover time periods up to one year are referred to as [MODEL QUESTION]

- a) Long-term plans
- b) Tactical plans
- c) Short-term plans
- d) Directional plans
- e) Strategic plans

Answer: (c)

19. The management function of determining how activities and resources are to be grouped is [MODEL QUESTION]

- a) Planning
- b) Organizing
- c) Staffing
- d) Leading
- e) Controlling

Answer: (b)

20. The management function of determining how activities and resources are to be grouped is [MODEL QUESTION]

- a) Planning
- b) Organizing
- c) Staffing
- d) Leading
- e) Controlling

Answer: (b)

21. Which of the following is not a basic activity that a manager should perform? [MODEL QUESTION]

- a) Planning
- b) Selecting
- c) Directing
- d) Coordinating
- e) Controlling

Answer: (b)

22. The process of giving authority to a person to undertake activities or tasks on behalf of another person is [MODEL QUESTION]

- a) Scheduling
- b) Delegating
- c) Accountability
- d) Directing
- e) Managerial innovations

Answer: (b)

23. Decentralisation is a structural change in an organization aimed at:

[MODEL QUESTION]

- a) Reducing the cost of coordination
- b) Increasing the controllability of sub units

- c) Increasing motivation
- d) All of these

Answer: (d)

Short Answer Type Questions

1. What is concept of planning as an element of management process? Discuss its role in business organization. [WBUT 2013]

Answer:

1st Part:

Concept of planning

Planning is pre-action stage function and precedes all other managerial functions like organizing, directing, staffing or controlling, etc. Planning is the basic of all management functions. Whatever a manager does, he does through making plans. Managerial planning draws up a blue print of activities to be undertaken. It is through planning that a manager has to decide what to do, when to do, How to do and who is to do a particular task.

2nd Part:

Role of planning in business organization

The importance and role of planning may be summarized as under:

(1) Planning – minimises uncertainty

The future is seldom certain. Planning helps in minimizing uncertainties of future. Planning is essential to keep strict control on future events.

(2) Planning – concentrates on objectives

Planning turns spotlight on the objectives of the enterprise. Planning provides a guide for all activities of an enterprise. Through planning function, a manager can focus his attention on the formulation of objectives.

(3) Planning – provides a sense of direction

Planning directs efforts into endeavours that contribute to the accomplishment of enterprise goals and harmonises the use of facilities and resources.

(4) Planning – integrates diverse forces

The conflicting, internal and external, forces are integrated through the planning process. When the conflicting forces are integrated and given direction for unified action, they contribute towards the achievement of ultimate goals of the enterprise.

(5) Planning – improves adaptability

Planning precedes the execution of any action. Planning is anticipatory in nature. The anticipation of future events and changing conditions prepares the enterprise to meet them and adapt them for successful operations.

(6) Planning – improves competitive strength

Planning provides a competitive strength to the enterprise over other enterprises that do not have planning. Planning enables the enterprise to discover new opportunities and accordingly shape its own fate.

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(7) Planning – brings economy in operations

Through planning, the available resources are used to the best of their capacity, all activities are done in the minimum possible time and all types of wastages are eliminated in all sections of the enterprise. As a result, efficient and economical operations are possible.

(8) Planning – facilitates technological upgradation

As planning involves intellectual process, mental exercise and keen foresight, Managers or Planners can foresee the environment and for survival in the business operations, they may opt for latest technology replacing the old and obsolete machines and methods.

(9) Planning – helps in monitoring and control

A Manager/Planner can not monitor and control what is not planned. Planning and controlling are like the 'Siamese twins'. One can not survive without the other.

2. What is the basic premise of Herzberg's Two-factor theory?

[WBUT 2017]

Answer:

Basic premise of Herzberg's Two-factor theory

- **Fredrick Hertzberg**, a renowned psychologist and his associates developed a model on motivation which is termed as Two-Factor theory, the **Dual Factor Theory** and the **motivation – Hygiene Theory**.
- Based upon the findings of the research, it was concluded that there are some job conditions which primarily operate to dissatisfy employees in case of their absence, but their presence does not motivate them in a strong way. Hertzberg named such job conditions as *Maintenance or Hygiene factors* which are extrinsic in nature.

Hygiene factors and motivational factors at a glance

Hygiene / maintenance/ Environmental factors (needs extrinsic in nature):	Motivational factors (needs intrinsic to work itself):
<ol style="list-style-type: none"> 1. Company policy and administration 2. Technical supervision 3. Inter-personal relations with supervisors 4. Inter-personal relations with peers 5. Inter-personal relations with subordinates 6. Salary 7. Job security 8. Personal life 9. Working conditions, and 10. Status 	<ol style="list-style-type: none"> 1. Achievement 2. Recognition 3. Advancement 4. Work itself 5. Possibility of growth 6. Responsibility

3. Differentiate between Centralization and Decentralization.

[WBUT 2017]

Answer:

Centralization

- **Centralization of authority** is a situation or pattern where power of decision-making rests at one point or in a few hands of the organization. Centralization of authority may refer to a systematic concentration and reservation of authority at

the highest level within the organization. It is a system where all the important decisions and actions at the lower levels are subject to the approval of the top management.

- In an organization under centralized set up, many of the decisions are made not by the organization people doing the work, but at a higher level point of the organization.
- The meaning and concept of centralization may be crystal clear, if the definition of 'centralization' as given by Louis A Allen is cited.
- According to **Louis A Allen**, "Centralization is the systematic and consistent reservation of authority at central points in the organization."
- Systematic and consistent reservation of authority lies at the central points in the organization.
- Operating authority lies with the middle level management.
- Operations at the lower levels are subject to consent, command and control by the higher authority upward in line.
- The role of the subordinates is reduced.

Decentralization

- The literal meaning of the word **decentralization** is dispersal or 'spreading out from a centre'. In other words, it implies extension of delegation of authority from the top to the lowest possible level of an organization.
- According to Louis A. Allen, decentralization refers to the systematic effort to delegate to the lowest levels all authority except that which can only be exercised at central points. Thus, decentralization refers to the delegation and spreading out of authorities subject to overall control by the central points.
- Decentralization may be used when performance is spread over many branches situated at different geographical areas and divided among different departments on the basis of their functions or products.
- In a truly decentralized organization, both control and freedom are blended in equitable proportions so as to enable synergistic effect on the overall organizational performance and effectiveness.
- For example, Indian railways are divided by multi-divisions and each division is headed by one Divisional Railway Manager (DRM). In this way the administration of entire railway system is decentralized. But the ultimate control is with the central points (Railway Ministry/Railway Board). Similar is the case with Life Insurance Corporation of India (LICI).

4. What do you mean by 'Span of Management'?

[MODEL QUESTION]

Answer:

- The word 'Span' literally means the space between two supports of a structure.
- It refers to the space between two pillars in case of a vast construction of a building or a bridge, etc.

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- The span or space between two pillars or supports should not be too narrow/small or too wide/large. If the span or space becomes too wide or large, the building or the bridge may collapse, on the other hand, if the span or space becomes too narrow or small, the cost of construction of the building or the bridge will unnecessarily enhance.
- Thus, the span or space in between two supports should be properly decided.

'Span' With Reference to Organization Structure

- In the organizational context, the term '**Span of Management**' is also referred as **span of supervision, span of control, span of authority, or span of direction**.
- It is very important, for any organization, to decide as to how many subordinates can effectively be controlled, supervised, guided or managed by a supervisor.
- In the organizational context, **span of control** represents a numerical limit of subordinates a manager or supervisor can manage or supervise, handle and control efficiently and effectively.
- To sum up, **span of control/arrangement** refers to an ideal number of subordinates that can easily and effectively be controlled, supervised, guided or managed by one supervisor or manager or one executive.
- There is a limit to the number of subordinates a manager or a supervisor can effectively supervise, manage or control, but the exact or ideal number of subordinates will be that where efficiency in terms of supervision and control is maximum.

5. Explain the functions of Management.

[MODEL QUESTION]

Answer:

The managerial functions are described as under:

1. Planning

- Planning is pre-action stage function and precedes all other managerial functions. Whatever a manager does, he does through making plans. Managerial planning draws up a blue print of activities to be undertaken.
- It is planning – a manager has to decide what to do, when to do, how to do and who is to do a particular task. Planning requires a mental exercise, a keen foresight, and analytical mind of managers.

2. Organizing

- Organizing act as the nucleus around which the members of a group can unite their maximum efforts to the achievement of accomplished goals.
- Managers, through organizing, knit all its segments to operate together to achieve the stated goals and bring unity in direction.

3. Directing

- Directing is one of the main functions of a manager which is directly concerned with the task of guiding, influencing, supervising the subordinates and let them understand and contribute to attain the organizational objectives and goals in an effective and efficient manner.

4. Motivating

- Motivation is a powerful instrument in the hands of management for inspiring the workforce of the organization. It is a dynamic force setting a person into motion and action.
- Motivation is a managerial action to inspire, encourage and impel organizational people to take appropriate action.

5. Controlling

- Controlling function of management is related to all other functions of management and the other functions of management can not be completed efficiently without the performance of an effective control function.
- Management functions of control is concerned with measurement of actual performance, comparing the actual performance with the standards set by the plans and detecting deviations, if any, and providing remedial measures to ensure the attainment of pre-determined objectives in accordance with the plans.
- Thus, control function of management is the completion of the cycle of the management process.

6. Decision Making

- Decision-making is the soul of management process.
- Peter F. Drucker said, "Whatever a manager does, he does through decision making".
- John McDonald said, "the business executive is by profession a decision maker".
- In fact, the very determination of objectives, policies, strategies, programmes, procedures, etc. of the enterprise is a decision making process.

7. Staffing

- The staffing function of a manager involves managing the organization structure through proper and effective selection of right people, at right time and right place, appraisal and development of people to fill the roles designed into the structure.

8. Communication

- A Manager, through an efficient and effective system of communication, has to tell the subordinates what they are required to do, how to do it and when to do it.
- Communication, on the part of manager, acts as the tool for direction, leadership and control and helps the manager to arrive at a decision on vital matters.

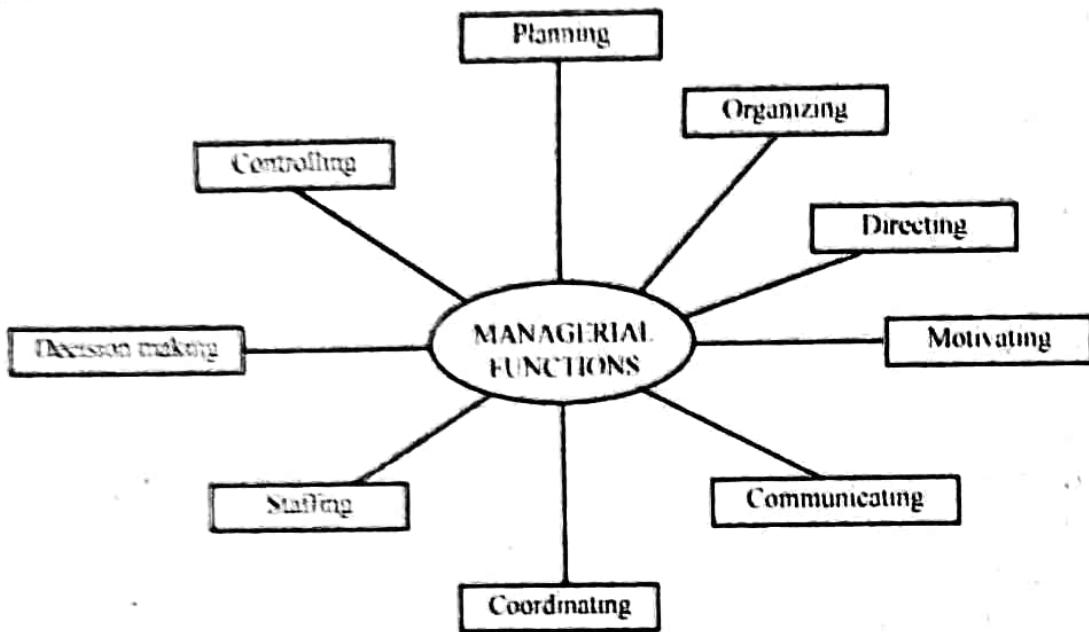
9. Coordinating

- Coordination is an integrative process of ordering and sequencing of different activities carried on in different parts of the organization.
- A manager, through coordination, is able to make the internal parts of the whole organization operative in an integrated, balanced and synchronized way.

10. Representing

- A manager, being a spokesman for his unit, is to represent his unit by providing relevant information to outside groups, such as, government officials, civic groups, industry associations, unions, financial institutions, other companies in the industry, customers, suppliers and the public in general.

Managerial functions at a glance



Long Answer Type Questions

1. Write short notes on the following:

- a) MBO
- b) Decentralization

[WBUT 2013, 2016, 2017]

[WBUT 2014]

Answer:

a) MBO:

- Management by objectives (MBO) is a philosophy as also an approach. Objectives are the ends towards which the activities of an enterprise are directed. Objectives or goals provide direction to various activities of the enterprise. They reflect a future state of affairs, which an enterprise strives to realize or achieve.
- In MBO approach, the superior and the subordinate managers jointly identify the common objectives (goals), define each individual's major areas of responsibility in terms of the results expected of him.
- The thrust of MBO is on what must be accomplished, that is, the 'goals', but not how it is to be accomplished, that is methods.
- Fundamental to the MBO philosophy is the mutual setting of objectives (goals) between each superior and subordinate, where subordinates are given opportunity to set objectives for their key areas of responsibility.
- MBO is a result-centered process. All are to be aware of the fundamental change in thinking from 'Doing' to 'Results'.
- Through MBO, control over people shifts to control over operations.
- The superior is available for advice, direction and counsel, if situation calls for on the part of the subordinate.
- Once the objectives are identified by mutual understanding, they are used as 'standards' for evaluating the performance of the subordinates in quantitative terms.

- Setting of objectives for the entire enterprise, though begins at the top, these are also used as guides to set goals at the successive levels of the enterprise.

b) Decentralization:

Decentralization / Decentralization of Authority

Concept and Meaning

- The literal meaning of the word **decentralization** is dispersal or 'spreading out from a centre'. In other words, it implies extension of delegation of authority from the top to the lowest possible level of an organization.
- According to **Louis A. Allen**, decentralization refers to the systematic effort to delegate to the lowest levels all authority except that which can only be exercised at central points. Thus, decentralization refers to the delegation and spreading out of authorities subject to overall control by the central points.
- Decentralization may be used when performance is spread over many branches situated at different geographical areas and divided among different departments on the basis of their functions or products.
- In a truly decentralized organization, both control and freedom are blended in equitable proportions so as to enable synergistic effect on the overall organizational performance and effectiveness.
- **For example**, Indian railways are divided by multi-divisions and each division is headed by one Divisional Railway Manager (DRM). In this way the administration of entire railway system is decentralized. But the ultimate control is with the central points (Railway Ministry/Railway Board). Similar is the case with Life Insurance Corporation of India (LICI).
- In the context of decentralization, one question may arise as to the 'degree of decentralization'. According to **Harold Koontz** and **Cyrill O'Donnell** "centralization and decentralization are tendencies". Both the tendencies shall co-exist in an organization.
- **To conclude**, a high degree of decentralization of decision making authority is appropriate for the organization which is large sized, having multi product and multi production units and geographically dispersed.

MANAGEMENT & SOCIETY

Multiple Choice Type Questions

1. A set of principles that govern the right conduct of a person or the members of any profession that identifies what is right/wrong, fair/unfair or proper/improper is known as [WBUT 2016]

- a) Code of ethics
- b) Corporate social responsibility
- c) Organisation effectiveness
- d) Controlling function of management

Answer: (a)

Short Answer Type Questions

1. What do you mean by "Social Responsibilities of Business"?

[MODEL QUESTION]

Answer:

- Managers concerned with business planning, implementation and control are expected to act as agents of social change and not only as agents of economical and technical change. They are called upon to play the role of system-regulator in order to keep business operations in tune and harmony with the environment.
- Management is now interested in social results along with economic results.
- Society wants its social resources to be used as wisely as its economic resources.
- Social needs and goals are now compelling management to work toward high quality of life as well as toward high economic productivity.

Social Responsibility: Meaning

- Social Responsibility refers to an intelligent and objective concern for the genuine welfare of the society.

Definition:

- H. R. Bowen has defined the concept of social responsibility as "obligation (of managers) to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society".
- According to George A. Steiner, in the real sense, the assumption of social responsibilities implies recognition and understanding of the aspirations of the society and determination to contribute to its achievement.

Long Answer Type Questions

1. Write short notes on the following:

- (a) Corporate Social Responsibility.
- (b) Corporate Governance

[WBUT 2015]
[WBUT 2017]

Answer:

a) Corporate Social Responsibility:

- As a result of rising public expectations from business, social responsibility, formulation of **corporate social policy** has assumed great importance in the mission or creed of an enterprise reflecting values and philosophy of top management.
- The principles of the concept of C.S.R. have long been a part of enlightened business strategy.
- Elements of corporate social responsibility (C.S.R.) are not a new phenomenon nor indeed are the business practices associated with it.
- CSR embraces a wide range of important but often complex and sometimes controversial issues including health and safety, labour rights, supply chain management and so on.
- And for companies some of these issues will be more critical than others depending on their size, the nature of the business and where they operate in the world.
- There is no “one-size-fits-all” guide for all companies on what CSR should mean for them and what they should be doing.
- There is no problem in profit. Profit is a fair and just reward for enterprise and industry. But profit should not be falsely boosted by actions that cannot be squared with your conscience, by accounting, pricing or buying practices that unfairly reduce the profits earned by others or by practices that damage the health of those involved.
- In short, CSR is little more than acting in a decent, honest and considerate manner as a good citizen should but on a corporate scale. And, because it requires some initial structuring of the business and some long-term planning and monitoring for the business, in the longer term that turns out to be a means of achieving predictable and stable levels of profitability.
- **CSR factors** may take many forms, such as an increase in the prominence of particular issues: how a business handles pollution and waste and how it treats its staff, how a company interacts with the local community where it has a significant presence.
- **Corporate social responsibility** can add significant value to a company beyond just the protection of reputation and maintain license to operate.
- Securing growth that is sustainable in the long term is a key objective for many companies.
- Companies that demonstrate responsible business practices are better positioned to secure future growth.
- Consumers increasingly distinguish between responsible companies and those that are irresponsible, and governments and regulators are more likely to grant concession or sell off utilities to companies that are able to demonstrate an exemplary record of corporate responsibility.
- It is important in this regard that the elements of corporate responsibility are translated through the governance frame work into guiding principles for the business development process.

POPULAR PUBLICATIONS

- In doing so, a company is better able to secure long term growth on the back of responsible business practices.

b) **Corporate Governance:**

- Corporate governance is not just corporate management. it is something much broader to include a fair, efficient and transparent administration to meet certain well defined objectives.
- Corporate governance is a system of structuring, operating and controlling a company with a view to achieve long-term strategic goals to satisfy share holders, creditors, employees, customers, government, suppliers and complying with the legal and regulatory apart from meeting environmental and local community needs.
- Corporate governance is the system by which companies are directed and controlled.
- Boards of directors are responsible for the governance of their companies.
- The shareholders role in governance is to appoint the directors and the auditor and to satisfy themselves that the appropriate governance is in place.
- Within the overall frame work, the specific financial aspects of corporate governance are the way in which board set financial policy and oversee its implementation, including the use of financial controls and the process whereby they report on the activities and the progress of the company to the share holders.
- The role of auditors is to provide the shareholders with an external and objective check on the directors' final statements which form the basis of the reporting system.
- A frame work of effective accountability to all the stack holders is the essence of corporate governance.
- A corporate practice in the matter of disclosure, transparency, role of directors, degree of accountability to the share holders, lenders, regard for environmental affairs, over all conservation of resources, cost effective managerial input and over all public good are some of the critical issues which form part of the core of corporate governance.

PEOPLE MANAGEMENT

Multiple Choice Type Questions

1. The process for developing an applicant's pool for job openings in an organization is called [WBUT 2013]

- a) hiring
- b) recruitment
- c) selection
- d) retention

Answer: (b)

2. The job design would be LEAST formal in a [WBUT 2017]

- a) matrix structure
- b) professional bureaucracy
- c) divisionalized structure
- d) machine bureaucracy

Answer: (b)

Short Answer Type Questions

1. What is meant by internal source of recruitment? What are the merits and limitations of employment tests? [WBUT 2013]

Answer:

1st Part:

Sources of Recruitment: The sources of recruitment are broadly divided into two categories **Internal Sources** and **External Sources**. Internal sources are the sources available within an organisation, whereas the external sources are sources outside the organisational pursuits.

Internal Sources of Recruitment

When a vacancy arises in the organisation, it is given to an employee who is already on the pay-roll. The internal sources include the following:

Present Permanent Employees: When a vacancy arises, organisations consider the candidates from this internal source.

Temporary / Casual Employees: To fill the vacancies caused in any department, the organisations find this source mostly at the lower level owing to availability of suitable candidates.

Retrenched / Retired Employees: The organisation accommodates the retrenched employees due to lay-off and other causes. The cases of retired employees are also considered for re-employment as a gesture of their loyalty to the organisation.

Dependents of Deceased, disabled and of the Retired / Present Employees

Some organisations, with a view to build up image of the organisation provide employment to the dependents of deceased, disabled, and of the retired and present employees.

2nd Part:

Employment tests:

Employment tests refer to conducting of various types of tests to assess matching of individual's physical, mental and temperamental patterns with the requirement of job. This will require the use of employment test of the following types:

- a) Intelligence Tests
- b) Aptitude Tests
- c) Proficiency Tests
- d) Interest Tests
- e) Personality Tests

The advantages / merits of different employment tests are cited below:

- Individuals differ in almost all aspects. They differ with respect to physical characteristics capacity, level of mental ability, their likes and dislikes and also with respect to personality traits. Employment tests minimizes the chance of error in selecting the wrong candidates for different job positions.
- (a) **Intelligence Tests:** This test is done to assess the mental capacity of an applicant.
- (b) **Aptitude Tests:** This test measures an applicant's capacity or latent ability and his potential for development.
- (c) **Proficiency Tests:** These tests are used to test the level of knowledge and proficiency acquired by an applicant. The other names of proficiency tests are performance, occupational or trade tests.
- (d) **Interest Tests:** Interest tests are used to identify the patterns of interest, the likes and dislikes of a candidate, that is, areas in which the candidate shows special interest, fascination and involvement.
- (e) **Personality Tests:** These tests are used to prove for the qualities of the personality as a whole, the combination of traits like self-confidence, emotional intelligence, sociability, conformity, decisiveness and impulsiveness, etc.

Limitations of Employment tests

- Matching of individual's physical, mental and temperamental pattern with the requirement of job or field of training is a difficult task.
- Through employment tests are accepted as useful tool they are criticized against deprived sections of the community.
- These tests may have to be too dull as a selection device.
- Though employment tests prove deeply to discover clues to an individual's value system, emotional reaction, maturity and characteristic mood, yet such tests may not successfully predict job success.

2. What is job satisfaction? What are the factors which determine job satisfaction?

[WBUT 2013]

Answer:

- Job satisfaction refers to the satisfaction which one individual gets from his work or by performing it.
- In other words, a feeling of fulfillment or strong and well established attitudes which a worker/employee gets by performing a particular job/task can be referred to as job satisfaction.
- Job satisfaction is highly related to work related behaviour and it can be expressed as- one's feelings towards one's job.
- The terms job satisfaction and 'attitudes' are used interchangeably, but the positive attitudes towards the job indicate job-satisfaction, while the negative attitudes towards a job indicate job-dissatisfactions.

Positive consequences of job satisfaction

- High employee turnover
- Lower absenteeism
- Reduced accidents
- Less job-related stress, and
- Enjoyment of better mental and physical health.

Factors determining job satisfaction

- Pride in the work-group
- Intrinsic job satisfaction
- Involvement with the organization, and
- Job status, financial and non-financial satisfaction

3. Differentiate between recruitment and selection.

[WBUT 2014]

Answer:

Distinction between recruitment and selection

Recruitment	Selection
1. The term recruitment stands for discovering the source/sources wherefrom the prospective candidates will be selected to cater to the needs of the organisation.	1. The selection process starts after recruitment. From among those who are recruited, after identifying and evaluating the sources of human resources and searching for prospective employee; the management has to perform the function of selecting the right candidate at the right time at the right place.
2. It is the process of searching out of better candidates for matching actual or anticipated manpower requirement of the organisation.	2. Selection means choosing from the number of those applicants who are most likely considered for possible employment.

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Recruitment	Selection
3. Recruitment refers to the procedure / process of determining the number and kind of human resources, identification, evaluation and finding them out and attracting them towards the organisation.	3. It is a process of eliminating or weeding out unpromising and unsuitable candidates and finally arriving at the most suitable one.
4. Recruitment is a positive activity.	4. Selection is a negative activity.

4. What are the ways of managing stress in an organization?

[WBUT 2014]

OR,

Write short note on Stress Management techniques

[WBUT 2017]

Answer:

Ways of managing stress in an organization

1. Creating of a supportive organizational structure and culture:

- An organization with decentralized and organic structure and design, with participative decision making and upward communication flow may create a more supportive climate, a collaborative culture in the organization. This will give the employees more control over their tasks and as a result the work environment would be less stressful.

2. Redesigning the jobs:

- The jobs must be designed to provide opportunities for advancement, recognition, responsibility and growth.
- It is essential for the organization to design jobs so that stress can be eliminated, motivation can be enhanced and satisfaction of the employees and their performance can be improved.
- It also involves enriching the jobs by providing responsibility, opportunities for achievement and recognition.
- It also involves in improving the core job characteristics like skill variety, task identity, autonomy, etc.
- Thus, job redesign and enrichment enhances motivation and leads to more challenging assignment, more meaningful work and more control over the employee's own work environment.
- Redesigned jobs will help overcome work-stress and also enhance quality of work-life.

3. Employee wellness programmes:

- Employee wellness programme focus on overall physical as well as mental health of the employees.
- Organisations organize workshops to guide their employees quit smoking, control alcohol use, eat better and develop a regular physical fitness (exercise) programme.
- Thus, wellness programmes help in reducing stress at the work place.

5. Define the five different steps of selection process.

[WBUT 2016]

Answer:

There is no such standard process of selection that can be adapted by all the organizations and in all the areas. As such, each organization may follow any one or the possible combination of procedures of selection as per their convenient and suitability.

- However, the five different steps of selection processes by modern organizations to get are listed as follows:

i) Receiving Applications

The selection process starts when application are received by the personnel/HR department.

ii) Scrutiny of Applications

All applications received have to be scrutinized by the HR department in order to eliminate those applicants do not fulfill job requirements.

iii) Application Blank

Application lank is a traditional and widely used method for securing needed information from the prospective candidates. Some organizations ask the candidates to fill up the application blank in their own handwriting to make tentative inferences regarding his suitability for employment. It can also be used as a device to screen out the applicants at the preliminary level.

iv) Written Examination

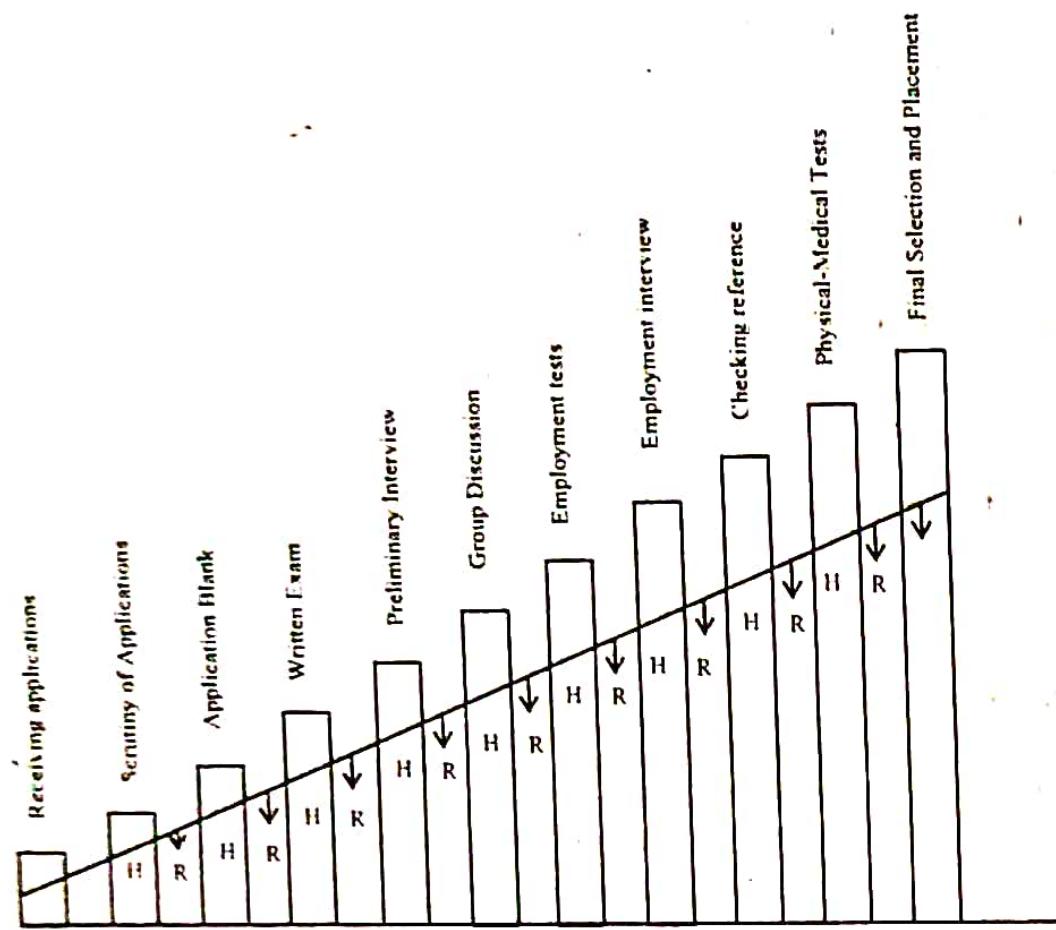
Conducting written examination has now become the usual practice in most of the organizations for the appointment of personnel from clerks to managerial levels. Such examinations are conducted to measure the candidate's ability in arithmetical calculations, understanding the candidate's attitude, aptitude, reasoning and knowledge in various disciplines.

v) Preliminary Interview

The basic purpose of this interview is to screen out the unsuitable or unqualified candidates. Such interviews are short and done for sizing up of the applicants or screening interviews.

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Successive Hurdles Involved in the Selection Process: At A Glance



Note: H = Hurdles; R = Rejections

6. What are the internal and external sources of recruitment?

[WBUT 2017]

Answer:

Internal Sources of Recruitment

When a vacancy arises in the organisation, it is given to an employee who is already on the pay-roll. The internal sources include the following:

Present Permanent Employees

When a vacancy arises, organisations consider the candidates from this internal source.

Temporary / Casual Employees

To fill the vacancies caused in any department, the organisations find this source mostly at the lower level owing to availability of suitable candidates.

Retrenched / Retired Employees

The organisation accommodates the retrenched employees due to lay-off and other causes. The cases of retired employees are also considered for re-employment as a gesture of their loyalty to the organisation.

Dependents of Deceased, disabled and of the Retired / Present Employees

Some organisations, with a view to build up image of the organisation provide employment to the dependents of deceased, disabled, and of the retired and present employees.

External sources of Recruitment

When the vacancies are filled in by employing people from outside the organisation, it is said to be the recruitment from external sources. **The external sources include the following:**

- **Employment Exchanges**

It is often used as a source of recruitment. In certain cases it has been made obligatory for the organisations to notify their vacancies to the employment exchange.

- **Advertisement in News Papers and Professional Journals**

This method is frequently used for recruiting skilled workers, clerical and higher level staff both technical and managerial.

- **Recommendations of Existing Employees**

Some companies/organisations encourage their existing employees to assist them in getting applications from persons who are known to them.

- **Trade / Labour Unions**

Trade unions also supply skilled, semiskilled and manual workers to the organisations. There may be an agreement between the management and trade/labour unions that certain categories of employees are to be recruited on the basis of the recommendation of trade/labour union.

- **Casual Applicants**

Sometimes, job seekers send their applications directly to the organization. Organisations keep a record of these direct applicants and whenever they need, they refer to their own records and inform the job seekers of their job requirements. Very often they are recruited, if they are found matching and suitable for the job.

- **Recruitment Consultancy Firms / Consultants**

Recruitment consultancy firms and consultant's act as an intermediary organisation between the job seekers and the organisation. They provide services to the client companies by charging fees in respect of recruitment and selection of candidates. Most of the organisations depend on this source for specialised positions and executive positions.

- **Employment Bureaus of Professional Institutions**

Organisations refer to the employment bureaus of professional institutions like Indian Institute of Engineers, Institute of cost and works Accountants of India, Institute of Chartered Accountants, Institute of Company Secretaries, etc, for recruitment of professionals in the higher positions. Whenever asked for by any organisations, they send candidates for the purpose.

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- **Recruitment through Internet Job Sites**

Recruitment through internet / job sites have now become very popular to the job seekers because of its global reach. Organisations also get the opportunity of attracting the best talents to suit their purposes.

7. Make distinction between 'Eustress' and 'Distress'.

[MODEL QUESTION]

Answer:

The components of stress are of two types (i) **Eustress** and (ii) **Distress**

- i) **Eustress**

- The stress generated by desirable and successful effects is said to be 'eustress'.
- Eustress is a positive, healthy and developmental stress response that offers an opportunity for one to gain something.
- Eustress acts as a motivator and some level of stress may lead to better performance.
- Eustress is the pleasant side of stress caused by good things (positive), like, an employee of an organization is offered promotion at a preferred location.

- ii) **Distress**

- The stress generated by undesirable outcomes is said to be 'distress'.
- When stress is thought to be caused by something bad, it is a form of distress.
- Distress is the term used to describe negative stress.
- Distress(negative) is associated with alcoholism, absenteeism, drug abuse and variety of social, physical, emotional and organizational problems

8. Define Stress.

[MODEL QUESTION]

Answer:

Meaning of Stress

- The word 'stress' is not a new one. **Hans Selye**, a renowned medical researcher used the term 'stress' first to describe the body's biological response mechanisms.
- In simple sense, stress may be defined as a state of mind which reflects certain biochemical reactions in the human body which is generated due to confrontation with an opportunity, constraint and demands.
- Thus, the term 'stress' may be referred to as the body's physical, mental and chemical reactions which is exposed by a sense of tension, depression and anxiety and is caused by certain forces that cannot be met by the resources available to the person concerned.

Definitions of stress by eminent thinkers

- According to **S. P. Robbins**, "Stress is dynamic condition in which an individual is confronted with an opportunity, constraint, or demand related to what he or she desires and for which the outcome is perceived to be both uncertain and important."

- T. A. Beehr and J. E. Newman define job stress as "a condition arising from the interaction of people and their jobs and characterized by changes within people that force them to deviate them from their normal functioning."
- According to John M. Lvancevish and Michael T. Matteson, stress is "an adaptive response, mediated by individual differences and or psychological processes, which is a consequence of any external (environmental) action, situation, or event that places excessive psychological and/or physical demands upon a person."

Long Answer Type Questions

1. Describe in details the various training methods? How does training differ from development? [WBUT 2014]

OR,

Describe in details the various training methods. How does training differ from development? [WBUT 2017]

Answer:

1st Part:

Various Training Methods

A. ON-THE-JOB training

- Under this method, an employee is instructed by some experienced employee or a special instructor or supervisor.
- Trainees learn the jobs under the watchful eyes of the supervisor or experienced skilled worker.

On-the-job training may take any one or more of the following forums:

(1) Coaching

- Under coaching system, the trainee is placed under a particular supervisor who functions as a coach and teaches job knowledge and skills to the trainee.

(2) Job position rotation

- Job rotation is a systematic programme of rotating and interchanging trainees from one job to another, throughout the organization for a considerable period of time.

(3) Job instruction or training through step by step

- Under this method, an experienced trainer explains the trainee, through step the way of doing the jobs, job knowledge and skills necessary for accomplishing the job. After that, the trainer, allows the trainee to perform the job as explained by him

(4) Under study

- The under study method makes trainee an assistant to the current job-holder. Under this method, the trainee learns by experience, observation and imitation

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(5) Apprenticeship training

→ The governments, both central and state, have passed laws which makes it obligatory on certain employers to provide apprenticeship training.

(6) Vestibule training

→ Vestibule training is an extension of the on – the – job training away from the production centre.

(7) Multiple Management

→ Multiple management, as an effective on-the-job training, implies the appointment of management boards to function independently in all the functions of the organization.

B. OFF-THE-JOB training

- **Off-the-job training**, by name, implies that the trainees are separated from their actual work place and situation. The trainees are required to leave their actual work place and devote their entire time and energy for the cause of the training only.
- Off-the-job training methods are used for developing managers/executives of the organization.

Off-the-job methods of training consist of the following:

- **Lecture method**
→ Lecture method is the mostly used traditional method of training and developing organizational people. It is applied for training management trainees, supervisors, executives and some other personnel for acquiring advanced knowledge in specific areas related to the effective performance of the job.
- **Conference/seminar**
→ This method involves a group of participants to pool ideas, examine and share facts and draw conclusions, all of which contributes in attempting to arrive at improved methods of dealing with problems which are common subject of discussion.
- **Sensitivity Training or T-Group Training or Laboratory Training**
→ Sensitivity Training is one of the earliest and widespread techniques of organization development.
→ Sensitivity training is generally conducted with a small number of individuals/employees (10 to 15), mostly unstructured, without any agenda, leader and predetermined goals, where the small group is aided by an expert trainer/facilitator.
- **Role playing**
→ Under this method of training, the participants are given a brief description of a particular situation and the participants (as actors) are required to play the role as an actor, on the basis of the oral and written description of that particular situation.

- **Case study/analysis**
 - A case is a real life or fictional situation for studying a problem. The case study method provides the way to tackle a particular problem-situation, the method to analyse the situation, identification of available alternative solutions and to arrive at the best possible solution to a given problem-situation.
- **Programmed instruction/learning**
 - The programmed instruction or programmed learning is a method in which the subject matter of the learning or instruction is presented in a sequential order from simple to complex.
- **In basket method/exercise**
 - Under this method, the trainee or the learner is presented with samples of papers and files in a tray/basket containing administrative problems.
- **Management games/business games**
 - Management or business game is a simulation exercise in which the participants are required to take a series of decisions relating to imaginary organizational problems at different time periods.
- **Incident process method**
 - The incident method is a process in which an incident is presented to the participants (trainee) and the facts about the incident are developed by the questions asked by the participants.

2nd Part:

The difference between training and development are shown below:

Training	Development
Training means learning the basic knowledge and skills necessary for doing a particular job or a group of jobs	Development is the aftermath of training. It refers to the growth of the individual in all respects.
Training is used for acquiring technological knowledge by a worker to make him a right person for the right job or for promotion.	Development is used for a long term methodical and organized process by means of which organizational people acquire the philosophical and conceptual wisdom for general application.
Training is related to instructions for technical, mechanical and operational areas.	Development implies knowledge and application of theories and conceptions. It signifies the overall improvement in the capacity of work performance, growth in personality and leadership ability and it leads the individuals to reach at the maturity level.
Training programmes are generally, designed for particular purposes, like training in technical/ mechanical areas, behavioural areas, and operational areas, etc.	Development programmes are not designed for any particular area or areas, because development is the wisdom for long run purposes.

2. Briefly discuss the main techniques of performance appraisal.

[WBUT 2015]

Answer:

The modern methods are discussed below:

1. Assessment Centre

- The method 'assessment centre' was first applied in Germany, in 1930, to appraise army officers. Gradually, this method got popularity in many countries including India.
- The assessment centre method or technique is primarily designed to identify and evaluate the managerial potential for future performance.
- The assessment centre is a central location where the potential managers/ executives from different departments are brought together for 2 – 3 days to participate in well-designed simulated exercises.
- These centres are basically designed for evaluating the potential of candidates for promotion, training and development.
- The trainees are assessed by senior managers and HR specialists who record the trainees behaviour and the judgement of these behaviour is pooled and ranked. Lastly, the evaluation give their assessment about the trainee/ assessee.

2. Appraisals by results/ management by objectives (MBO)

- Management by objectives (MBO) is a philosophy as also an approach. Objectives are the ends towards which the activities of an enterprise are directed. Objectives or goals provide direction to various activities of the enterprise. They reflect a future state of affairs, which an enterprise strives to realize or achieve.
- In MBO approach, the superior and the subordinate managers jointly identify the common objectives (goals), define each individual's major areas of responsibility in terms of the results expected of him.
- The thrust of MBO is on what must be accomplished, that is, the 'goals', but not how it is to be accomplished, that is, methods.
- Fundamental to the MBO philosophy is the mutual setting of objectives (goals) between each superior and subordinate, where subordinates are given opportunity to set objectives for their key areas of responsibility.
- MBO is a result-centered process. All are to be aware of the fundamental change in thinking from 'Doing' to 'Results'.
- Through MBO, control over people shifts to control over operations.
- The superior is available for advice, direction and counsel, if situation calls for on the part of the subordinate.
- Once the objectives are identified by mutual understanding, they are used as 'standards' for evaluating the performance of the subordinates in quantitative terms.
- Setting of objectives for the entire enterprise, though begins at the top, these are also used as guides to set goals at the successive levels of the enterprise.

3. Behaviourally anchored rating scales (BARS)

- 'BARS' is a comparatively developed method of performance appraisal which combine major elements of the critical incident and adjective rating scale method.
- Through this method, the effective and ineffective behaviours are described more objectively.
- BARS specify definite, observable and measurable job behaviour.
- BARS are the descriptions of various degrees of behaviour in respect of a specific performance dimension.
- Under this method, some standard statements are provided for each performance area and are put on the scales in BARS.
- Generally, each bar is scaled from 1 to 9, where **rating of 1 (One) represents most ineffective performance** and the **9 (nine) represents the highest rating for most effective performance**.
- Applying this method, the identified incidents which have high rate of score on performance effectiveness are retained for use as **ANCHORS** on the performance dimension.

4. 360-Degree Appraisals

- The concept of 360-Degree appraisal was first developed and formally introduced by the General Electric Company (GEC), USA in 1992.
- Now, this appraisal method is largely being used throughout the globe including India.
- Through this appraisal method, all round performance information of all employees in respect of their skills, abilities and behaviour is collected from his peers, subordinates, supervisors, customers and clients, with whom he interacts during his job performance.
- Information collected from all these appraisers are compiled and individualized reports are prepared.
- As a part of feedback, these reports are presented to the employees being rated, and the information would be used for developmental purposes.
- In India, organizations like Infosys technologies, Wipro Corporation and Reliance Industries etc. have been using this method as a part of the performance appraisal method.

3. Write short notes on the following:

- a) Stress Management
- b) Job design

[WBUT 2013]
[WBUT 2017]

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Answer:

a) Stress Management:

- The word 'stress' is not a new one. **Hans Selye**, a renowned medical researcher used the term 'stress' first to describe the body's biological response mechanisms.
- Thus, the term 'stress' may be referred to as the body's physical, mental and chemical reactions which is exposed by a sense of tension, depression and anxiety and is caused by certain forces that cannot be met by the resources available to the person concerned

The various factors/causes or sources of stress are classified into four broad categories as under:

- c) **Organizational factors / stressors**
- d) **Group factors / stressors**
- e) **Individual factors / stressors.**
- f) **Environmental factors / stressors**

1. Management of stress

Creating of a supportive organizational structure and culture:

- An organization with decentralized and organic structure and design, with participative decision making and upward communication flow may create a more supportive climate, a collaborative culture in the organization. This will give the employees more control over their tasks and as a result the work environment would be less stressful.

2. Redesigning the jobs:

- The jobs must be designed to provide opportunities for advancement, recognition, responsibility and growth.
- It is essential for the organization to design jobs so that stress can be eliminated, motivation can be enhanced and satisfaction of the employees and their performance can be improved.
- It also involves enriching the jobs by providing responsibility, opportunities for achievement and recognition.
- It also involves in improving the core job characteristics like skill variety, task identity, autonomy, etc.
- Thus, job redesign and enrichment enhances motivation and leads to more challenging assignment, more meaningful work and more control over the employee's own work environment.
- Redesigned jobs will help overcome work-stress and also enhance quality of work-life.

3. Employee wellness programmes:

- Employee wellness programme focus on overall physical as well as mental health of the employees.
- Organisations organize workshops to guide their employees quit smoking, control alcohol use, eat better and develop a regular physical fitness (exercise) programme.
- Thus, wellness programmes help in reducing stress at the work place.

b) Job design:

- **Job Design or Work Re-design** refers to the system of specifying the work/job activities of an individual or group in an organisation.
- The philosophy behind job design is to develop job structures that meet the requirements of the organisation and its technology and which helps the job-holders to fulfill their physical and psychological needs.
- Through job design work-stress can be reduced, motivation of the workforce can be enhanced and job satisfaction of the workforce and their performance can be so improved that results in improved productivity.
- One of the more recent job design strategies involves the area of time scheduling known as Flexitime. This schedule substitutes the old and rigid 10 to 5 working schedule and gives the worker the flexibility to arrange his/her own working hours within reason and in compliance with the organisation situation.
- **To conclude,** Work redesign involves changing the nature of work so that it induces a higher level of motivation to the employees. Through introduction of work redesign work activities become more challenging, and the organization becomes people-oriented instead of machine-oriented.

Approaches to Job Design

Job Design approaches are usually considered to have begun with the scientific management movement, of which the pioneering thinkers were **F. W. Taylor** and **Frank Gilbreth**.

- There are six approaches to job design. They are:
 - i) Job enlargement
 - ii) Job rotation
 - iii) Job enrichment,
 - iv) Job engineering
 - v) Socio-technical systems and
 - vi) Ergonomics

4. What do you mean by the term 'Recruitment'?

[MODEL QUESTION]

Answer:

- **Recruitment** means the process of searching out of better candidates for matching actual or anticipated manpower requirement of the organisation.

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- In simple sense, the term recruitment stands for discovering the source / sources wherefrom the prospective candidates will be selected to cater to the needs of the organisation.
- **Edwin B. Flippo**, in his book 'Personnel Management', has defined recruitment as "the process of searching for prospective employees and stimulating them to apply for jobs in the organisation".
- **Tina Agrell**, in the book "Recruitment Techniques" opines that "Recruitment means announcing job opportunities to the public in such a way that a good member of suitable people will apply for them".
- **To Sum up**, Recruitment means the positive process of searching out desired candidates for matching actual or anticipated human resource requirement of the organisation.
- Recruitment is the process which enables an organisation to provide a substantially large pool of potential candidates for the organisation so that requisite talents will be available for each job whenever need arises.
- Again, specialized recruiting is generally used for recruiting specialists and higher level executives, while general recruitment

MANAGERIAL COMPETENCIES

Multiple Choice Type Questions

1. Which of the following shows the process of creating something new?

- a) business model
- c) innovation

- b) modelling
- d) creative flexibility

Answer: (c).

[WBUT 2013]

2. Theory X and Theory Y are put forward by

- a) McGregor
- b) Ouchi

- c) Mayo

[WBUT 2014]

Answer: (a)

- d) Maslow

3. When there is a high level of concern for a group's own interests along with a moderate concern for the interests of other partners, conflict resolution approach is called

- a) Collaboration
- b) Compromise

- c) Avoidance

[WBUT 2014]

Answer: (a)

- d) Accommodation

4. Upward and downward flow of messages constitute _____

[WBUT 2015]

- a) diagonal communication
- c) vertical communication

- b) written communication
- d) horizontal communication

Answer: (c)

5. _____ offers creativity and innovation to an organization

[WBUT 2015]

- a) Human resource
- b) Time

- c) Money

- d) Information

Answer: (a)

6. Under Maslow's hierarchy of needs, the need to survive is called

[WBUT 2016]

- a) Physiological
- b) Safety

- c) Social

- d) Esteem

Answer: (a)

7. What type of conflict results when one group in an organization perceives itself being treated inequitably in comparison to other groups in terms of working condition, status and rewards?

[WBUT 2016]

- a) Intergroup conflict
- c) Interpersonal conflict

- b) Internal conflict
- d) Intragroup conflict

Answer: (a)

8. Which of the following is not a maintenance factor as per Herzberg's two-factor?

[WBUT 2016]

- a) Job Security
- c) Working condition

- b) good Pay
- d) Self-esteem

Answer: (d)

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9. According to Herzberg, which of the following is a maintenance factor?

[WBUT 2017]

- a) salary
- b) work itself
- c) responsibility
- d) recognition

Answer: (a)

10. Which one of the following is not a barrier to communication?

[MODEL QUESTION]

- a) Semantic barrier
- b) Difference in status or rank
- c) Loss by transmission and retention
- d) All of these

Answer: (d)

11. Which is not the merit of oral communication?

[MODEL QUESTION]

- a) Easy Communication
- b) Instant feedback
- c) Effective
- d) Authenticity

Answer: (d)

12. The concept of Hierarchy of Needs was a contribution of

[MODEL QUESTION]

- a) McGregor
- b) Herzberg
- c) Maslow
- d) Likert

Answer: (c)

13. Vroom's theory of motivation is known as

[MODEL QUESTION]

- a) Need theory
- b) Valence expectancy theory
- c) 'x' and 'y' theory
- d) Two factor theory

Answer: (b)

14. Communication is the process of

[MODEL QUESTION]

- e) Granting authority to an employee
- f) Inspiring the employees so that they give their best to the organization
- g) Passing information and understanding from one person to another
- h) Meeting the short term debts by converting assets into cash

Answer: (c)

15. The informal communication network present throughout the organization is referred to as

[MODEL QUESTION]

- a) Grapevine
- b) Buzz
- c) Pipeline
- d) Noise
- e) Uproar

Answer: (a)

16. The study of body movements is known as

[MODEL QUESTION]

- a) Paralanguage
- b) Kinetics
- c) Semiotics
- d) Ergonomics

Answer: (b)

17. According to A. H. Maslow, needs like hunger, thirst, sleep and sex are

[MODEL QUESTION]

- a) Safety needs
- b) Self-actualisation needs
- c) Physiological needs
- d) Esteem needs

Answer: (c)

18. Employees are basically lazy and have inherent dislike of work. This is the assumption of
 a) Theory Z b) Theory X c) Theory Y d) Both (a) and (b) [MODEL QUESTION]

Answer: (b)

19. Grapevine network may be in the form of
 a) Cluster net patterned b) Probability net patterned
 c) Star patterned d) All of these patterns [MODEL QUESTION]

Answer: (d)

20. "What a man can be, he must be". This need to maximize one's potential is known as:
 a) Esteem b) Social need (affiliation)
 c) Self Actualization d) Physiological need [MODEL QUESTION]

Answer: (c)

Short Answer Type Questions

1. Write the difference between Abraham Maslow's hierarchy of needs theory & Herzberg's Two factor Theory of Motivation. [WBUT 2014]

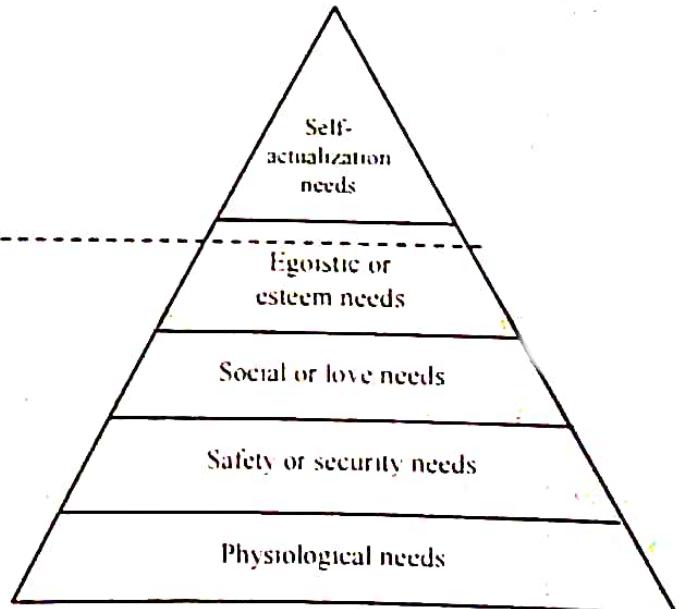
Answer:

Comparison of Herzberg and Maslow Model

MOTIVATIONAL FACTORS (REAL MOTIVATORS)
→ Achievement
→ Recognition
→ Advancement
→ Work itself
→ Possibility of growth
→ Responsibility

HYGIENE OR MAINTENANCE FACTORS
→ Company policy and administration
→ Technical supervision
→ Interpersonal relations with supervisors
→ Interpersonal relations with peers
→ Inter personal relations with subordinates
→ Salary
→ Personal life
→ Working conditions
→ Status

HERZBERG MODEL



MASLOW MODEL

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- While comparing the Herzberg and Maslow models, it can be found that both the models aim at what motivates an individual.
- Maslow explained motivation in terms of need hierarchy where he has placed five needs in a sequential order, such as physiological, safety or security, egoistic or esteem and self-actualization needs.
- In the opinion of Maslow, an unsatisfied need become a motivating factor for an individual and accordingly governs his behaviour to that direction.
- On the other hand, Herzberg has propounded two-factor theory of work motivation, namely, hygiene and motivational factors.
- Hygiene factors include 10 components like company policy and administration, technical supervision, inter personal relationships with supervisors – peers – subordinates, salary, job security, personal life and status.
- Again, motivational factors include six (6) components like achievement, recognition, advancement, work itself, possibility of growth and responsibility.
- The hygiene/maintenance/environmental factors prevent job dissatisfaction, but they do not provide motivation to the employees.
- Hygiene factors provide no motivation to the employees, but the absence of hygiene factors serve as dissatisfiers to the employees.
- But motivational factors have a positive influence on the efficiency and higher productivity resulting in high level of job satisfaction and morale of the employees.
- The above diagram will show that Maslow's physiological, security, and social or love needs come under Herzberg's hygiene or maintenance factors, while self-actualization needs under motivational factors.
- If the above diagram is seen to its precision it would be clear and vivid that some divisions of esteem need like status and others come under hygiene / maintenance factors, while advancement, recognition coming under motivational factors.
- Herzberg developed two-factor theory from *empirical study*, whereas Maslow propounded his need hierarchy theory from his *clinical experience*.
- Herzberg study was based on the professionals like engineers and accountants, whereas Maslow's theory has got its applicability to all kinds of people.

2. Suggest some strategies for resolving conflict in an organization. [WBUT 2017]

Answer:

Refer to Question No. 1 (2nd Part) of Long Answer Type Questions

3. Define the term 'Entrepreneurship'.

[MODEL QUESTION]

Answer:

- The term 'Entrepreneurship' has been derived from the French word **entreprendre**.
- Entrepreneurship is the process of development of individual talents to provide supply of entrepreneurial services. It is the combination of the individual, the environment, socio-cultural factors and the support systems.

Definition of Entrepreneurship

Various thinkers have defined entrepreneurship in different ways. Some of the definitions are stated as under:

- According to **Robert C. Ronstadt**, "entrepreneurship is the dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms of equity, time and/or career commitment of providing value for some product or service. The product or service itself may or may not be new or unique but value must somehow be infused by the entrepreneur by securing and allocating the necessary skills and resources".
- **Berna** defines, entrepreneurship is basically a type of human skill or more accurately, a combination of skills and abilities.
- **Bowen and Hisrich** state that entrepreneurship is the process of creating something different with value by devoting the necessary time and effort, assuming and accompanying financial, psychic and social risk receiving the resulting rewards of monetary and personal satisfaction.
- According to **Joseph A. Schumpeter**, a great **Harvard economist**, the task of entrepreneurship "is to reform or revolutionize an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products. Entrepreneurship as defined, essentially consists in doing things that are not generally done in the ordinary course of business routine."

Long Answer Type Questions

1. What are the various reasons of conflict in an organisation? Describe the various strategies for resolving conflicts. [WBUT 2014]

Answer:

1st Part:

In Organizational life, a large number of potential sources of conflict exist. However, the major potential sources or conditions leading to organizational conflicts are summarized as under:

1. Inadequate/Poor Communication

- Inadequate or poor communication act as a powerful and potential source of organizational conflict.
- There are certain barriers in the flow of communication that can impede transmission of information and also distort the message in between the sender of the message and the receiver of the message. As a result, communication break-down occurs. And this stimulates misunderstanding resulting a potential source of conflict.

2. Variation in Behavioural Aspect

- The feelings, thoughts, beliefs, values, perceptions and attitudes, etc. of individuals differ and these reflect some basic traits of a personality.

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- Consequent to such variation in behavioural aspect, highly authoritarian and dogmatic people cannot arrive at a mutual agreement.
- But people of value orientation will always conflict with authoritarian people.
- The unrealized expectations of the organizational people and also the complex and dynamic social and organization systems generate conflict in the organization.
- Another source of behavioral aspect of conflict is the conflict between the goals of the formal organization and the goals of the informal organization within the organization.

3. Sharing of Scarce Organizational Resource

- Organizations, having limited resources can not satisfy and provide for the interests of the individuals and groups of the organization, having separate values, beliefs, goals, attitudes and interests.
- Due to scarcity or limitation of resources of the organization, the behavioural forces of the individuals and groups create a competition among themselves for sharing and gaining larger part of the resources over others. This generates conflict among the competing members of the organization.

4. Status Discrepancies

- In the context of organizational management, a certain status is automatically attached to a position. Organizational people, mostly subordinates are strongly conscious of the existence of such status in their relationships with their superiors. When each person tries to protect his position in the organization, conflicts will develop due to such status discrepancy.
- The confusion and misunderstood concept of the line and staff authority relationship leads to conflicts in the organization.

5. Overlapping Responsibility

- Sometimes, work activities of a person remain ill defined, range of powers and duties remain unclear. In such a situation, in absence of clear cut area of operation, conflicts may crop up between the person and the people who depend upon his activities. Thus, overlapping responsibility may cause conflict in the section, department or in the entire organization, due to role ambiguity.

6. Highly Interdependent Tasks

- Each group, within the organization, is related with others and so in some way or the other is interrelated.
- It is interdependent task relations when two groups or more, within the organization, collaborate and coordinate with one another for accomplishing group as well as organizational goals.
- Collaboration will take place only when the interdependent groups share responsibility jointly for accomplishing group and organizational goals.

- If a group tries to exert its supremacy or exceed its authority, then conflicts will arise in these relations.

7. Attitudinal Factors

- Organizational members or groups may hold various sets of attitudes towards each other. Members with positive attitudes are caring, confident, patient, humble, trustworthy, responsibility seeker and have greater consideration for others view points and so on. This situation fosters team work, solves problems, breeds loyalty and fosters better relationships with other members. As a result, there is no conflict situation.
- On the contrary, if the group relations are characterized by attitudes of distrust, bitterness and resentment, etc. the relationship will run in a negative way, which ultimately leads to conflict situation.

2nd Part:

Conflict resolution/strategies for resolving organizational conflicts

- There are separate conflict-resolution actions or strategies for resolving separate conflict-situations, like intra-personal conflict, inter-personal conflict/inter-group conflict and line and staff conflict. etc.

The conflict-resolution – actions or strategies for resolving separate conflict-situations are discussed as under:

Strategies for resolving intra-personal conflict

- In the organizational context, conflict at intra-personal level occurs due to hindrances in the way of smooth progression of need-drive-goal-satisfaction chain of the individuals.
- Thus, intra-personal conflict arises from frustration which generates due to non-fulfillment of the goals and roles, blocked by barriers, external or internal.

How to resolve?

- Goal conflict can be resolved by building or developing compatibility between his personal and organizational goals.
- Management should take proper initiative to resolve role conflict by avoiding situations where role conflict may arise. Besides, role conflict may be minimized by proper role perception, clarity and responsibility.

Strategies for resolving inter-personal conflict

- Inter-personal conflict arises because of the differences in respect to belief, perception, attitude, value systems, temperaments, socio-cultural factors of the organizational people and also in the form of superior – subordinate relationship and interactions between individuals of the same level.

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How to resolve?

Inter-personal conflicts may be resolved by the following ways:

- As the inter-personal conflict arises mostly out of behavioral aspects of individuals, such conflicts can be resolved by focusing on the behavioural aspects of the individuals by way of various training programs.
- The parties to the conflict may prefer to avoid or withdraw themselves from the conflict situation for getting away from the tension caused by conflict.
- The conflicting parties may try to arrive at a point of bargaining and compromise which is based on mutual give-and-take policy.
- Another way of resolving inter-personal conflict is **integrative problem-solving approach**. Under this approach, an attempt is initiated to work out a solution to the conflict problem by reconciling and integrating the needs of both the conflicting parties.
- Inter-personal conflict can also be resolved and improved by **use of Transactional analysis (TA)**. TA is a method which is used to help people better understand their own and other's behaviour in respect of inter-personal relationships.

Strategies for resolving inter-group conflict

How to resolve?

- The main reason for **inter-group conflict** is with the conflict of goals. So, the main strategy to resolve inter-group conflict should be to search out goals on which groups can agree with. Only superordinate goals may separate the conflicting groups.
- Inter-group conflict, due to sharing of organizational resources, can be resolved by planning about the judicious distribution and optimum allocation of the scarce resources.
- For resolving inter-group conflicts, management of the organization has also a role to play. As such, the organization should make a provision by **designating facilitators or integrators**, who can handle and resolve the unresolved conflicts.
- Besides, inter-group conflicts may be resolved through reference to the concerned superior authority of the organization.

2. a) Barriers to effective communication

[WBUT 2014]

Answer:

The barriers to communication may be in the following forms:

1. Poorly Designed Message

The message should be properly planned, designed and then delivered to the receiver otherwise the message will lose its worth.

2. Un-Communicated Assumptions

When the sender and the receiver perceive the same information/message differently, it causes barriers to the communication.

3. Faulty Expressions and Translations

Communication badly expressed through use of inadequate words result in lack of clarity and precision.

4. Semantic Block

Words and concepts have different meanings for different persons. The sender of the message should use the words which the receiver can understand. In order to avoid communication break-down, words having more than one meaning should be avoided.

5. Filtering

Filtering refers to deliberate manipulation of information by the sender to make it appear more favourable to the receiver. Such intentional withholding of communication stands as barriers to effective communication.

6. Noise Barriers

Noise may cause interference in the process of communication by distraction or blocking a part of the message, as a result, the strength of the message may be diluted.

7. Poor and Faulty Listening

Due to poor and faulty listening, the message transmission gets hindered.

8. Emotional State of the Receiver

Emotional factors are one of the prime barriers in inter-personal communication. Extreme emotions hinder effective communication as it generates emotional judgment against rational judgements.

9. Organizational Blocks

According to Edmeend P. Learned and David N. Ulrich, "good communication exists where anyone in the organization is free to contact whoever can help him with his problems". Frustration is generated when organizational members are restricted to communicate in formal channels only. This hinders effective communication.

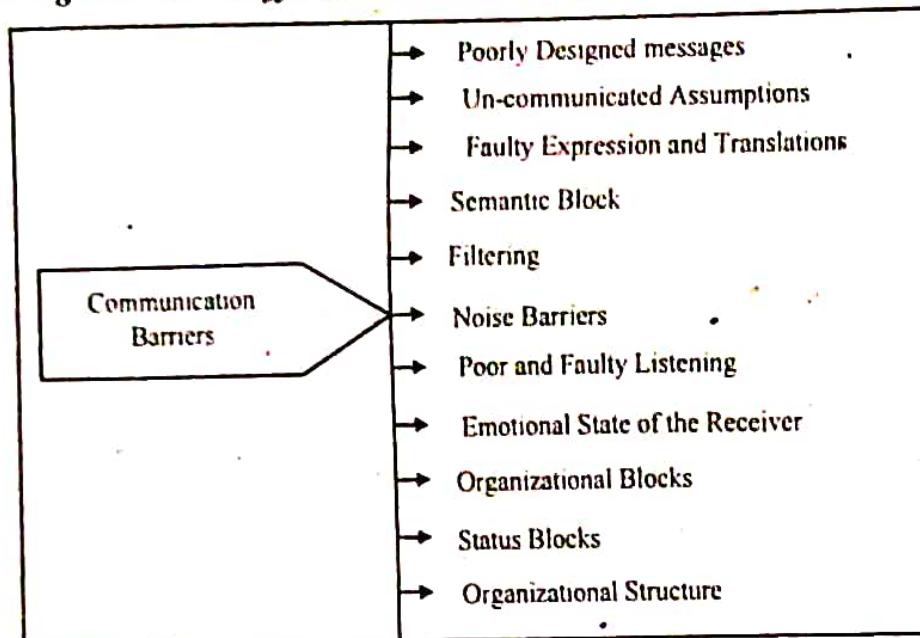
10. Status Blocks

Status block harms the communication process in the upward direction. Subordinates do not feel free to report their problems and shortcomings to their superiors because of status barrier.

11. Organisation Structure

The structure of the organization may create problems of communication for the reason that the structure may involve several layers of supervision and long communication lines. As a result, communication may break-down at any one level of the channel due to faulty transmission. In the words of W.C. Bennis, "communication gets distorted particularly as it goes up the hierarchy".

Diagram showing barriers to effective communication at a glance:



b) Team Effectiveness

[WBUT 2014, 2017]

Answer:

Effective team building and making the teams work together requires certain backgrounds as well as certain characteristics. These are as follows:

- **Context:** The team members are to understand why they are participating in the team.
- **Clear Expectations:** The executive leadership is to communicate clearly the expectations from the teams and their expected outcomes.
- **Commitment:** The team members must have to feel the mission of team building as the most important one.
- **Competence:** The team members should have the necessary competence to translate the mission of the team, by their abilities and technical and other related skills.
- **Mutual trust:** Team members are to believe in the integrity, character and ability, competence, consistency, loyalty and openness of each other.
- **Clearly of goals and roles:** All team building exercises must have to ensure that the team members are clear about the goals of the organization and their roles to perform.
- **Providing a supportive environment:** Managers should provide an appropriate environment by developing an appropriate organizational culture.
- **Trust on super-ordinate goals:** Effective teams require focus on super-ordinate goals. Managers should set super-ordinate goals for a team so as to focus the attention of the team members and unify their efforts towards the cherished goals.
- **Rewards for the team:** Rewards encourage team work. The rewards must have to be more effective and potential to motivate team members to perform better. Apart from giving traditional recognition to the team members, organizations should design innovative team rewards.
- **Training to team members:** The team members can be trained through workshops for improving problem solving, communication, negotiation techniques, coaching skills and conflict management.

- **Good leadership and effective structure:** A team needs a good leader and a clearly defined structure.
- **Preventing social loafing:** An effective team is ensuring that the members are responsible as individuals and also as a team. Thus, an effective team may reduce the tendency of social loafing and make the team members accountable for the results.

c) **Qualities of an entrepreneur**

[WBUT 2017]

Answer:

Entrepreneurial Qualities and Competencies / Qualities of an entrepreneur

The following qualities and competencies are required to be possessed by an entrepreneur.

1. **Must have vision:** Vision is a guiding purpose which propels an entrepreneur forward. Entrepreneurs' vision serves as a beacon and nothing can stand in the way.
2. **Must have creative talent:** An entrepreneur must have creative talent of thinking and intention to create new and newer things into existence.
3. **Must have innovativeness:** An entrepreneur must have the innovative quality of successful implementation of creative ideas.
4. **Must have self-confidence:** Self-confidence closely relates to self-esteem. An entrepreneur who is not self-confident does not feel good about himself would not be able to meet a challenge.
5. **Must have decisiveness:** An entrepreneur must have his intuitive powers and be able to make accurate predictions and take right decisions at right time and right place.
6. **Must have high energy level:** A successful entrepreneur even in very difficult situation can call on their energy for making things happen.
7. **Must have to be a risk-taker:** An entrepreneur must have to assume risk under uncertainty.
8. **Must have strong personality:** An entrepreneur must possess sound personality that characterize and determine his/her unique patterns of adjustment in his/her relationships with others and his/her environment and which make the entrepreneur different from others.
9. **Must have managerial qualities:** An entrepreneur must have some managerial qualities like organizer, director, motivator, controller, decision maker and communicator etc.
10. **Must have high level of motivation:** Motivation is a dynamic force setting an entrepreneur into motion and action.

3. **Discuss the communication process, with a diagram, identifying its key components.**

[MODEL QUESTION]

Answer:

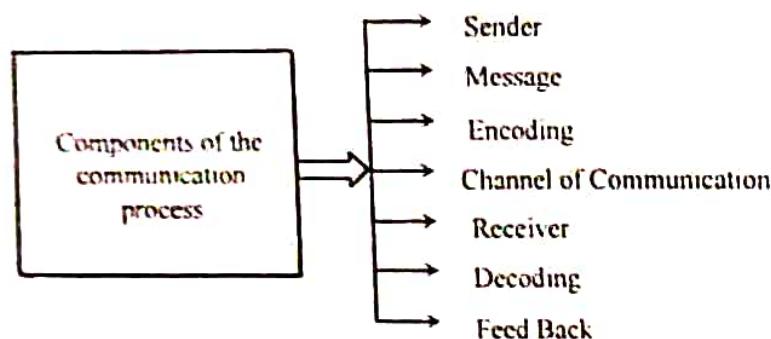
The Process of Communication

- Communication is a meaningful interaction among persons in such a way or process so that the ideas and thoughts or messages are transferred from the point of origin (the sender) to the destination (the receiver), so that the meaning and understanding of the ideas, thoughts is same in the mind of both the sender and the receiver of the communication.

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- Communication is not a one-way traffic. An effective system of communication involves two-way traffic.
- Communication, in true sense, will be completed when the cycle of communication or the process of communication will be completed.
- Thus, communication signifies the completion of the cycle of communication or the process of communication.

The communication process consists of the following components:



Sender

The sender is the initiator of the communication. He formulates the message. He is the communicator. He wants to get his ideas, thoughts, opinions, views, feelings, attitudes, orders, suggestions, etc. across to the receiver. Thus, the sender is also the transmitter of the message.

Message

The communication process begins with the sender with a message. The message indicates what the sender wishes to convey or pass to the receiver. The message which is to flow from the sender must be simple and clear. While sending or transmitting a message, the sender (communicator) must take into account and consider the matter of receptivity of the receiver or the communicatee.

Encoding

Encoding means putting a message into words or images. The sender or the communicator of the message will organize or translate his message into words, symbols or gestures or some other form of expression, so that the receiver can easily understand the message. Using appropriate words, symbols or gestures can make the encoding of the message very clear, receptive and effective. Further, for effective encoding, the communicator is to possess three encoding skills – speaking, writing and body language.

Channel of Communication

The sender or the communicator has to choose a channel for sending or transmitting the required ideas, thoughts, feelings, etc. to the receiver or the communicatee. The channel is the way or means to convey the message. So, the channel is the medium of transmission of message from one person to another. For effective communication, the

channel should be appropriate for the message sent. The channel used for communication may be in the form of a face-to-face conversation, a telephone conversation, in writing, e-mail, fax or through any other form of physical gestures. For selecting an appropriate channel, the needs and requirements of the receiver must have to be considered by the sender.

Receiver

Receiver is the person who receives the message. In other words, receiver is the person for whom the message or communication is meant for. The cycle or process of communication becomes complete when the receiver clearly receives, understands and perceives the message.

Decoding

Decoding is the process of interpreting a message by a receiver and translating the message into a meaningful information. Accordingly, the person, who receives the message in the form of written or oral or symbolic or other form of physical gestures, tries to convert the same (message) in such a way so that he may extract the meaning of the message to his complete understanding.

Feed Back

In the context of communication, feedback is the response, reaction or return or reply to the communication from the receiver to the sender of the communication. In the feedback process, the receiver sends his response to the sender ensuring that he has received, perceived and understood the message in the same sense as the sender meant it. Thus, the feedback to the sender completes the cycle of the process of communication.

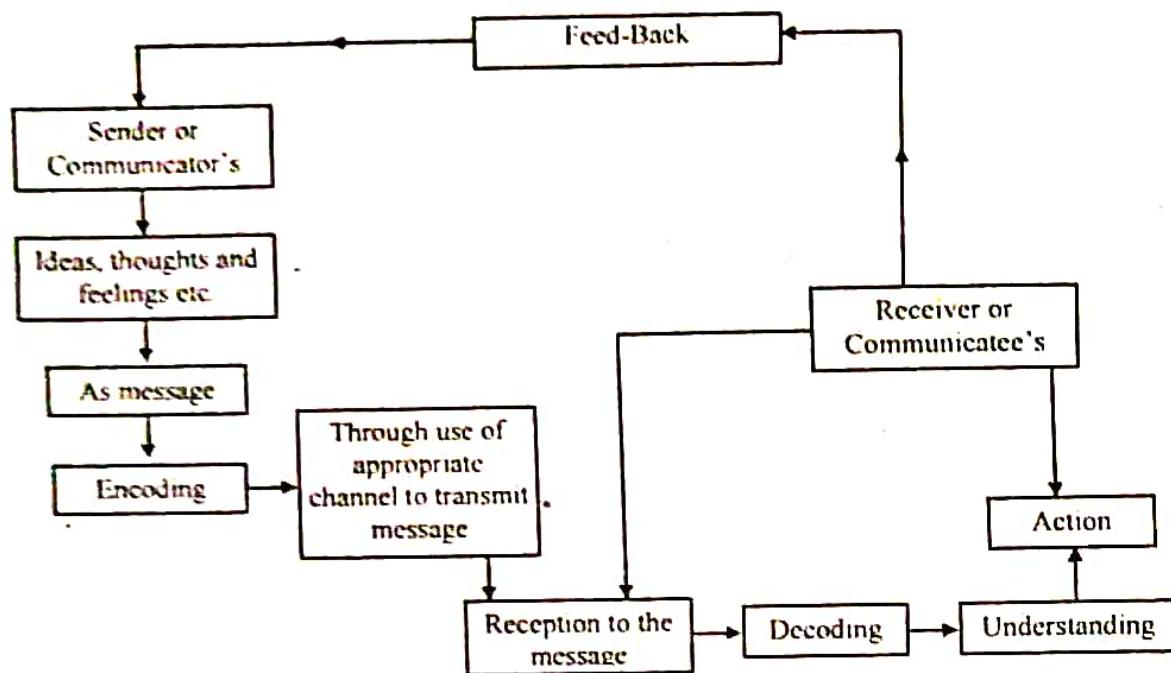
Thus, the whole process of communication runs as under:

The sender transmits a message through

The most suitable channel/media, and

The receiver gets, receives the message and decodes it and provides feedback.

Diagram showing the total process of Communication:



4. "The conflict process generally consists of five stages in sequence of a series of episodes". Explain the statement highlighting the five stages conflict process.

[MODEL QUESTION]

Answer:

- In an organizational life, conflicts develop through certain chronological stages. The chronological stages through which conflicts develop are said to be the 'process' of conflict.
- The conflict process generally consists of five stages in sequence of a series of episodes.

Five stages of conflict process

The five stages of conflict process, as developed by L. R. Pondy, are summarized below:

Stage 1: Latent conflict (Antecedent conditions)

- This is the first stage of the conflict process and is the presence of conditions which create situations for conflict to arise. The antecedent conditions need not automatically lead to conflict, but the presence of any one of the antecedent conditions may make a conflict possible.

The latent conflict may arise due to the following factors:

- Poor communication act as a potential for latent conflict.
- The greater is the ambiguity in role and task structure, the greater is the potential for latent conflict to develop.
- Close style of leadership with tight, continuous observation and control increases conflict potential.
- Individual's value systems, attitudinal sets and personality characteristics act as conflict potential.

- Besides, some of the antecedent conditions that create situations for latent conflict are
 - unreasonable, unclear organizational policies, rules and standards; unmet expectations in respect of job assignments, reward and promotions, etc, differences in the goals of units or departments, etc.

Stage 2: Perceived conflict (Cognition)

- In this stage, one or more members become aware of the existence of the antecedent conditions.
- This is the stage when one or more members are affected by the conflict, due to certain/specific antecedent conditions.
- Here, the affected members perceive conflict and try to identify and decide as to what the conflict is.

Stage 3: Felt conflict (Affect)

- In this stage of conflict process, the perceived conflict is transformed into a felt conflict.
- When the affected members are at this felt level of conflict, they become emotionally involved, frustrated, anxious and tense.
- All these feelings generate conflict situations.
- The affected members begin to highlight the issues of differences of opinion.

Stage 4: Manifest conflict (Behaviour)

- In this stage, the conflicting members attempt to implement each member's intentions, by actions and reactions.
- The emotions and feelings of the conflicting members give rise to open form of behaviours.
- The behaviours exposed in this stage may range from the subtle, indirect, indifference and highly controlled forms of interference to the physical aggression, strikes and violent actions.
- This is the stage where the conflicting members engage themselves in conflict-handling behaviours.
- Depending on the gravity of the conflict situation and the intentions of the conflicting members, their conflict – handling behaviours may range from full cooperation to straight confrontation.

Stage 5: Conflict aftermath (Outcomes)

- This stage is considered to be the last stage of the conflict process.
- The behavioural action-interaction between the conflicting members results in an outcome.
- The outcomes of the conflict may be functional or dysfunctional.
- It is functional conflict, when the conflict results towards the improvement of the group's performance and as such it is constructive.

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- It is dysfunctional conflict, when the conflict hinders group performance and prevents organizational goals from being achieved.
- As a part of the conflict aftermath, in a situation when the conflict is not settled but suppressed, and due to aggravation of the latent conditions, the conflict may take a serious turn until the conflict is resolved.
- In the organizational context, it is desirable to have win-win outcomes of conflicts.

5. Write short notes on the following:

- a) Functional and dysfunctional conflict
- b) Concept of innovation
- c) Maslow's Need Hierarchy
- d) Creativity

[MODEL QUESTION]

[MODEL QUESTION]

[MODEL QUESTION]

[MODEL QUESTION]

Answer:

a) Functional and dysfunctional conflict:

Functional/Constructive Forms of Conflict

- Functional or constructive forms of conflict refers to those forms of conflict which supports the goals of the group and also improves the group performance.
- Conflicts which lead to positive functions of preventing stagnation, stimulate interest, curiosity and innovation, provide personal and desirable changes in work rules, methods and procedures are functional or constructive conflicts.

Dysfunctional or Destructive Forms of Conflict

- Dysfunctional or destructive forms of conflict refers to those forms of conflict which hinders group performance, leads to destruction and overall inefficiency in the organizational performance.
- Dysfunctional or destructive forms of conflict is harmful as it creates chaos, disruption, inadequate coordination and cooperation in the group performance.

b) Concept of innovation:

Meaning of innovation

- Innovation refers to the process of converting a creative into a useful product.

Definition of innovation

- Innovation may be defined as the successful implementation of creative ideas within an organisation.
- In defining innovation P.F Drucker states that innovation is the means by which new and newer products and technologies are invented.
- To conclude, innovation is the process of doing new things in a newer way with the help of new and newer technology.

c) Maslow's need hierarchy:

Maslow's need hierarchy postulates human needs into five levels, where each level represents a group of needs. The five basic human needs are:

1. Physiological Needs
2. Safety or Security Needs

3. Social / Love Needs
4. Egoistic / Esteem Needs
5. Self-Actualization Needs

A detailed description of each level needs are given below:

1. Physiological Needs: Physiological needs are primarily the needs arising out of physical survival. These needs are the most basic, powerful and form the foundation of the hierarchy. These needs are – needs for food, thirst, sleep, clothing, shelter and sex etc. which arise out of physiological or biological tension. Until these basic needs or physiological drives are reasonably satisfied to the degree needed for the comfortable operation of the body, then the upper levels of needs will provide him with little motivation. Again, once these needs are reasonably met, they no longer motivate an individual.

For example, a hungry person would be motivated to search for food and getting something to eat. Once, that hungry person has consumed food, then need for food would become non-existent or secondary and hence need for food would no longer be a motivator for him.

2. Safety or Security Needs:

- Once the physiological needs are reasonably met, man's safety or security needs become predominant and become motivators. These include both emotional and physical dimensions as security from loss of satisfaction of physiological needs, needs for protection against danger, threat, loss of job and property, stability and also an orderly environment.
- Like physiological needs, once the safety or security needs are reasonably met, they would no longer be motivators for an individual.

3. Social Needs / Love Needs / Need for Belongingness: When both the physiological and safety or security needs are reasonably met, the need for belonging becomes uppermost. These needs include the need for meaningful relations with other, friendship, love, affection, respected place in the group, trust, admiration and social intercourse.

4. Egoistic / Esteem Needs: When the physiological, safety or security and need for belongingness are reasonably satisfied, egoistic or esteem needs arise. These needs are basically concerned with a feeling of self confidence and self-worth, urge for achievement, status, prestige, reputation, competence and power: respect and esteem from others.

5. Self-Actualization Needs:

- The self-actualization need is the highest level of need in Maslow's model of hierarchy. When all other needs in the hierarchy have been reasonably met, the need for self-actualization comes in the hierarchy.

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- These needs refer to the desire for self-development, to realize one's own potentialities.

Maslow's Need Hierarchy Model

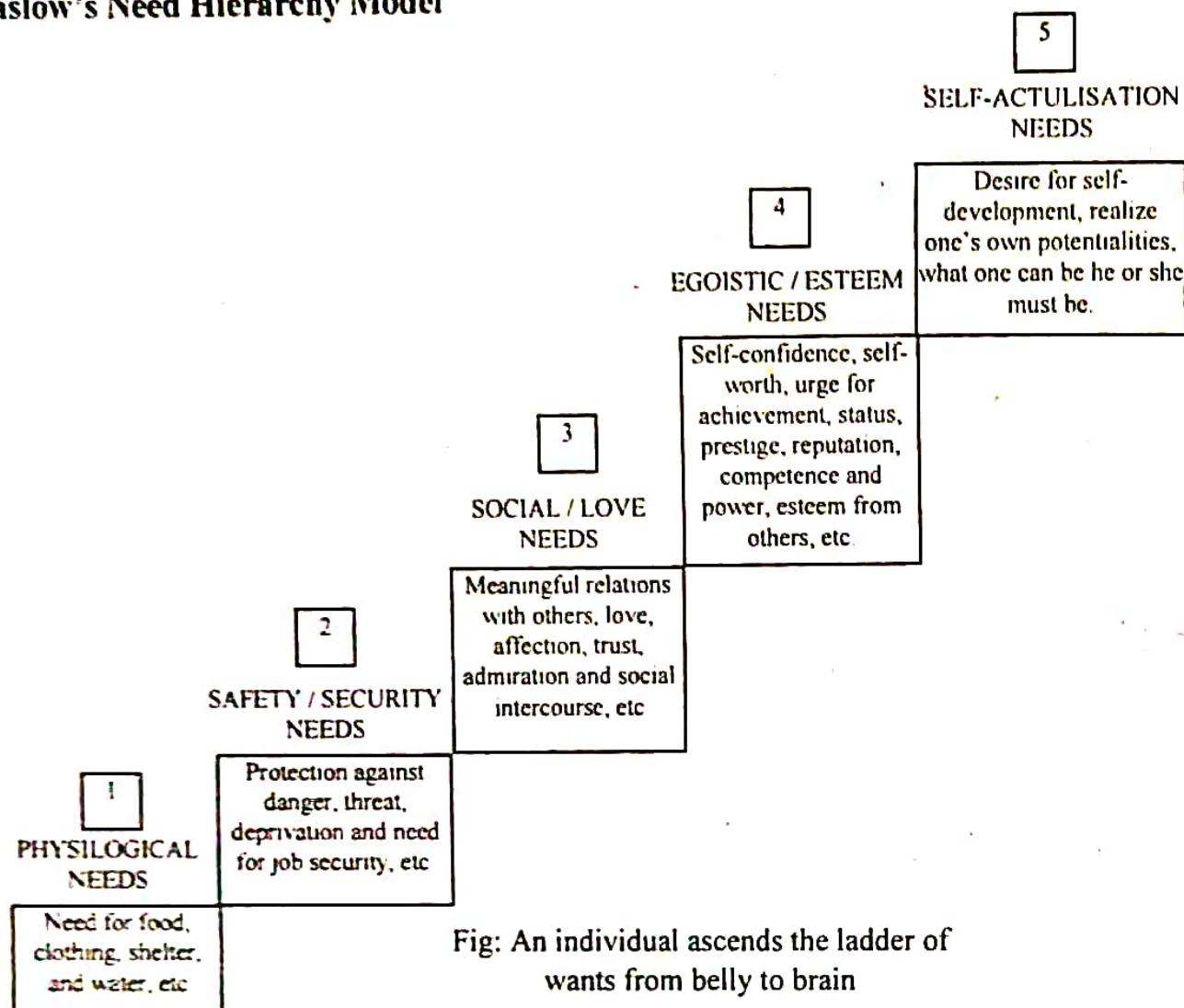


Fig: An individual ascends the ladder of wants from belly to brain

d) Creativity:

Concept of creativity

- Creativity is an essential ingredient of organisational growth. Organizations, without creativity, would be stale, non-dynamic and as a result, their employees would stagnate.
- Creative and bold decisions have contributed significantly to the areas of product improvement, in inventing a new use for an existing product as well as inventing a new product or service.
- Creativity may result from activity that is unconventional or divergent from main stream.
- Creativity is more than novelty. Something new or different is creative and it makes a valuable contribution.

Definition of creativity

- In simple words, creativity refers to the ability to bring something new into existence.
- Creativity is the ability to formulate unique approaches to problem solving and decision making.
- In defining creativity, **Wallach and Kogan** describes creativity as the inner process within the psychodynamics reflected through the novelty of thoughts which is used to determine new mode of adaptation with the problem-solving situations with the aim of accomplishing predetermined goal.

LEADERSHIP

Multiple Choice Type Questions

1. Leadership is the process of

- a) influencing the customers
- c) influencing the competitors

Answer: (b)

[WBUT 2015]

- b) influencing the group members
- d) influencing the creditors

2. Individuals such as Albert Einstein, Edwin Land and Steven Jobs lead through which type of power?

- a) legitimate
- c) expert

- b) reward
- d) charismatic

Answer: (d)

[WBUT 2017]

3. Which one of the following is not a form of autocratic leader?

a) Strict

b) Rigid

c) Strong

d) Free rain

Answer: (d)

[MODEL QUESTION]

4. Leadership is the process of

- a) influencing the customers
- c) influencing the competitors

[MODEL QUESTION]

- b) influencing the group members
- d) influencing the creditors

Answer: (b)

5. The important leadership style 'Managerial Grid' is introduced by

[MODEL QUESTION]

a) Moutain

c) Earnest Dale

b) Blake and Moutain

d) G.R. Terry

Answer: (b)

6. The Managerial Grid' theory of leadership was developed by

[MODEL QUESTION]

a) Maslow

b) Blake & Mouton

c) Survey Research Centre, Michigan University

d) Tannenbaum

Answer: (b)

7. If you are the supervisor of a group of fresh entrants to the organizations, which style of leadership you will follow?

[MODEL QUESTION]

a) Autocratic

b) Democratic

c) Participative

d) Laissez faire

Answer: (c)

8. In which of the following leadership styles, maximum freedom is given to subordinates and the behaviour of managers has its roots in the child ego state giving rise to impulse decisions rather than rational decisions.

[MODEL QUESTION]

- a) Participative styles
- b) Democratic styles
- c) Free-reign styles
- d) Consultative styles
- e) Autocratic styles

Answer: (c)

9. In the 'Managerial Grid' theory initiated by Blake and Mouton, the leadership style of high structure and low consideration is referred to as [MODEL QUESTION]

- a) Team Management (9.9)
- b) Middle of the path (5.5)
- c) Task Management (9.1)
- d) Impoverished Management (1.1)

Answer: (c)

Short Answer Type Questions

✓ 1. 'A good leader is not necessarily a good manager.' Discuss this statement and compare leadership with management. [WBUT 2013]

Answer:

1st Part:

- Leadership is an integral part of management and it is an important aspect of managing also.
- A good leader is the most important person of an organisation. He is the biggest asset of the organisation which is not reflected in the annual balance sheet.
- All managers should ideally be leaders. However, not all leaders necessarily have the capabilities in other managerial functions.
- Hence, a man may be a good/strong leader but he/she can be a weak manager, because he/she may lack in other qualities which are required of a good manager.
- The fact that an individual as a good leader can influence others does not tell whether he/she can also plan, organize and control. In fact, the ability to lead effectively is one of the keys to being an effective and good manager, also undertaking the other essentials of managing doing the entire managerial job has an important effect.

2nd Part:

Management (Manager)	Leadership (Leader)
<ul style="list-style-type: none"> • Managership is always formal. • Managership is an attribute of business performances. 	<ul style="list-style-type: none"> • Leadership may be formal or informal. • Leadership is not an attribute of business alone. Leadership function may emerge anywhere, where people work in groups, like in the government, in trade unions, in clubs, in hospitals, in students union, etc.
<ul style="list-style-type: none"> • In the processes of managing, managers may use coercive influence to achieve organizational goals and objectives. 	<ul style="list-style-type: none"> • The process of leadership involves non-coercive influence to achieve group goals and objectives. The leader should have 'human-touch' approach with his followers.
<ul style="list-style-type: none"> • A person may be an effective and 	<ul style="list-style-type: none"> • A person may be an effective and successful

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Management (Manager)	Leadership (Leader)
successful manager, but may not be an effective and successful leader.	leader, but he may lack in managing.

According to Peter F. Drucker and Warren Bennis

<ul style="list-style-type: none"> • Management is 'doing things right'. • 'Management's efficiency lies in climbing the ladder of success'. 	<ul style="list-style-type: none"> • 'Leadership is doing right things'. • 'Leadership determines whether the ladder is leaning against the right wall'.
----------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

2. What are the different sources of a leader's power?

[WBUT 2016]

Answer:

- **Power of people:** Power lies with the people. Well organized people can defend their rights; pursue their goals, when they are united.
- **Reward power:** Reward power comes with the organizational office. The higher the rank, the more power one usually have. In organizations, Managers have the power to pay increase, promotion, work assignments, rewards and recognitions, etc.
- **Coercive power/ power to punish:** This power also comes with the organizational office. The higher the rank, the more power one usually have. In organizations, managers by virtue of their positions have coercive power to reprimand, demote, and administer punishment.
- **Legitimate power/authority:** Legitimate power is that power that goes with the job. In an organizational setting, a manager's position gives him the power over his subordinates in his area of responsibility. The subordinates are obliged to accept his power as the manager. Thus, Legitimate power creates an obligation to accept to be influenced.
- **Expert power/ expertise power:** The expertise or expert power is enjoyed by one because of his/her expertise. The expert powers inhere in the person. It is an individual's ability to influence other because of possession of competencies, talents and specialized knowledge, like technical, administrative, legal, medical or personnel matters.
- **Referent power:** Like expert power, referent power, inhere in the person. Referent power is associated with attractiveness, likability and lastly charisma of the person. The strength of an individual's attractiveness or charisma represents power. In an organizational setting, managers with referent power enjoy attraction of subordinates and they want to identify with them. The subordinates grant the person power as he is charismatic and desirable personal characteristics. To have the benefit of charisma, generally advertisers take the advantage of using celebrities like film-stars or sports-figures.

Long Answer Type Questions

1. Differentiate between leaders and managers.

[WBUT 2017]

Answer:

Refer to Question No. 1 (2nd Part) of Short Answer Type Questions.

2. Write short note on Leadership styles.

[WBUT 2013]

Answer:

Over the years, the researchers, thinkers and writers over the globe have identified different styles of leadership. The frequently mentioned styles of leadership are:

1. Autocratic or Authoritarian style of leadership
2. Democratic or Consultative / Participative style of leadership
3. Free-rein or laissez-Faire Style of Leadership

1. Autocratic or Authoritarian Style of Leadership

- The name 'autocratic' or 'authoritarian' indicates that the leader retains full authority and power and exercises his command, control and domination over his followers or lead.
- Being influenced by this style, the leader issues instructions, orders and directives to his followers without caring for consultation and taking opinions and views from his followers.
- Such a leader maintains negative attitude in his relations with his followers and believes in the **carrot and the stick** approach of motivating his followers or lead, that is, by rewards and threats of punishment.
- An autocratic leader gets things done through his followers by virtue of his sole authority and power, fear of deprivation, threats and punishment

2. Democratic or Consultative/Participative Style of Leadership

- In case of democratic/consultative or participative style, a mental and emotional involvement of the leader takes place which helps the leader to lead his followers/subordinates/lead with a friendliness of spirits.
- The follower of such a style becomes delicate-hearted, warm, soft and cares for his followers.
- This style allows the followers to participate in the decision-making process and encourages the followers to demonstrate interest, initiative, drive, imagination and creativity for enriching the plans and programmes of the organization.
- Such a leader does not dominate his followers but gets things done through followers by persuasion and warmth of heart.

3. Free Rein or Laissez-Faire Style of Leadership

- The name 'free-rein' or 'laissez-faire' style indicates a situation where a leader does not attempt to intervene or regulate or control over the group members for achieving organizational goals.

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- Such a leadership style allows the group members to operate entirely on its own resulting complete group or individual freedom in organizational decision-making.
- A free-rein leader entirely depends on his followers/group members in establishing their own goals.
- Under this style of leadership, the leader remains passive, delegates authority to his followers or lead or group members, instead of directing or leading and controlling them.
- A free-rein leader exists simply as a contact person or a liaison man within his group members and supplies the necessary resources and information to them for accomplishing their tasks.

3. Discuss the contingency theory of leadership.

[MODEL QUESTION]

Answer:

The contingency theory of leadership

- The contingency theory of leadership is based on the premise, assumption or hypothesis that the most effective pattern of behaviour for leadership depends upon some contingent factors and hence this theory is named as contingency theory.
- This theory postulates that the leadership pattern is determined by certain contingencies like:
 - i) **Existence of forces in the leader** – that is, his own value system, capacity to lead, confidence level in his followers and power of tolerance, etc.
 - ii) **Existence of forces in the followers or the lead** – that is, willingness of the followers or lead to work, interest in job, acceptance of responsibility and sharing organizational objectives and goals, etc, and
 - iii) **Existence of forces lying in the situation** – that is, the pattern of the organization, the structure of the organization, the corporate mission of the organization, group effectiveness, time constraints, organizational limitations and style of management, etc.
- Thus, leadership behaviour is exposed in combination of some contingent factors. As a result, an effective leader must have to take into consideration of the extent of various contingent forces lying in the total environment and thus determine his behaviour in a particular situational and time frame.

The contingency theory of leadership includes the following studies:

1. F. E. Fiedler's Contingency Theory,
2. Path-Goal Theory of Robert House and Terence R. Mitchell,
3. Life-cycle theory of Paul Hersey and Kenneth Blanchard, and,
4. Tannenbaum and Schmidt continuum by Robert Tannenbaum and Warren H. Schmidt.

4. What is a 'team'? Discuss the ways by which effectiveness of the team can be enhanced.

[MODEL QUESTION]

Answer:

1st Part:

Meaning of Team

"A team is a small number of people with complementary skills who are committed to a common purpose, common performance goals and an approach for which they hold themselves mutually accountable". – **Gregory Moorhead and Ricky W. Griffin**

- "A work team is a collection of people whose individual efforts result in a level of performance which is greater than the sum of their individual contributions." – **Stephen P. Robbins.**

2nd Part:

It is found that, in general, teams have a positive impact on organisational functioning. However, **there are some problems with the use of teams.**

The problems are –

- Team members show resistance to change and are reluctant to adopt the new practices of team work.
- All team members do not have the skills, ability or knowledge necessary to help the team perform effectively.
- Sometimes, the employees experience conflict because their personal beliefs clash with the role they have to play as team members.
- The organizations are unable to focus on team performance.

Due to the above indicated problems, teams may fail to carry out their tasks in a focused manner. As a result, teams become ineffective.

Essentials for building effective teams

Providing a positive supportive environment

- Organizations can build effective teams by nurturing an environment that facilitates and supports the development of teams.

Relevant skills and role clarity

- Team members should have the necessary skills to carry out the tasks they have been entrusted with and should be willing to co-operate with others in the team.
- Team members can work efficiently and effectively only when they understand their roles and those of other members in the team.

Focus on Super-ordinate Goals

- Effective teams emphasize the achievement of a super-ordinate goal, thus encouraging every member of the team to think beyond his individual interests.
- Therefore, managers should consider creating super-ordinate goals for a team. The basic purpose of super-ordinate goals is to focus the attention of the members and unify their effort.

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Training

- Organisational managers should arrange training programmes for the employees who have worked in conventional organizations and make them effective team players.
- They can be trained through workshops to improve their problem solving, communication, negotiation, conflict management and coaching skills.

Mutual trust among team members

- If the team members distrust one another, the team will not function in a cohesive and harmonious manner. Therefore it is important that the members of a team must trust one another.

Preventing social loafing

- Effective teams make it very clear to the members what they are responsible for as individual and as a team.
- Effective teams reduce the tendency of social loafing and make members accountable for the end results.

Team rewards

- An effective system of team rewards encourages team work. The rewards could be either financial or non-financial.
- The management should blend both individual and team-based evaluation and reward systems to encourage good team performance.

DECISION MAKING

Multiple Choice Type Questions

1. The essence of decision making is [WBUT 2013]
- a) choosing between alternatives
 - c) developing alternative courses of action
 - b) problem solving
 - d) monitoring

Answer: (a)

Long Answer Type Questions

1. a) What are the different tools and techniques of decision making?

[WBUT 2014, 2017]

Answer:

Different tools and techniques of decision making:

- Decision making process has now undergone a profound change and new tools and techniques have been evolved for this purpose.
- Quantitative techniques act as powerful tools which can augment production, maximize profit, minimize costs and orient production methods to the accomplishment of certain predetermined objectives. These are **Statistical** and **Operations Research or Programming techniques** which help in the decision making process.
- Quantitative techniques can be classified into two categories:
 - i) Statistical techniques and
 - ii) Programming techniques, generally known as operation research or simply OR

i) Statistical Techniques

- Statistical techniques are used to conduct a statistical enquiry about a certain phenomenon. These techniques embrace all the statistical methods starting from the collection of data to the task of interpretation of the collected data.
- Statistical techniques include Probability Theory and Sampling Analysis, Correlation and Regression Analysis, Index Numbers, Time series Analysis, Ratio Analysis and Statistical Quality Control, etc.

ii) Programming or Operations Research or OR techniques

- OR refers to the application of scientific method to the study of alternatives in a problem situation with a view to providing a quantitative basis for arriving at an optimum solution, in terms of the goals sought.
- OR techniques include linear programming, waiting time and Queuing theory, inventory control, game theory, decision theory, simulation and network analysis, etc.

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→ The basic tool of OR has been the construction and use of conceptual model for decision making.

b) An item has a yearly demand of 2000 units. The different cost in respect of make and buy are as follows. Determine the best option. [WBUT 2013, 2017]

	Buy	Make
Item cost/unit	Rs. 8.00	Rs. 5.00
Procurement cost / order	Rs. 120.00	
Set up cost / set up		Rs. 60.00
Annual carrying cost/item/year	Rs. 1.60	Rs. 1.00
Production rate / year		8000 units

Answer:

Cost of making 2000 units (considering X no. of set up is required for 2000 unit products)

$$\begin{aligned}
 &= \text{Direct material} + \text{set up cost} + \text{carrying cost} \\
 &= 2000 \times 5 + 60X + 2000 \times 1 \\
 &= 12000 + 60X \quad \dots (i)
 \end{aligned}$$

Minimum cost of buying (considering minimum no. of order is 1)

$$\begin{aligned}
 &= \text{Direct material} + \text{ordering cost} + \text{carrying cost} \\
 &= 8 \times 2000 + 120 + 2000 \times 1.6 \\
 &= 1600 + 120 + 3200 \\
 &= 19320 \quad \dots (ii)
 \end{aligned}$$

∴ Equating cost of making and cost of buying, from equations (i) and (ii) we get

$$12000 + 60X = 19320$$

$$\text{or. } 60X = 19320 - 12000$$

$$\text{or. } 60X = 7320$$

$$\text{or. } X = 122$$

∴ If no. of setting is more than 122 members, then buying is suggested, otherwise making is suggested.

2. Write short note on Decision making tools. [WBUT 2013, 2015]

Answer:

- Decision making process has now undergone a profound change and new tools and techniques have been evolved for this purpose.
- Quantitative techniques act as powerful tools which can augment production, maximize profit, minimize costs and orient production methods to the accomplishment of certain predetermined objectives. These are **Statistical and Operations Research or Programming techniques** which help in the decision making process.
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- OR refers to the application of scientific method to the study of alternatives in a problem situation with a view to providing a quantitative basis for arriving at an optimum solution in terms of the goals sought.
- OR techniques include linear programming, waiting time and Queuing theory, inventory control, game theory, decision theory, simulation and network analysis, etc.
- The basic tool of OR has been the construction and use of conceptual model for decision making.

3. What is decision-making? Discuss the steps involved in the decision-making process.

[MODEL QUESTION]

Answer:

1st Part:

Decision making is the soul of Management process. The life of a manager is a perpetual decision making activity. The manager has to take a decision before taking any action. The management has to take a large number of decisions while performing the functions of planning, organizing, directing, staffing, coordinating, communicating and controlling. Decision making is a pervasive function of Management. This function is performed by managers at all levels of the enterprise though the nature of decisions differs with each level.

Peter Drucker said, "Whatever a manager does, he does through decision making". John McDonald said, "The business executive is by profession a decision maker." Thus, decision making involves thinking and deciding before doing and is a part of every managerial function. In fact, the very determination of objectives, policies, strategies, programmes, procedures, etc, of the enterprise is a decision making process.

Definitions of Decision Making

- According to J. L. Massie, "a decision can be defined as a course of action consciously chosen from available alternatives for the purpose of a desired result".
- George R. Terry, "Decision Making is the selection based on criteria from two or more possible alternatives".
- Haiman considers decision as, "a course of action chosen by the manager as the most effective means at his disposal for achieving goals and solving problems."

Workable Definition of Decision Making

Decision-making is a process of selection from a set of alternative courses of action, which is thought to fulfil the objectives of the decision problem more satisfactorily than others. It is a course of action which is consciously chosen for achieving a desired goal.

2nd Part:

Rational decision making involves the following process/sequential steps or phases:

I. Defining the problem

- It is essential for the decision maker to find and define the problem before he takes any decision. Clear definition of the problem is very important because the right answer can be found only for a right question.
- A Manager must carefully diagnose the problem like a doctor who has to take into account all symptoms before deciding the medicine to be prescribed to the patient.

II. Analysing the problem and gathering information

- The proper analysis of the problem involves classifying the problem. Without proper classification, the effectiveness of the decision may be jeopardized. The decision problem should be attacked keeping in view the following guidelines:
 - i) Whether the decision to be taken is strategic or routine in nature;
 - ii) The impact of the decision;
 - iii) The periodicity of the decision;
 - iv) The futurity of the decision, and
 - v) The limiting factor relevant to the decision.
- Sound decisions are based on sound information, which is on proper collection, classification and analysis of facts and figures. A decision is as good as the information on which it is based.

III. Developing alternative solutions

- There can be no decision making if there are no alternatives. In every problem alternatives exist and effective planning involves a search for the alternative representing the best path to a desired goal. The development of alternatives will often unearth so many choices before the manager.

IV. Selecting the best from the alternatives

- After evaluating the available alternatives, the best alternative is to be chosen. It is not an easy task. There are various ways to evaluate alternatives. However, **Prof. Peter F Drucker** has laid down four criteria in order to evaluate the consequences of various alternatives. They are:
 - (i) **Risk:** There will not be any situation where risk is not involved. The decision maker has to weigh the risks of each course of action against the expected gains.
 - (ii) **Economy of effort:** The decision maker is to mobilize the resources to secure desired results with the least efforts.
 - (iii) **Timing:** Choosing the best course of action will depend upon the particular time and situation.
 - (iv) **Limitation of resources:** In choosing from among alternatives, primary attention must be given to those factors that are limiting or strategic to the decision involved.

V. Implementation of the decision

- The decision by itself is not goal achieving. The decision will have no significance unless it can be implemented. For effective implementation of the decision, it has to be accepted by the real executors.
- For making the decision effective, it is necessary that the concerned people understand what the decision involves, what is expected of them? All decisions should precisely be communicated and explained to the concerned people so that they may be convinced of the efficacy of the decision.

VI. Feed back

- Decision, after implementation, leaves certain implications. It would be a foolish proposition that the decision can not be wrong. The decision maker should, therefore, institute an effective system of reviewing the decisions and if the decisions are found wrong, they should be changed, adjusted to the changing environment or situation and modified for future better results and also for enterprises stability and growth.

ECONOMIC, FINANCIAL & QUANTATIVE ANALYSIS

Multiple Choice Type Questions

1. Debt Equity ratio indicates

[WBUT 2013]

- a) the proportion of debt with respect to equity
- b) the proportion of debt with respect to total capital employed
- c) the proportion of equity with respect to total assets
- d) none of these

Answer: (a)

2. The ratio of current assets and current liabilities is called

[WBUT 2014]

- a) Liquid Ratio
- b) Acid Test Ratio
- c) Current Ratio
- d) Debt-Equity Ratio

Answer: (c)

3. Sigma of sigma represents

[WBUT 2014]

- a) Standard Deviation
- b) Mean
- c) Correlation

d) Regression

Answer: (a)

4. Two Regression lines intersect at

[WBUT 2014]

- a) SD of x and y
- b) Mean of x and y
- c) MD of x and y
- d) No fixed point

Answer: (b)

5. Debt-Equity ratio indicates

[WBUT 2015]

- a) The proportion of debt with respect to equity
- b) The proportion of debt with respect to total capital employed
- c) The proportion of equity with respect to total assets
- d) None of these

Answer: (a)

6. The ratio of current asset and current liabilities is called

[WBUT 2016]

- a) Current ratio
- b) Acid ratio
- c) Debt-equity ratio

d) Liquid ratio

Answer: (a)

Short Answer Type Questions

1. Find the parabolic trend for the following data:

[WBUT 2015]

Year	2006	2007	2008	2009	2010	2011	2012	2013
Sales ('000 units)	5	8	13	11	15	18	17	21

Answer:

For parabolic trend, $T_t = a_0 + a_1t + a_2t^2$

and the normal equations are:

$$\Sigma y = n a_0 + a_1 \sum t + a_2 \sum t^2$$

$$\Sigma ty = a_0 \sum t + a_1 \sum t^2 + a_2 \sum t^3$$

$$\Sigma t^2 y = a_0 \sum t^2 + a_1 \sum t^3 + a_2 \sum t^4$$

Year	Sales (1000 units)	$t - 2x$ (year- midpt.)	ty	$t^2 y$	t^2	t^4
2006	5	-7	-35	245	49	2014
2007	8	-5	-40	200	25	625
2008	13	-3	-39	117	9	81
2009	11	-1	-11	11	1	1
2010	15	+1	15	15	1	1
2011	18	3	54	162	9	81
2012	17	5	85	425	25	625
2013	21	7	147	1029	49	2401
$\Sigma y = 108$		$\Sigma t = 0$	$\Sigma ty = 176$	$\Sigma t^2 y = 2204$	$\Sigma t^2 = 168$	$\Sigma t^4 = 6216$

Here, $\Sigma t = 0$, $\Sigma t^3 = 0$

Hence normal equations are $\Sigma y = n a_0 + a_2 \sum t^2$

$$\Sigma ty = a_1 \sum t^2$$

$$\Sigma t^2 y = a_0 \sum t^2 + a_2 \sum t^4$$

$$\text{Now, } \Sigma y = n a_0 + a_2 \sum t^2$$

$$\text{or, } 108 = 8 a_0 + 168 a_2$$

$$\text{or, } 108 - 168 a_2 = 8 a_0$$

$$\text{or, } a_0 = \frac{108 - 168 a_2}{8}$$

$$\Sigma ty = a_1 \sum t^2$$

$$\text{or, } 176 = 168 a_1$$

$$\text{or, } a_1 = \frac{176}{8168} = 1.05 \text{ (approx.)}$$

$$\Sigma t^2 y = a_0 \sum t^2 + a_2 \sum t^4$$

$$\text{or, } 2204 = 168 a_0 + 6216 a_2$$

$$\text{or, } 168 a_0 = 2204 - 6216 a_2$$

$$\text{or, } a_0 = \frac{2204 - 6216 a_2}{168}$$

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$$\therefore \frac{2204 - 6246a_2}{168} = \frac{108 - 168a_2}{8}$$

$$\text{or, } 2204 - 6216a_2 = 2268 - 3528a_2$$

$$\text{or, } -2688a_2 = 64$$

$$\text{or, } a_2 = -\frac{1}{42} = -0.024$$

$$\therefore a_0 = \frac{2204 - 6216a_2}{168} = \frac{2204 - 149}{168} = 12 \text{ (approx.)}$$

Therefore parabolic trend equation is given by

$$\begin{aligned} T_t &= a_0 + a_1 t + a_2 t^2 \\ &= a_0 + a_2 t^2 \\ &= 12 + (-0.024 \times 168) \\ &= 12 - 4.032 = 7.968 = 8 \text{ (approx)} \end{aligned}$$

- ✓ 2. A company operating 50 weeks in a year is concerned about its stock of copper cable. This cost is Rs. 240 per meter and there is a demand for 8000 meters a week. Each replenishment cost Rs. 1050 for administration and Rs. 1650 for delivery, while holding cost are estimated at 25% of the value held a year.

Assuming no shortages are allowed, find

- i) Optimal Order Quantity
- ii) Total Variable Inventory Cost
- iii) Total Inventory Cost

[WBUT 2015]

Answer:

From the data of the problem, we have

Demand rate (D) = $8000 \times 50 = 400,000$ meters a year

Purchase cost (C) = Rs. 240 a unit;

Ordering cost (C_0) = $1,050 + 1,650 = \text{Rs. } 2,700$

Holding cost = $0.25 \times 240 = \text{Rs. } 60$ a meter a year

$$\begin{aligned} \text{a) Optimal order quantity, } Q^* &= \sqrt{2DC_0/C_h} \\ &= \sqrt{\frac{2 \times 400000 \times 2700}{60}} = 6000 \text{ meters} \end{aligned}$$

b) Total variable inventory cost,

$$TVC = Q^* \cdot C_h = 6000 \times 60 = \text{Rs. } 3,60,000 \text{ meters}$$

c) Total inventory cost,

$$TC = D.C + TVC = 400,000 \times 240 + 3,60,000 = \text{Rs. } 9,63,60,000$$

With a turnover in excess of 96 million rupees a year the inventory cost are only Rs. 3,60,000 or 0.36 per cent. This figure is usually low but any well-run organization should, however, try to make all the waivers as small as possible.

3. Write down the five steps involved in Monte-Carle method of Simulation.

[WBUT 2015]

Answer:

Step 1: Clearly define the problem

- Identify the objectives of the problem
- Identify the main factors which have the greatest effect on the objectives of the problem.

Step 2: Construct an appropriate model

- Specify the variables and parameters of the model
- Formulate the appropriate decision rules, that is the conditions under which the experiment is to be initiated.
- Identification of the types of distribution that will be used.
- The manner in which time will charge.
- Defining relationship between the variables and the parameters

Step 3: Preparation of the model for experimentation

- Defining the starting conditions for the simulation
- The member of runs of simulation to be made.

Step 4: Using steps 1 to 3 experiment with the model

- Defining a coding system that will correlate the factors defined in step 1 with the random numbers to be generated for the purpose of simulation.
- Selecting a random number generator and create the random numbers to be used in the simulation.
- Associating the generated random numbers with the factors identified in step 1 and coded in step 4.

Step 5: Summarizing and examining the results obtained in step 4.

Step 6: Evaluating the results of the simulating and selecting the best course of action

4. Discuss the significance of Statistical Quality Control.

[WBUT 2015]

Answer:

Statistical Quality Control

Meaning

- Statistical Quality Control (SQC) involves the use of statistical methods for gathering and analyzing data for determining and controlling of quality.
- For maintenance of quality in case of continuous flow of production, in a manufacturing process, certain statistical methods are applied.
- It is true that no manufacturing process can deliver/produce goods of exactly the same quality.
- SQC is the technique of applying statistical methods based upon the mathematical theory of probability to quality control areas.
- Statistical Quality Control helps to establish quality standards and maintain quality standards in the most economical mode.
- SQC is a preventive device for controlling quality and is based on sampling, probability and statistical inference.

Advantages/significance of SQC

The advantages/significance of SQC are summed up as under –

- SQC, through statistical sampling of raw materials may provide reliable information promptly on the basis of small samples representing large lots.
- SQC can be used for accepting or rejecting the products already manufactured as well as in the production process.
- SQC helps to arrive at less defective work and low production cost.
- It also helps towards smooth production process and flow of production.
- SQC may provide reduction in inspection cost and timely warning about deviations.
- SQC can rectify any error immediately when it is detected, as a result it provides savings in the cost of production by eliminating waste and reducing the required inspection work and so on.

5. Define the features of Monopoly and Monopolistic market types? [WBUT 2016]

Answer:

- **Monopoly**
 - Under the monopoly situation, there is only one firm in the industry.
 - No close substitute products are there
 - Here, the demand of the monopolist firm coincides with the industry demand and
 - The entry is blocked
- **Monopolistic Competition / Monopolistic market type**

Under a monopolistic competition market type:

- there exists very large number of firms, but with differentiated products
- high price elasticity due to existence of close substitutes produced by other firms,
- demand of the individual firm has a negative slope
- each firm ignores the competitor's reactions, and
- entry is both free and easy in the industry.

6. Given that $\sigma_X = 2.5, \sigma_Y = 32.2, r = 0.75, \bar{X} = 45, \bar{Y} = 60$.

[WBUT 2016]

a) Obtain the regression coefficients.

b) Determine regression equation of Y on X.

Answer:

Here $\sigma_x = S.D \text{ of } X = 2.5, \sigma_y = S.D \text{ of } Y = 32.3$

The co-relation coefficient $r = 0.75$

$$\bar{X} = 45, \bar{Y} = 60$$

a) $b_{xy} = \text{The regression coefficient of } X \text{ on } Y = r \cdot \frac{\sigma_x}{\sigma_y} = \frac{0.75 \times 2.5}{32.2} = 0.0582$

$b_{yx} = \text{The regression coefficient of } Y \text{ on } X = r \cdot \frac{\sigma_y}{\sigma_x} = \frac{0.75 \times 32.2}{2.5} = \frac{24.15}{2.5} = 9.66$

b) Regression line of y on x is $y - \bar{y} = r \cdot \frac{\sigma_y}{\sigma_x} (x - \bar{x})$
 i.e., $y - 60 = 9.66(x - 45)$ Ans.

7. What is 'Production cycle'?

Answer:

[MODEL QUESTION]

- **Production cycle** refers to the interval between the issue of a production order and the actual time of completion of the finished product.
- **Lead time** and **production cycle** are both important for production-operation programming, as both these help in co-ordinating the procurement of raw materials, production and despatch of goods to the ultimate users, that is, customers.

Lead Time

- **Lead time** is the time required from the date of purchase requisition to the actual date of receipt of materials.

Long Answer Type Questions

1. a) What is SQC? State its advantages.

[WBUT 2013, 2016]

Answer:

1st part:

Statistical Quality Control (SQC)

- Statistical Quality Control (SQC) involves the use of statistical methods for gathering and analyzing data for determining and controlling of quality.
- For maintenance of quality in case of continuous flow of production, in a manufacturing process, certain statistical methods are applied.
- It is true that no manufacturing process can deliver/produce goods of exactly the same quality.
- SQC is the technique of applying statistical methods based upon the mathematical theory of probability to quality control areas.
- Statistical Quality Control helps to establish quality standards and maintain quality standards in the most economical mode.
- SQC is a preventive device for controlling quality and is based on sampling, probability and statistical inference.

2nd Part:

Advantages of SQC

The advantages of SQC are summed up as under –

- SQC, through statistical sampling of raw materials may provide reliable information promptly on the basis of small samples representing large lots.

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- SQC can be used for accepting or rejecting the products already manufactured as well as in the production process.
- SQC helps to arrive at less defective work and low production cost.
- It also helps towards smooth production process and flow of production.
- SQC may provide reduction in inspection cost and timely warning about deviations.
- SQC can rectify any error immediately when it is detected, as a result it provides savings in the cost of production by eliminating waste and reducing the required inspection work and so on.

b) The following table gives the date for the measurement of a product:

Sample No.	1	2	3	4	5
Mean	14	18	15	17	16
Range	7	12	4	11	5

Compute control limits and draw the control chart.

[WBUT 2013]

Answer:

From the table for the sample size 5, we find that

$$A_2 = 0.577, D_3 = 0 \text{ and } D_4 = 2.115$$

Sample No.	1	2	3	4	5	Total
Mean (\bar{X})	14	18	15	17	16	80
Range (R)	7	12	4	11	5	39

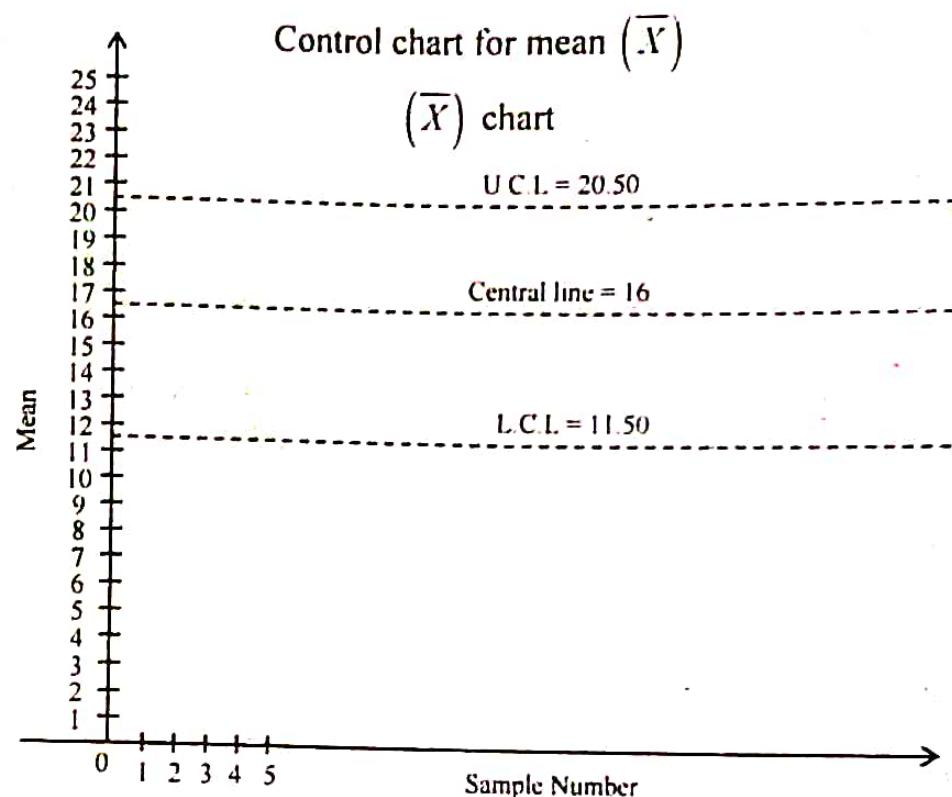
$$\bar{X} = \frac{\sum \bar{X}}{n} = \frac{80}{5} = 16, \bar{R} = \frac{\sum R}{n} = \frac{39}{5} = 7.8$$

Control chart for mean (\bar{X}):

Central unit, $\bar{\bar{X}} = 16$

$$\text{U.C.L (Upper Control Limit)} = \bar{\bar{X}} + A_2 \bar{R} = 16 + 0.577 \times 7.8 = 16 + 4.5006 = 20.50$$

$$\text{L.C.L (Lower Control Limit)} = \bar{\bar{X}} - A_2 \bar{R} = 16 - 4.5006 = 11.50$$

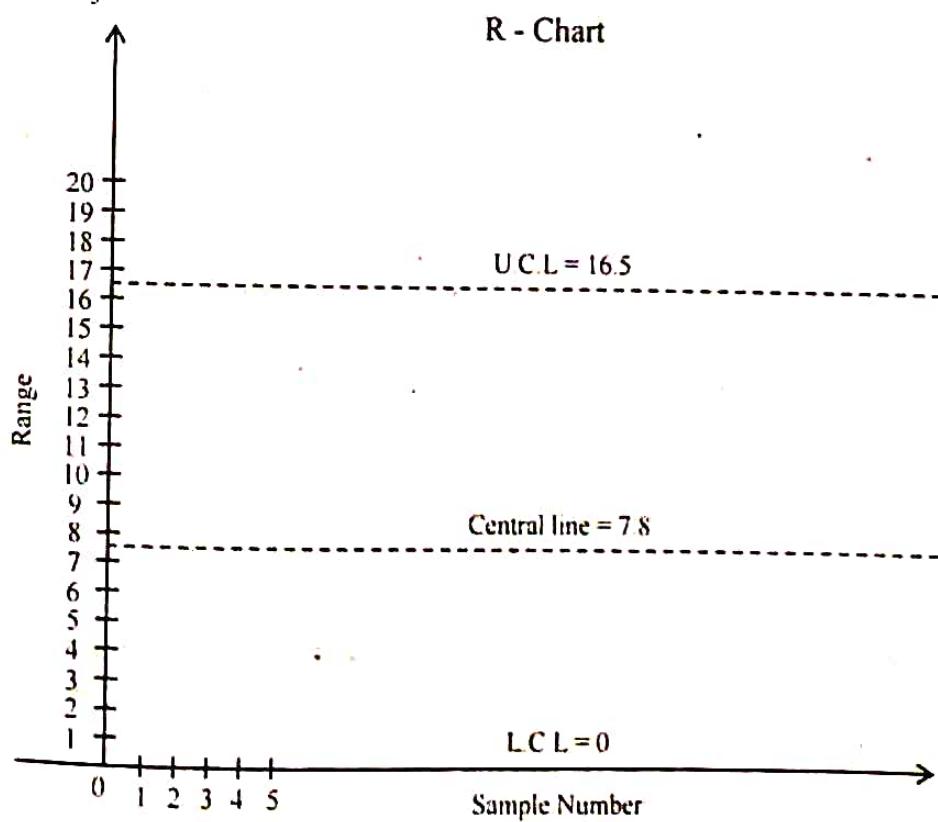


Control chart for Range (R)

$$\text{Central line} = \bar{R} = 7.8$$

$$\text{U.C.L} = D_4 \bar{R} = 2.115 \times 7.8 = 16.50$$

$$\text{L.C.L} = D_3 \bar{R} = 0 \times 7.8 = 0$$



2. a) What is sales forecasting? Why is it important?

[WBUT 2013]

Answer:

1st Part:

Sales Forecasting

- The sales forecast is a prediction of expected sales, by product and price, for a specific period.
- Sales forecasting decides the fate of the organisation as the sales determine the success of the organisation.
- Sales forecast underlies various plans pertaining to new product, production and marketing plans and also reflects conditions of the market-place which are external to the business organization.
- Sales forecast is a basic tool for anticipating the nature of future operations.
- For a marketing manager, sales forecasting helps in formulating marketing goals and strategies. It is required to measure performance, compensate sales people and control the marketing system.
- These are various methods of sales forecasting these are: Jury of Executive opinion method, Sales composite method, users' Expectation method; statistical methods and combination method.

2nd Part:

Importance of Sales forecasting

The specific importance/contributions of sales forecasting to the field of marketing management may be summarized as under:

- A proper sales forecast may help in smoothing out production schedules. Variations in demand due to seasonal fluctuations could also be met without strain.
- Sales forecasting is inevitable for budgeting and budgetary controls.
- Production as well as selling and distribution costs occupy a prominent place in the price structure of a product. By accurately estimating the various costs, wasteful expenditures could be avoided.
- Sales forecasting helps
 - to decide whether to enter a new market or not
 - to determine how much production capacity to be built up
 - to help in the product mix decisions
 - to help in preparing standards against which to measure performance.
 - To prepare annual budget on estimated sales revenue, and,
 - To assess the effects of a proposed marketing programme.

b) The sales of refrigerators for a six month period for M/s National Mixer Co. are as follows:

[WBUT 2013]

Month :	Jan	Feb	March	April	May	June
Sales ('000 units):	18	15	20	18	22	20

- i) Find Linear trend equation.
 ii) Estimate the sales for the month of July.

Answer:

i)

Months	Sales ('000 units) y	deviations from middle month x	xy	x^2	Trend values y_c
Jan	18	-2	-36	4	
Feb	15	-1	-15	1	
Mar	20	0	0	0	
April	18	+1	18	1	
May	22	+2	44	4	
June	20	+3	60	9	
$N = 6$	$\sum y = 113$	$\sum x = 3$	$\sum xy = 71$	$\sum x^2 = 19$	

The equation of linear trend is $y_c = a + bx$

$$\text{where } a = \frac{\sum y}{n} = \frac{113}{6} = 18.83$$

$$b = \frac{\sum xy}{\sum x^2} = \frac{71}{19} = 3.74$$

∴ Linear trend equation is given by $y_c = 18.83 + 3.74x$

ii) Hence, for July, x would be +7

$$Y_{\text{July}} = 18.83 + 3.74 \times 7 = 18.83 + 26.18 = 45.01$$

∴ The estimated sales of Refrigerators for the month of July is 45000 (approx.)

3. a) A company has got a demand for particular part at 10,000 units per year. The cost per unit is Rs. 2 & it costs Rs. 36 to place an order and to process the delivery. The inventory carrying cost is estimated at 8% of average inventory investment.

Determine:

- i) Economic order quantity. (EOQ)
- ii) Optimum no. of orders placed per annum.
- iii) Minimum total cost of inventory per annum.

[WBUT 2013]

Answer:

i) Economic order quantity = (EOQ) = Q

Total of the ordering cost = C_s

Inventory carrying cost = C_I

$$Q^0 = \text{Optimum lot size} = \sqrt{\frac{2DC_s}{C_I}}$$

$$\text{Optimum total cost of inventory per annum} C_A^0 = \sqrt{2DC_I C_s}$$

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Here $D = 10,000$ per year

$C_s = \text{Rs. } 36$ per order

$C_i = (\text{Cost per unit}) \times (\text{Inventory carrying cost})$

$$= \text{Rs. } 2 \times \frac{9}{10} \text{ per unit per year.}$$

$$\therefore Q^*(\text{EOQ}) = \sqrt{\frac{2 \times D \times C_s}{C_i}} = \sqrt{\frac{2 \times 10,000 \times 36}{\frac{2 \times 9}{100}}} = \sqrt{\frac{2 \times 10000 \times 36 \times 100}{2 \times 9}} = 2000$$

$$\therefore \text{EOQ} = 2000$$

$$\text{ii) Optimum No. of order placed per annum} = \frac{D}{Q^0} = \frac{10000}{2000} = 5$$

$$\text{iii) Minimum total cost} = \sqrt{2 \times D \times C_s \times C_i}$$

$$= \sqrt{2 \times 10000 \times 26 \times \frac{2 \times 9}{100}} = 2 \times 10 \times 6 \times 3 = 360$$

$$\therefore \text{Minimum total cost of inventory per annum} = \text{Rs. } 360.$$

b) What do you understand by Economic Order Quantity? Explain graphically.

[WBUT 2013]

Answer:

- The economic order quantity or EOQ refers to that quantity at which the cost of procuring the annual requirement of an item and the inventory carrying cost are equal.
- EOQ is a mathematical formula employed in the determination of base stock needs.
- The size of an economic buying quantity or economic purchase lot depends on factors like inventory carrying cost, cost of purchasing and receiving, average consumption, interest on capital, availability of storage accommodation, etc.
- EOQ is sometimes called Reordering Quantity which is the normal quantity to be placed on order when the stock has reached its reorder level.
- The reorder quantity would be such that when it is added to the maximum stock will not exceed the maximum amount of stock.
- The formula for calculation of EOQ is given below

$$(\text{How much to order?}) \text{ EOQ} = \sqrt{\frac{2as}{i}}$$

where

a = order cost, that is cost to place order

s = annual sales rate or yearly demand (in units)

i = carrying (interest) costs per unit per year.

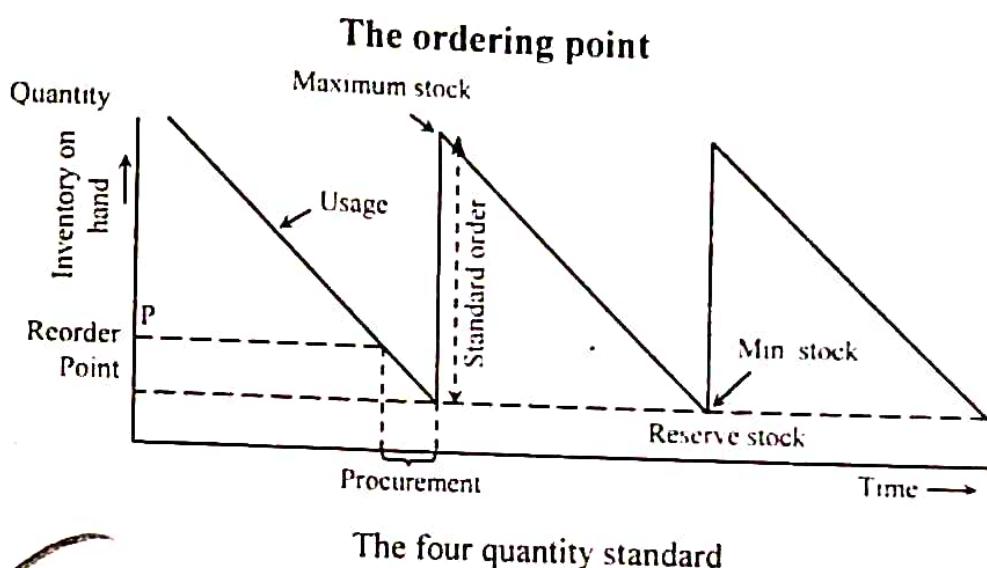
Let us assume:

$a = \text{Rs. } 20.00$, $s = 5,200$ units, $i = \text{Rs. } 25.00$ per unit

Then, $EOQ = \sqrt{\frac{2 \times 20 \times 5200}{25}} = \sqrt{\frac{208000}{25}} = \sqrt{8320} = 91$ units approx. (order size)

In the above problem, if the order is placed for lesser than 91 units (EOQ), costs will rise due to increased inventory charges. Again, if order is placed for more than 91 units (EOQ), costs will also rise due to increased inventory changes. At the EOQ point, there should have a balance between ordering cost and inventory cost and the total cost is lowest.

- Thus, EOQ is the point of cost equilibrium. In the above given case order quantity of 91 units involves lowest costs.



4. a) What are control charts? Write the different types of control charts?

[WBUT 2014, 2017]

Answer:

1st Part:

Control Chart

The control may be defined as "a chronological (hour by hour, day by day) graphical comparison of actual product-quality characteristics with limits reflecting the ability to produce as shown by past experience on the product characteristics. The comparison part is done through sampling plan."

Implications of Control Chart

- It attempts to indicate inherent as well as external variation during the course of manufacture.
- It helps to restrict the causes of variation to the chance causes only and also helps to detect and eliminate assignable causes.

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2nd Part:

Different types of Control Charts:

Control charts for variables are as follows:

→ The average chart (\bar{X} -Chart), which measures the central tendency of the process, and

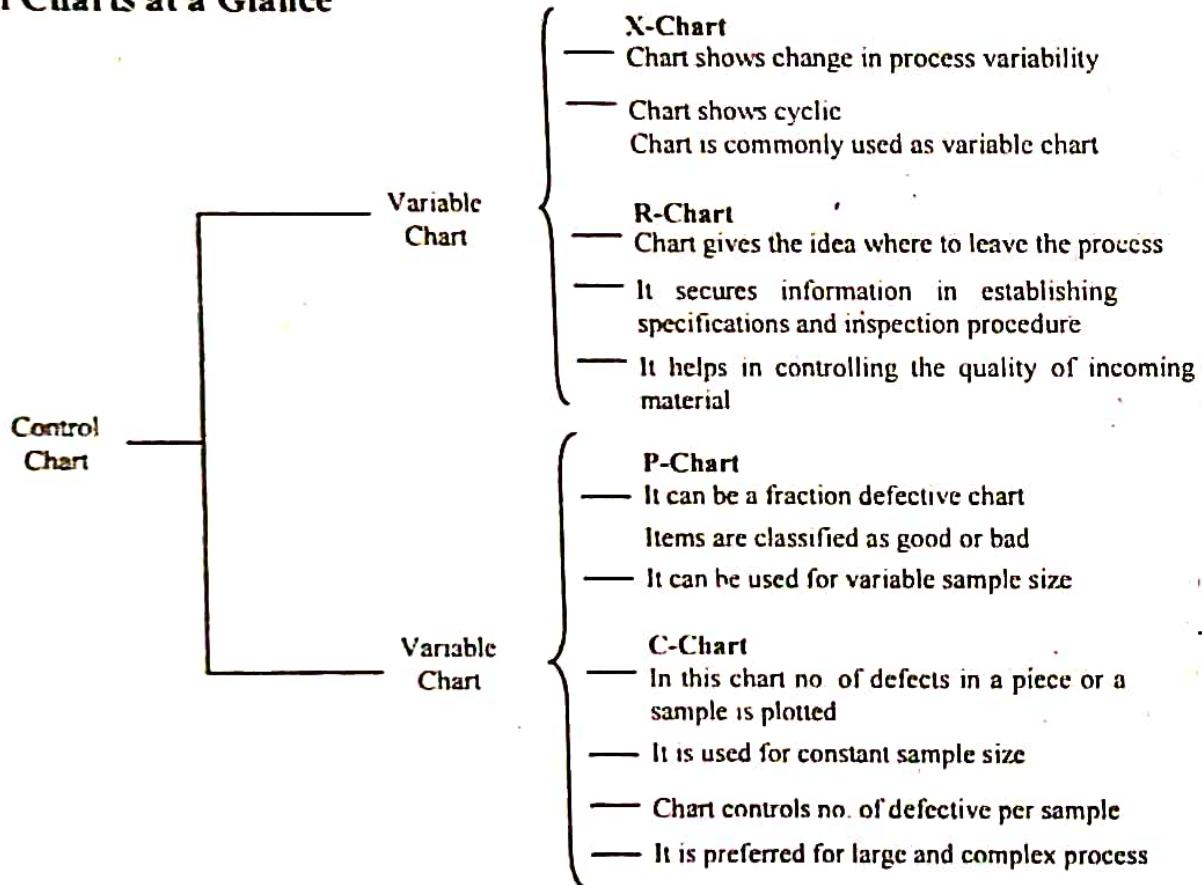
→ The range chart (R-Chart), which measures the spread of the process.

As the average chart and the range chart are usually used together, they are commonly known as (\bar{X} -R Chart).

Control charts for attributes are as follows:

- The Fraction Defective Chart (P-Chart) which records the proportion of defective items in a sample.
- The Number Defective Chart (np-Chart) which records the number of defective items in a sample, and
- The Defects Charts (c-Chart) which records the number of defects in a component/product.

Control Charts at a Glance



Formulae of UCL, LCL and CL

$$UCL = \mu + 3 \frac{\sigma}{\sqrt{n}} \quad [\text{Upper Control Limit}]$$

$$LCL = \mu - 3 \frac{\sigma}{\sqrt{n}} \text{ [Lower Control Limit]}$$

$$CL = \mu \text{ [Center Line (median)]}$$

where, μ = process mean, σ = process standard deviation, n = sample size

b) 10 samples, each of size 50 of a pipe were inspected in pressure testing. The results of the inspection are given below:

Sample No.:

1 2 3 4 5 6 7 8 9 10

No. of defectives: 2 3 2 0 2 3 2 1 2 3

Draw a p-chart and state your conclusion.

[WBUT 2014, 2017]

Answer:

$$\begin{aligned} \text{Total number of items inspected} &= \text{No. of samples} \times \text{Units inspected in each sample} \\ &= 10 \times 50 = 500 \end{aligned}$$

$$\begin{aligned} \text{Total number of defectives} &= \text{Sum of the defectives in all sample} \\ &= 2 + 3 + 2 + 0 + 2 + 3 + 2 + 1 + 2 + 3 = 20 \end{aligned}$$

Average of fraction defectives

$$(\bar{p}) = \frac{\text{Total number of defectives}}{\text{Total number of items inspected}} = \frac{20}{500} = 0.04$$

or, (Alternative Method)

Sample No. (1)	No. of defectives (2)	Fraction defectives (P)
1	2	0.04
2	3	0.06
3	2	0.04
4	0	0.00
5	2	0.04
6	3	0.06
7	2	0.04
8	1	0.02
9	2	0.04
10	3	0.06
		0.40

$$\text{Average fraction defectives (P)} = \frac{0.40}{10} = 0.04$$

i) Central line $(\bar{p}) = 0.04$

$$\begin{aligned} \text{ii) Upper control limit} &= \bar{p} + 3 \sqrt{\frac{\bar{p}(1-\bar{p})}{n}} = 0.04 + 3 \sqrt{\frac{0.04(1-0.04)}{50}} \\ &= 0.04 + 0.083 = 0.123 \end{aligned}$$

$$\begin{aligned} \text{iii) Lower control limit} &= \bar{p} - 3 \sqrt{\frac{\bar{p}(1-\bar{p})}{n}} = 0.04 - 3 \sqrt{\frac{0.04(1-0.04)}{50}} \\ &= 0.04 - 0.083 = -0.049 = 0 \end{aligned}$$

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(Since the negative control limit is always taken as zero)

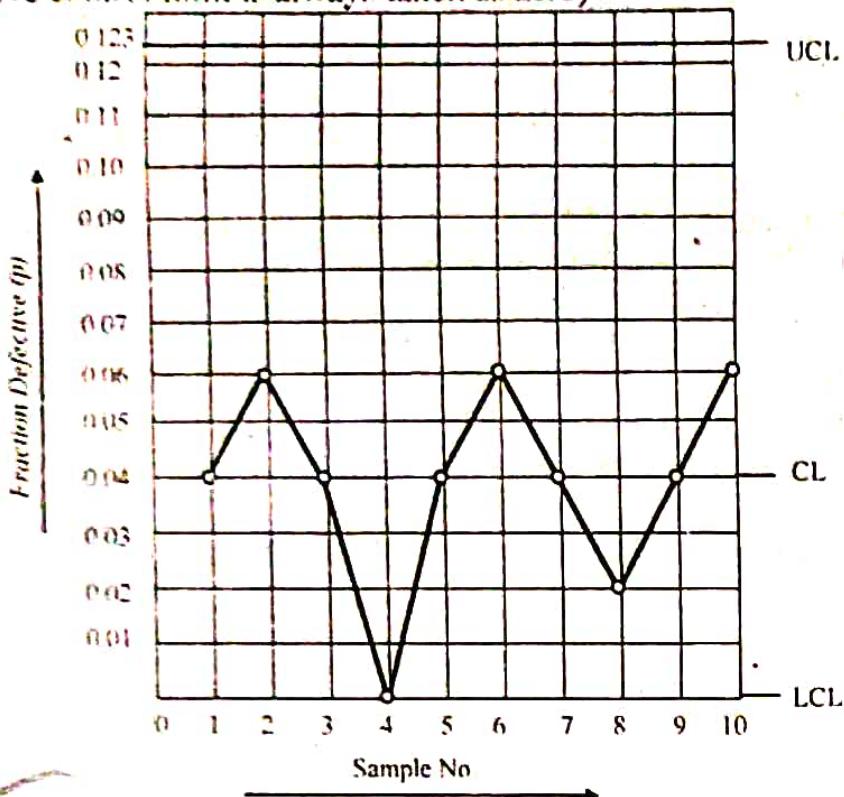


Fig: Control chart for fraction defectives (p-chart)

5. a) What do you mean by business forecasting? What are the distinct levels of modeling assumptions?

[WBUT 2015]

Answer:

1st part:

- **Business Forecasting** is an estimate or prediction of future developments in business such as sales, expenditures, and profits.
- Business forecasting is a process used to estimate or predict future patterns. Executives, managers and analysts use the forecasted results to aid in making better-informed business decision.
- **For instance**, business forecasts are used to estimate quarterly sales, inventory levels, supply-chain re-orders, etc. Business forecasting is usually achieved by using statistical techniques.
- Business forecasting has become an invaluable tool for business people to anticipate economic trends and prepare themselves either to benefit from or to counteract them.
- Good business forecasts can help business owners and managers adapt to a changing economy.

2nd part:

- Three distinct levels of business forecasting are available for different types of data and analysis. The time-series model is the most common, where data is projected forward. Statistical calculations for this model include the moving average, exponential smoothing and Box-jenkins method. Time-series models are simple in

that after the formula is determined, inserting historical data will output the forecasted results.

b) Using either Income or Output Method, find the estimate of the following from the given data table:

[WBUT 2015]

Items	Rs. (Lacs)
Sales	9,000
Increase in stock	5,000
Cost of Raw Materials	1,700
Rent	1,500
Interest	900
Wages	700
Profit	500
Mixed Income	400
Depreciation	2,100
Net indirect taxes	600
Net factor income from abroad	(250)

Answer:

$$\begin{aligned} \text{GDP at market price} &= \text{Sales} - \text{Cost of raw material} + \text{increase in stock} \\ &= 9000 - 1700 + 5000 = 12300 \text{ lacs} \end{aligned}$$

GNP at market price

$$\begin{aligned} &= \text{GDP at market price} + \text{Net factor income from abroad} \\ &= 12300 - 250 = 12050 \text{ lacs} \end{aligned}$$

$$\begin{aligned} \text{NDP at market price} &= \text{GDP at market price} - \text{Depreciation} \\ &= 12300 - 2100 = 10200 \text{ lacs} \end{aligned}$$

$$\begin{aligned} \text{NNP at Market price} &= \text{GNP at market price} - \text{Depreciation} \\ &= 12050 - 2100 = 9950 \text{ lacs} \end{aligned}$$

$$\begin{aligned} \text{GDP at factor cost} &= \text{GDP at market price} - \text{Indirect tax} \\ &= 12300 - 600 = 11700 \text{ lacs} \end{aligned}$$

$$\begin{aligned} \text{GNP at factor cost} &= \text{GNP at Market price} - \text{Indirect tax} \\ &= 12050 - 600 = 11450 \text{ lacs} \end{aligned}$$

$$\begin{aligned} \text{GDP (Income method)} &= \text{wages} + \text{interest} + \text{rent} + \text{profit} + \text{mixed income} \\ &\quad + \text{increase in raw material} + \text{cost of raw material} \\ &= 1500 + 900 + 700 + 500 + 400 + 1700 + 5000 \\ &= 10700 \text{ lacs} \end{aligned}$$

6. a) Following ratios are extracted from the books of B Ltd.:

[WBUT 2016]

Gross Profit ratio	20%
Debtors' turnover / velocity	2 months
Stock turnover	6 times
Creditors' velocity	1 month
Gross profit for the year	Rs. 1,20,000
Bills receivable	Rs. 26,000
Bills payable	Rs. 3,833

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Find out (i) Sales, (ii) Sundry debtors, (iii) Closing stock which is Rs. 10,000 more than the opening stock, (iv) Sundry creditors.

b) Discuss clearly the importance and uses of Ratio Analysis.

Answer:

a) i) G.P Ratio = 20% = $\frac{\text{G.P}}{\text{Sales}}$

or, $\frac{20}{100} = \frac{120000}{\text{Sales}}$

or, Sales = 600,000

2) Debtors Turnover = 2 months.

$$2 \text{ month} = \frac{1}{\frac{\text{Credit Sales}}{\text{Debtors} + \text{B/R}}}$$

$$\text{or, } 2 = \frac{1}{\frac{600,000}{\text{Debtors} + 26000}} \text{ (assume that entire sales was in credit)}$$

$$\text{or, } 2 = \frac{\text{Debtors} + 26000}{600,000}$$

$$\text{or, } 1200,000 = \text{Debtors} + 26000$$

$$\text{or, Debtors} = 11,74,000$$

3) Stock Turnover = 6 times = $\frac{\text{COGS}}{\text{AV Stock}}$

$$\text{COGS} = \text{Cost of Goods sold} = \text{Sales} - \text{G.P} = 480,000$$

$$\text{Av. Stock} = \frac{\text{Op.stock} + \text{Cl.stock}}{2} = \frac{x + (x + 10,000)}{2}$$

∴ Cl. Stock is 10,000 more than Op. stock.

$$6 = \frac{480,000}{\frac{2x + 10,000}{2}}$$

$$\text{or, } 6 = \frac{480,000 \times 2}{2x + 10000}$$

$$\text{or, } 12x + 60000 = 9,60,000$$

$$\text{or, } 12x = 900,000$$

$$\text{or, } x = 75000$$

$$\therefore \text{Opening stock (x)} = 75000$$

$$\text{Cl. Stock (x + 10000)} = 85000$$

4) Creditor's velocity = $\frac{1}{\frac{\text{Credit purchase or COGS}}{\text{AV Creditors} + \text{Bills Payable}}}$

$$\text{or, } I = \frac{1}{480000}$$

$$\text{AV Creditors} + 3833$$

$$\text{or, } I = \frac{\text{AV Creditors} + 3833}{480,000}$$

$$\text{or, } 480,000 = \text{AV Creditors} + 3833$$

$$\text{or, AV Creditors} = 476167$$

b) Importance of Ratio Analysis

Ratio analysis involves a study of ratios between various items or groups of items in financial statements. Ratios can be broadly classified into the following categories.

- **Liquidity Ratios:** Liquidity ratios indicate the ability of a firm to meet its imminent and short-term obligations.
- **Leverage Ratios:** These are capital structure reflecting the long-term solvency of the firm and are calculated for the benefit of long-term creditors. They indicate the ability of the firm to repay the principal amount when it becomes due and to make regular payments of interest.
- **Activity Ratio:** Activity ratio finds out how well the organization handles its assets. For strategic management purposes, two of the most important activity ratios measure inventory turnover and total asset utilization. Inventory turnover is calculated by dividing cost of goods sold by inventory. If the firm is not turning over its inventory as fast as it did in the past, or as rapidly as other firms in the industry, it may have a problem. A second useful activity ratio is total asset utilization. This is calculated by dividing sales by total assets. It shows how usefully the firm's assets are deployed in order to generate sales.

Uses of ratio analysis:

- An analysis of financial ratios is useful in strategic management for a variety of reasons (i) it enables a study of trends and progress over a number of years, (ii) comparisons with competitors and with general industry trends are possible, (iii) it can spot areas where improvements can take place and (iv) it can indicate possible dangers – for example, if stock turnover is decreasing or ratios impacting cash flow are moving adversely. Ratios, however, focus on the efficiency aspects and neglect the effectiveness dimensions.
- To correct this, an effective strategic leader must identify important stakeholders (customers, suppliers, shareholders, employees, etc.) and try to fulfill their expectations. It is, for example, important to find out whether shareholders want short-term earnings in preference to long-term growth and act accordingly.

7. a) Explain in detail the role of different control charts along with their formulae of UCL, LCL and CL.

b) Construct both \bar{X} and R chart from the following data:

Sub-group number	\bar{X}	R	Sub-group number	\bar{X}	R
1	6.36	0.10	11	6.32	0.18
2	6.38	0.18	12	6.30	0.10
3	6.35	0.17	13	6.34	0.11
4	6.39	0.20	14	6.39	0.14
5	6.32	0.15	15	6.37	0.17
6	6.34	0.16	16	6.36	0.15
7	6.40	0.13	17	6.35	0.18
8	6.33	0.18	18	6.35	0.13
9	6.37	0.16	19	6.34	0.18
10	6.33	0.13	20	6.34	0.16

Assume constant values $A_2 = 0.73, D_3 = 0, D_4 = 2.28$

[WBUT 2016]

Answer:

a) Refer to Question No. 4(a) (2nd Part) of Long Answer Type Questions.

b) For the construction of \bar{X} and R chart the following formula are used.

a) For mean chart (\bar{X} chart)

$$\text{central line } \bar{x} = \frac{\sum x}{k}$$

where $k = \text{No. of subgroup} = 20$

$$\bar{x} = \frac{127.03}{20} = 6.351$$

$$\bar{R} = \frac{\sum R}{k} = \frac{3.06}{20} = 0.153$$

$$\text{Upper control limit } UCL_{\bar{x}} = \bar{x} + A_2 \bar{R}$$

$$= 6.351 + 0.73 \times 0.153$$

$$= 6.351 + 0.112 = 6.463$$

$$\text{Lower Control Limit } LCL_{\bar{x}} = \bar{x} - A_2 \bar{R} = 6.351 - 0.112 = 6.239$$

For Range chart (R-chart)

$$\text{Central line} = \bar{R} = 0.153$$

$$\text{Upper control limit } (UCL_R) = D_2 \bar{R} = 2.28 \times 0.153 = 0.349$$

$$\text{Lower control limit } (LCL_R) = D_3 \bar{R} = \text{Nil}$$

8. What are the Gross National Product & Net National Product? Describe the expenditure approach and income approach of measurement of GDP. What is the difference between perfect competition and monopoly?

[WBUT 2017]

Answer:**1st part: Gross National Product and Net National Product**

- **Gross National Product (GNP)** is the seem-total of output from factors of production (economic resources) earned by the residents of a country wherever these resources happen to be located.
- The total annual value of output produced by a nation's resources is called GNP.

The major components of the GNP are as follows:

$$\text{GNP} = C + G_1 + G + (X - M)$$

where, C = Private consumption expenditure

G₁ = Gross investment

G = Government expenditure

X = Export

M = Imports

The sum of the above values gives us the total value of Gross National Product.

- **Net National Product (NNP)** consists of all the goods and services becoming available for consumption together with the net additions to the society's stock of capital. Net National Product (NNP) can be derived adding the net receipts from abroad (export-import) to the net domestic product.

Symbolically, $\text{NNP} = \text{NDP} + (X - M)$. Where, X represents exports and M imports. If imports exceed exports (i.e., M > X) net national product will be less than the net domestic product. On the other hand, if exports exceed imports (i.e., M < X), net national product will be more than the net national product will be more than the net domestic product.

2nd part:**1. Income Method**

- National income is the sum of income by all the factors of production, that is, land, labour, capital and organisation.
- The earnings which the different factors of production get in to the process of production are called factor incomes.
- National income of a country can be computed either by taking the sum of income paid by the producing units to the factors of production or by taking the sum of income obtained by the factors.

2. Financial Expenditure Method

- This method is also known as consumption and investment method.
- Disposition of national income may take two forms.
- It can either be consumed by the households, firms, government or may be used to create assets that is, investment.
- Symbolically $Y = C + I$, where Y refer to national income, C refer to consumption expenditure and I for investment expenditure.

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- Again, final expenditure of an economy could be expressed in terms of consumption expenditure of households (C), business investment (I), government expenditure (G) and net exports ($X - M$).
- Thus national income = $C + I + G + (X - M)$.

3rd part:

Difference between Perfect competition and monopoly:

Perfect competition

- Competition is said to be perfect when, in addition to the three conditions — many firms, homogeneous products and free entry and certain other conditions are assumed to exist.
- The following additional conditions are usually assumed — perfect knowledge on the part of the buyers and sellers as to what is happening in the market, absence of discrimination of any sort between buyers and sellers; perfect mobility of the factors of production and such close touch between buyers and sellers that transport costs may be ignored.

Monopoly

- Under the monopoly situation, there is only one firm in the industry.
 - No close substitute products are there
 - Here, the demand of the monopolist firm coincides with the industry demand and
 - The entry is blocked
- **Monopolistic Competition**

Under a monopolistic competition:

- there exists very large number of firms, but with differentiated products
- high price elasticity due to existence of close substitutes produced by other firms,
- demand of the individual firm has a negative slope
- each firm ignores the competitor's reactions, and
- entry is both free and easy in the industry.

9. Write short notes on the following:

- a) Ratio analysis [WBUT 2013]
- b) Economic Order Quantity [WBUT 2015]
- c) National income accounting [WBUT 2016]
- d) Management of working capital. [WBUT 2016]

Answer:

a) Ratio analysis:

- Ratio analysis is a powerful financial tool for analyzing and interpreting the financial statements of an organization.
- Ratio may be defined as the relationship between two accounting figures expressed mathematically.
- As ratio represents a relationship between numbers, so a ratio can be formed by taking any two figures from the financial statements of an organization.

- It involves selecting two critical figures from a financial statement and then expressing the relationship in terms of a percentage, or a proportion, or a fraction, etc.
- By utilizing the techniques of ratio analysis, it could be determined whether an organization has adequate cash, and whether its cash is being employed most beneficially.

Advantages:

- Ratios help managers to measure and assess the financial health of the organization's operations.
- By utilizing ratio analysis, management can better assess the relative changes in the performance of the organization over a period of time, rather than comparing absolute figures.

b) Economic Order Quantity:

Refer to Question No. 3(b) of Long Answer Type Questions.

c) National income accounting

National Income of a country can be measured by three alternatives methods:

1. As a flow of income
2. As a flow of goods and services, and
3. As a flow of expenditure

1. Income Method

- National income is the sum of income by all the factors of production, that is, land, labour, capital and organisation.
- The earnings which the different factors of production get in to the process of production are called factor incomes.
- National income of a country can be computed either by taking the sum of income paid by the producing units to the factors of production or by taking the sum of income obtained by the factors.

2. Product Method

- The money value of all goods and services produced in a particular year reflects the gross domestic product at market price. It is called **census of output method** or **value added method**.
- In case of census of production method, a complete list of all products produced by all the productive units of our country during a particular financial year is made and then added then together to obtain the GNP total. Here we take into account only final goods and services produced during a particular financial year to avoid multiple counting.
- In the value added method we take the values added at each stage of production and then they are summed up. Suppose in an economy, wheat is produced worth Rs. 1000 during a year. Now the entire wheat is transformed into flour in the same year and value of flour is Rs. 1500. Here value added is Rs. 500 (Rs. 1500 – Rs. 1000). Now

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suppose total flour is used up in the production of bread during the same year and bread is valued at Rs. 2500. In this stage, value added is Rs. 1000 (Rs. 2500 - 1500). Hence total value added is Rs. (1000+500+1000) = Rs. 2500.

It is also proved that the value added method and the final product method give the same figure of GNP total.

3. Financial Expenditure Method

- This method is also known as consumption and investment method.
- Disposition of national income may take two forms.
- It can either be consumed by the households, firms, government or may be used to create assets that is, investment.
- Symbolically $Y = C + I$, where Y refer to national income, C refer to consumption expenditure and I for investment expenditure.
- Again, final expenditure of an economy could be expressed in terms of consumption expenditure of households (C), business investment (I), government expenditure (G) and net exports ($X - M$).
- Thus national income = $C+I+G+(X-M)$.

d) Management of working capital

Every business needs funds for short term purpose for purchase of raw materials, payment of wages and other day-to-day recurring expenses etc. These funds are known as Working Capital. In simple words, working capital refers to that part of firm's capital which is required for financing short term or current assets such as cash, marketable securities, debtors and inventories. Funds, thus, invested in current assets keep revolving fast and are being constantly converted into cash and this cash flow out again in exchange for other current assets. Hence, working capital is also known as revolving or circulating capital or short-term capital.

Components of Working Capital:

Working capital is the difference between current assets and current liabilities. Current Assets include the following elements:

Current Assets

- i) Cash and Bank balances
- ii) Bills Receivables
- iii) Sundry Debtors (Less Provision for Bad-debts)
- iv) Short term loan and advances (To be matured within one year)
- v) Inventories
 - 1) Raw materials
 - 2) Work-in-Progress
 - 3) Stores and spare parts
 - 4) Finished goods.
- vi) Temporary investment in surplus funds
- vii) Prepaid Expenses

viii) Accrued Income

Current liabilities include the followings:

- i) Bills payables
- ii) Sundry Creditors
- iii) Outstanding Expenses
- iv) Short term loans, advances and deposits
- v) Dividend payable
- vi) Bank over-draft
- vii) Provision for Taxation

10. What do you mean by 'Productivity'? State the objectives and gains of productivity.

[MODEL QUESTION]

Answer:

1st Part:

- According to Riggs, "Productivity is the quality or state of being productive. It is a concept that guides the management of production systems and measures its success. It is the quality that indicates how well labour, capital, materials and energy are utilized."
- In simple term, productivity may be defined as "the ratio of output to input."
- In other words, productivity is the amount of output per unit of input.
- It may be expressed in terms of physical units or money.
- Thus, productivity may be expressed in terms of output per man, or per man-hour or per machine hour.
- In case of money, the productivity is the value of production per rupee of cost incurred that is, value of production divided by the cost incurred.
- Thus, productivity may be expressed as under:

$$\frac{\text{Output}}{\text{Input}} \text{ or } \frac{\text{Value of Production}}{\text{Cost incurred}} \text{ or } \frac{\text{Growth}}{\text{Capital Employed}}$$

2nd Part:

Objectives/Gains of productivity

- Elimination of waste in all forms.
- Reduction in cost and make the products cheaper
- Reduction of losses.
- Improvement of working conditions/environment and reduce fatigue.
- Helping workers in earning higher wages, incentives and bonus.
- Enabling the management to get more capital, and
- Enabling the owners of the capital (share holders) to fair return on investment, etc.

11. What is 'financial management'? State the functions of financial management.

[MODEL QUESTION]

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Answer:

1st Part:

- **Financial management** is the most important functional areas of management as the success or failure of a firm is highly dependent on the proper utilisation of its financial resources.
- Financial management is concerned with the managerial activities like raising and utilisation of funds for economic activities.
- Financial management deals with planning, organising, directing and controlling the financial activities of the enterprise.

2nd Part:

The functions of financial management are:

1. Financial Planning

- Financial planning is first and foremost function of financial management.
- Financial planning includes the capital structure of the business, determinations of the sources of finance, forecasting of cash-flow statement and management of capital fund etc.

2. Proper Allocation of Procured Fund

- Through planning, funds are to be allocated in such a way that it meets the requirement of every department of the enterprise.
- The financial management issues direction to different departments as to the utilisation of funds allotted for each department.

3. Financial Policy

- While framing the financial planning, the financial management should adopt certain financial policies to be introduced in the enterprise.

The policy should focus the following:

- Estimation of the amount of capital required.
- Determining the control imposed by the provider of capital.
- Policy as to the use of debt and equity capital.
- Policy as to the selection of the source of finance.
- Laying down dividend policy, ploughing back of retained earnings etc.
- Credit activities of the enterprise.
- Policy as to deciding the amount of funds to be invested in fixed and working capital.

4. Financial Control

- For proper financial control, financial ratios of different types are to be applied.
- Various tools of financial control are to be used to assess the financial performance.

12. What is meant by 'Market planning'? Discuss the purposes and objectives of marketing planning.

[MODEL QUESTION]

Answer:

1st Part:

Market planning

- Planning is an import function of marketing management.
- Market/marketing planning involves deciding on marketing strategies that will help the organisation to achieve its overall objectives.
- Marketing management is responsible for formulating comprehensive marketing plans indicating objectives to be achieved and a future course of action to accomplish the predetermined targets.
- Marketing plans are main operational and control mechanism of the marketing department and it gives intelligent directions for marketing operations.
- **Henry Fayol**, the Father of modern Administrative management, stated that 'marketing planning refers to forecasting and providing a means of examining the future and drawn up a plan of action.

2nd Part:

Objectives/purposes of marketing planning

- The main purpose/objective of marketing planning is to direct the overall marketing action of the organisation.
- As marketing management calls for careful consideration of corporate means and marketing ends, marketing planning is necessary.
- The primary objective of a business enterprise is to remain in business not for today only, but to position itself for the future also. Decisions have to be taken at present situations keeping in view of the future situations. This is possible only for marketing planning.
- A corporation is to make assessments in terms of its strength and weaknesses and the opportunities and threats it faces in the environment. This is called 'SWOT' analysis. These environmental assessment and organisational assessment is possible only by marketing planning, and
- The corporate perspective and the corporate goal is to be integrated with the goals of the corporate 'people' as well as the society. This can only be achieved by marketing planning.

13. Write short notes on the following:

[MODEL QUESTION]

- Statistical quality control**
- Control chart**

Answer:

a) Statistical quality control:

- For maintenance of quality in case of continuous flow of production, in a manufacturing process, certain statistical methods are applied.
- It is true that no manufacturing process can deliver/produce goods of exactly the same quality.

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Quality measures

- Variations in quality may occur in two different ways.
- Certain variation in quality is natural to the process, that is, due to chance causes which cannot be prevented. Such variations are called allowable.
- On the other hand, there may be variation which may occur in case the process goes wrong due to some assignable defect or defect in the machine or in the raw materials fed to the machine, or in the operator controlling the machine. This type of variation is called 'Preventable'.

Purpose of Statistical Quality Control (SQC)

- Statistical Quality Control (SQC) is based on the theory of probability.
- The main purpose behind statistical quality control is to device methods for separating the allowable variation from the preventable variation.

b) Control chart:

The control chart may be defined as "a chronological (hour by hour, day by day) graphical comparison of actual product-quality characteristics with limits reflecting the ability to produce as shown by past experience on the product characteristics. The comparison part is done through sampling plan.

Implications of control chart

- It attempts to indicate inherent as well as external variation during the course of manufacture.
- It helps to restrict the causes of variation to the chance causes only and also helps to detect and eliminate assignable causes.

CUSTOMER MANAGEMENT

Multiple Choice Type Questions

1. Which of the following gives suggestions for new product and also helps to market new products?
 a) existing products and services b) distribution channels
 c) federal government d) consumers [WBUT 2013]
 Answer: (d)
2. Which of these is not a function of marketing department?
 a) Selling b) Grievance handling [WBUT 2014]
 c) Product Packaging d) Advertising
 Answer: (b)
3. Which of the following is not a function of Marketing department? [WBUT 2015]
 a) Selling b) Grievance handling
 c) Product Packaging d) Advertising
 Answer: (a)
4. That the company that overlooks new and better ways to do things will eventually lose customers to another company that has found a better way of serving customer needs is a major tenet of [WBUT 2017]
 a) innovative marketing
 b) consumer-oriented marketing
 c) value marketing
 d) sense-of-mission marketing
 Answer: (a)

Long Answer Type Questions

1. a) Differentiate between marketing and selling. [WBUT 2013]

Answer:

Marketing	Selling
1. Marketing is a comprehensive idea and has a wide scope.	1. Selling is a part of marketing and has a narrow scope. It is a sub-activity of marketing.
2. The goal of marketing to learn profit through satisfaction of customer demand.	2. The goal of selling is to increase the Quantum of profit through increase in sales volume.
3. Marketing is customer-oriented as it stresses the importance on the demand, preference and liking of the customers	3. Selling is product-oriented, as it stresses on the needs of sellers.

Marketing	Selling
4. Consumer satisfaction is the main function of marketing.	4. Seller satisfaction is the main function of selling, that is, ensure about the sale of goods i.e., conversion of products into cash.
5. Market analysis, planning and control etc., are considered to be much important.	5. In case of selling, market analysis planning and control are quite significant.
6. Marketing is an open, dignified and authentic management activity with little room for devious.	6. The means adopted in selling may include crude exaggeration, half truths and even lies.
7. Marketing stresses importance on long-term needs as well as long-term strategy.	7. Selling is a mere tactical and routine activity and stresses only on short-term needs and short-term strategy.

b) What is marketing mix? Discuss the elements of marketing mix and its implications in marketing planning. [WBUT 2013, 2016]

Answer:

1st part:

- ‘Marketing Mix’ refers to the set of controllable, tactical marketing tools that the business firms blend to produce the response it wants in the target market.
- In other words, marketing mix is the mixture of controllable marketing elements like activities, tools or instruments, that the firm uses to pursue the desired level of sales in the target market.
- The marketing mix consists of everything the firm can do to influence the demand for its product.

2nd part:

Elements of the Marketing Mix

1. Product mix

- Product means the ‘goods and service’ combination the firm offers to the target market.
- The product is the most important element of the marketing mix. The product must be capable of satisfying not only the present but also the potential customers. The quality standard, type and characteristics of the product must be such as to satisfy the tastes, fashions and preferences of the general buyers.
- Marketing activities like standardization, grading, branding, packing and packaging etc are included in the product mix.

2. Price mix

- ‘Price’ refers to the amount of money customers have to pay to obtain the product.
- The success or failure of a firm depends solely on the availability of price for goods.
- While determining pricing policy, the effects of both the internal and external factors are to be duly considered.

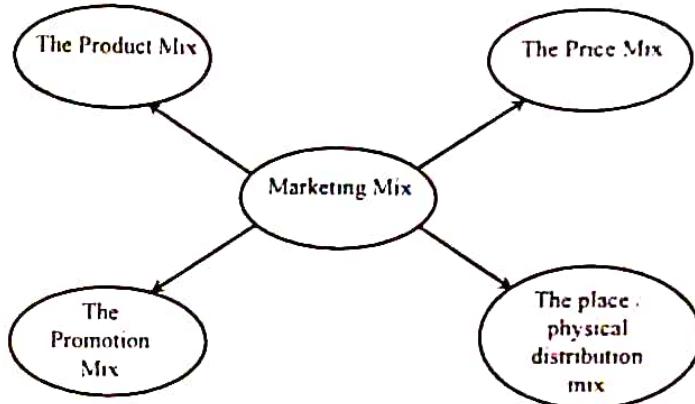
3. Promotion Mix

- Promotion refers to the activities that communicate the merit of the product and persuade the customers to buy the product.
- Promotion mix can be executed with the help of advertising, personal selling, sales promotion and salesmanship, creating goodwill in the market, etc.

4. Place/Physical Distribution Mix

- Place/physical distribution refers to the activities that make the product available to the target consumers.
- Selection of the marketing channel, warehousing, transporting and logistics etc. are needed for the distribution of the product.

Diagram showing the marketing mix



Implications in marketing planning:

- Marketing mix is a plan to analyse marketing problems and act as important tool used by the marketing managers to plan and design the process of marketing in an organisation.
- Marketing process is conditioned by certain 'controllable' and 'non-controllable' elements. Controllable elements are within the hold of an organisation and therefore, have to be properly shaped to achieve marketing goals. The controllable elements are 'mixed' by grouping them into four variables (4Ps) and termed as 'marketing mix'.
- Again, the concept of marketing mix is useful in designing a marketing strategy to meet the 'uncontrollable' or to nullify their effects. They uncontrollable that is the external factors or market forces are: consumers' buying behaviour, traders' behaviour, competitors' behaviour and Government behaviour.
- Marketing problems have become complex and 'mix' can answer various problems in a manner that satisfy consumers.
- Better utilization of resources is possible through marketing mix by blending of policies of strategy.
- Marketing mix is an optimum combination of all marketing ingredients and this ensures the realization of the goals of the organisation.
- Marketing mix is not a static concept. it changes with the change in marketing conditions and environment.

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2. Discuss the various Sales Promotion methods that a company can undertake to increase sales of its products. [WBUT 2013]

Answer:

The measures adopted for increasing the volume of sales of a company are called the methods of sales promotion. Though the advertisement and salesmanship are the important means of sales increase, yet there are other few measures of sales promotion like distribution of samples, concession, fair and exhibitions, distribution of free-gifts, issue coupon, competition, lottery, purchase incentives, arrangement of football or cricket match, etc.

- **Press Advertising**

- Press can be regarded as the most powerful media in the field of Advertisement.
- It includes newspapers, magazines, trade and technical journals and others.
- Newspapers have a general and wide appeal and they are truly a way of life to most of the literate people.
- Magazine and trade and technical journal advertisement have a longer time span.

- **Mural/Outdoor Advertising**

- Mural or outdoor advertising has a long life and wide appeal.
- Such advertising consists of promotional message on billboards, hoardings, posters and signs which can attract the attention of numerous people.
- The favourable places of hoarding advertisement are – important road crossings, overhead road bridges, the gate of fair and exhibition and a nearby place of a cinema hall.

- **Mail Advertising/Direct Mail**

- Direct mail refers to any advertising sent by mail that is through post office which includes sales letters, folders, pamphlets, booklets, categories and the like.
- It is the most personal and selective media and the results of direct mail advertising can be checked by means of an offer incorporate in the mailing.

- **Advertising through sample distribution**

- Business firms distribute samples to the people at free of cost to get the public acquaintance with the product and its quality.
- Distribution of medicine to the doctors at a free of cost and distribution of specimen books to the professors/teachers are the examples of this medium.

- **Point of purchase advertising (P.O.P)**

- Point of purchase is the exact point where the customers are reminded finally about a product.
- P.O.P includes window display counter display, special displays and shows and showrooms, etc.

- **Exhibition/Trade Fairs**

- An exhibition/Trade fair is an extension of market place.
- Exhibitions/trade fairs range from a small local level to national or international levels.

- Exhibition/trade fairs attract a large number of persons from different places.
They are considered as one of the best means of advertising.
- **Radio Advertisement**
 - Radio advertisement has a very wide appeal. Here, repeat message is quite common. It is suitable even for illiterate people.
 - Radio Advertisement has a memory value.
 - Sponsored commercial programs are used through F.M channels.
- **Television Advertisement**
 - Television uses both video (sight) and audio (sound) signals. It can appeal through ear as well as eye.
 - Television reaches the audience almost like personal face-to-face contact. It is an important means of mass communication for creating market.
- **Cinema/Film Advertising**
 - Films of different kinds serve as a media of audio-visual appeal.
 - Cine-goers are familiar with such films/slides which are shown in cinema houses before the start of the feature film and at the time of interval.
- **Transit Advertising**
 - It consists of car-card advertising which may be located within buses, taxi cabs, railway coaches, tram cars and other public transports.
 - It has high readership and it can reach pedestrians and travelling public.
- **Sandwich men**
 - They are hired professionals who move in a gathering with boards and notices for getting attention of the public.
- **Specialty Advertisement**
 - Specialty Advertisement includes diaries paper weights, purses, calendars, key rings, ball pens, etc. these articles bear some advertisement. These are given in the hope that these will lead to customer's orders and re-orders.
- **Concession**
 - Sometimes sellers allow concessions from the selling price of the goods.
- **Distribution of free-gifts**
 - The sellers sometimes arrange for distribution of free gift to the customers with an eye to increasing the demand for goods.
- **Contests and competitions**
 - Contests and competitions are organized by the company among sale shops for making them enthusiastic and interested and also for motivating them to effect increased sales.
- **Organizing football/cricket matches**
 - Sometimes, arrangement of football or cricket match between two eminent teams or musical programmes are made for advertising with the object of promoting sales.

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- **Issue of coupons**
 - The seller at the time of selling goods issues coupons to the customers and the customers may purchase goods at a privileged price.
- **Lottery**
 - For sales promotion, sometimes provision is made for awarding prizes to the customers through lottery.

3. a) Describe different types of advertising.

[WBUT 2016]

b) Discuss about Brand Management and Brand Equity.

Answer:

a) Various Advertising Media fall under the following categories:-

- **Press Advertising**
 - Press can be regarded as the most powerful media in the field of Advertisement.
 - It includes newspapers, magazines, trade and technical journals and others.
 - Newspapers have a general and wide appeal and they are truly a way of life to most of the literate people.
 - Magazine and trade and technical journal advertisement have a longer time span.
- **Mural/Outdoor Advertising**
 - Mural or outdoor advertising has a long life and wide appeal.
 - Such advertising consists of promotional message on billboards, hoardings, posters and signs which can attract the attention of numerous people.
 - The favourable places of hoarding advertisement are – important road crossings, overhead road bridges, the gate of fair and exhibition and a nearby place of a cinema hall.
- **Mail Advertising/Direct Mail**
 - Direct mail refers to any advertising sent by mail that is through post office which includes sales letters, folders, pamphlets, booklets, catalogues and the like.
 - It is the most personal and selective media and the results of direct mail advertising can be checked by means of an offer incorporated in the mailing.
- **Advertising through sample distribution**
 - Business firms distribute samples to the people at free of cost to get the public acquaintance with the product and its quality.
 - Distribution of medicine to the doctors at a free of cost and distribution of specimen books to the professors/teachers are the examples of this medium.
- **Point of purchase advertising (P.O.P)**
 - Point of purchase is the exact point where the customers are reminded finally about a product.
 - P.O.P includes window display, counter display, special displays and shows and showrooms, etc.
- **Exhibition/Trade Fairs**
 - An exhibition/Trade fair is an extension of market place.

- Exhibitions/trade fairs range from a small local level to national or international levels.
- Exhibition/trade fairs attract a large number of persons from different places. They are considered as one of the best means of advertising.
- **Radio Advertisement**
 - Radio advertisement has a very wide appeal. Here, repeat message is quite common. It is suitable even for illiterate people.
 - Radio Advertisement has a memory value.
 - Sponsored commercial programs are used through F.M channels.
- **Television Advertisement**
 - Television uses both video (sight) and audio (sound) signals. It can appeal through ear as well as eye.
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- **Specialty Advertisement**
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b) Brand Management:

Brand Management

- The word **brand** is broadly applied to all identifying marks and thus identifies the product for a buyer and gives the seller a chance to earn goodwill and repeated patronage.
- **Branding** refers to the practice of giving a specified name to a product or group of products from one seller.
- The specified name given to the products/s creates individuality in the product and thus it can easily be differentiated or recognized in the market place from other products.

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- **Brand management** may be viewed as a tool to position a product or a service with a consistent image of quality and value for money to ensure the development of a recurring preference by the consumer.
- **Branding is a management process** by which a product is branded. It is a general term covering various activities like giving a **brand name** to a product, **designing a brand mark** and establishing popularizing it.

Brand attaches different levels of meaning

The different levels of meaning that a brand attaches are summarized below:

Attributes: A brand attaches to the mind of the consumers certain product or service attributes.

Benefits: A brand attaches functional and emotional benefits to its buyers of products or services.

Values: A brand attaches values to the buyers of products or services.

Personality: A brand attaches personality to its buyers products or services.

Brand Equity:

- **Branding** refers to the practice of giving a specified name to a product or group or products from one seller.
- The specified name given to the products/s creates individuality in the product and thus it can easily be differentiated or recognized in the market place from other products.
- **Brand Equity** refers to the value of a brand considering its high brand loyalty, name awareness, perceived quality; strong brand attachment associated with assets like trade mark, patent and channel relationship.

4. a) Define marketing research and explain its stages.

[WBUT 2016]

b) Define marketing mix and explain its elements.

Answer:

a) **Marketing Research**

- The **American Marketing Association** defines marketing research as “the systematic gathering, recording and analyzing of data about problems related to the marketing of goods and services.”
- **Richard D. Crisp** defines marketing research as the “systematic, objective and exhaustive search for and study of the facts relevant to any problem in the field of marketing.”
- Marketing Research includes investigation of market segments, channel relationship, pricing policies, effectiveness of sales people and advertisements, product differentiation and so on.
- Marketing Research is not restricted to any type of marketing problem, but applies to any field of marketing activities.

Stages of Marketing Research Process Defining and Locating the Problem

- The first and foremost step to be taken by a researcher is to locate, recognize and define the problem area which will be taken up for solution.
- It is correctly said that "**a problem well defined is half-solved.**" Clear, precise and to the point statement of the problem itself provides clues for the solution.
- Since problem definition is the first stage, useful information generated is likely to be unstructured, qualitative, tentative and exploratory. Depending on the results generated at this stage, the researcher would decide to extend the scope of research or stop it here.

1. Developing the Research Plan / Research Design

- If the researcher is able to state the problem correctly and precisely, he should be able to spell out the precise objectives for the research.
- In this stage, the researcher should prepare the research design which will spell out how the researcher is going to achieve the stated research objectives
- The data collection methods, the specific research instrument and the sampling plan that the researcher will use for collecting data and the corresponding cost are the elements that constitute the research design.

2. Collection of data

- In this stage, the researcher should proceed with the task of collection of information/data necessary for the problem solution from various sources.
- A research may require both **primary data** and **secondary data**.
- **Primary data** refers to data collected by the researcher from original sources.
- It can be collected from customers, retailers, distributors, manufacturers or other information sources.
- Primary data may be collected through any of the three methods: **observation, survey and experimentation**.
- In the observation method, the researcher may use a camera, tape recorder or tally sheet in which the number of times an event occurs is recorded. The researcher must ensure that the instrument is appropriate to the occasion and is reliable.
- In the **Survey Method**, the most commonly instrument is the **questionnaire**, which should be tested on a limited scale and this is technically known as a **pilot survey**.
- After preparing the questionnaire, the researcher is to identify the source of information, which is also called **population**. The researcher would select a small group known as **sample**.
- Having decided to use a sample, the researcher is to draw up the sampling plan. There are four aspects of sampling plan.
 - **Sampling unit:** Who is to be surveyed?
 - **Sample size:** How many are to be surveyed?
 - **Sampling Procedure:** How are they to be selected?
 - **Sampling Media:** How are they to be reached?

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3. Field Work

- This is the stage where the research design has to be converted from the planning stage to that of implementation. There are two stages in field work – (i) Planning and (ii) Supervision

(i) Planning Stage

- How many people will be assigned to the field?
- What will be their geographical areas of coverage?
- How many days will be required, and
- What is the pattern to be used for choosing sample units, etc?

(ii) Supervision Stage

- Making random checks to ensure that the data collected is genuine and
- Guiding team members

4. Report presentation and implementation

- At this stage, the researcher would summarize the plan in a written proposal. With this report, the following details should be given
 - Objectives and Methodology in which the research objective are stated and details of the sampling plan are described.
 - Summary of the conclusions and recommendations in which the main finding of the research are highlighted.
 - Detailed findings and observations in which the data which has collected is presented in a form which is easily comprehensible.
 - Questionnaire and supporting instruments are to be presented in the last section.

b) Refer to Question No. 1(b) of Long Answer Type Questions.

5. Write short note on Brand Management.

[WBUT 2014]

Answer:

Refer to Question No. 3(b) of Long Answer Type Questions.

6. a) Briefly explain Characteristics of services.

[MODEL QUESTION]

Answer:

a) Characteristics of services

Services have a number of unique characteristics that make them different from products. The most commonly accepted characteristics are:

- 1) Intangibility
- 2) Inseparability
- 3) Heterogeneity / variability
- 4) Perishability
- 5) Ownership

1) Intangibility

- Services cannot be seen, tasted, felt, heard or smelled.

2) Inseparability

- Services cannot be separated from the person or firm or a machine providing it.
- Service is provided by a person who possesses a particular skill (singer), by using equipment to handle a tangible product (dry cleaning) or by allowing access to or use of physical infrastructure (hotel, train).

3) Heterogeneity / Variability

- Quality of services depends on who provides them as well as when, where and how they are provided.
- The human element is very much involved in providing and rendering services and this makes standardisation a very difficult task to achieve.
- When some one goes to a hotel, there will be a person at the reception to hand over the key of the room. The way that person interacts with the boarder will be an important factor for overall assessment of the service provided by the hotel.
- The rooms, the food, the facilities may be all perfect, but it is the people interacting who make all the difference between a favourable and unfavourable perception of the hotel.

4) Perishability

- Services cannot be stored and are perishable.
- Spare berths on a plane, train, unsold slots in a cinema hall represent service capacity, which is lost forever.

5) Ownership

- When a person buys a product he becomes the owner of it – be it a book, pencil, shirt, refrigerator or car.
- In case of service, the payment is not for purchase, but only for the use or access or for hire of items or facilities.
- By buying a cinema ticket one can see the film-show only.
- A service is purchased for the benefits it provides. Detergent powder provides the primary benefit of cleanliness; air-conditioner provides the benefit of a cool and comfortable environment. All these are bought not because of their physical, tangible features, but because they provide certain intangible benefits and satisfaction.

b) Explain Importance of 'Branding' in marketing.

[MODEL QUESTION]

Answer:

- **Branding** refers to the practice of giving a specified name to a product or group of products from one seller.
- The specified name given to the products/s creates individuality in the product and thus it can easily be differentiated or recognized in the market place from other products.

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Importance

- Brand Names help to identify the product and differentiate it from other competing products.
- Brand names help to create confidence in goodwill for the products.
- Brand names help to assure certain quality by identifying the manufacturer behind the product.
- Brand names make it easier for the seller to process orders and track down problems.
- Brand names help to attract a loyal set of customers.
- Brand names help the seller to segment markets.
- Brand names act as a living memory to the customers.
- Brand names result in more product variety and choice for customers.
- Brand names help to increase shopper efficiency.
- Brand names help to build the corporate image of the organisation.
- Brand names help to enable the organisation assured control over the market, and
- Brand names help to add value to the customers and the society.

OPERATIONS & TECHNOLOGY MANAGEMENT

Multiple Choice Type Questions

1. Total Quality Management (TQM) programmes are more likely to remain effective if a number of prescriptions are followed. Which of the following prescriptions should not be allowed?

- a) quality improvement relates to operation's performance objectives
- b) TQM does not become a separate 'bolt-on' set of activities
- c) slogans and exhortations about TQM's effectiveness are avoided
- d) TQM should become a substitute for normal managerial leadership

Answer: (c)

2. In Quality Circle

- a) only Top Management is involved
- b) only Steering Committee members are involved
- c) both (a) and (b) are involved
- d) neither (a) nor (b) is involved

Answer: (b)

3. Which one of these is a Quality control tool?

- a) Pareto diagram
- b) Fish bone diagram
- c) Ishikawa diagram
- d) All of these

Answer: (d)

4. All management activities are measured against _____ to arrive at efficiency

- a) money
- b) information
- c) man
- d) time

Answer: (d)

5. Six Sigma is used

- a) as a metric
- b) as a methodology
- c) as a management system
- d) all of these

Answer: (a)

6. Which one of the following is not a step for DMADV?

- a) Define
- b) Implement
- c) Measure
- d) Design

Answer: (b)

7. Production function is a representation of input-output relationship.

- a) Mathematical
- b) True
- c) False
- d) Independent

Answer: (b)

[WBUT 2013, 2015]

[WBUT 2014]

[WBUT 2015]

[WBUT 2015]

[WBUT 2015]

[WBUT 2016]

8. In production planning process

- a) dispatching is followed by inspection process
- b) follow-ups are done just after scheduling
- c) routing is the first step
- d) scheduling is done prior to routing

Answer: (c)

Short Answer Type Questions

1. Write short note on Quality circles.

Answer:

Quality Circle

- A 'Quality Circle' is a small group of employees, generally numbering six to eight members, who meet periodically to discuss and solve quality problems related to their jobs.
- The members of this small group belong to the same work area or doing similar type of work.
- A quality circle is a voluntary association of employees of the same work place and involves concerned employees in solving work related problems and also tap their brain power effectively.
- The reason for using Quality circles in organizations is that the employees, who do the work and know it, can make better decision and recommendations than anyone else.

Features of Q.C

- A voluntary association of employees.
- A small group of employees
- Meeting periodically
- Solving quality problems related to their work.
- Pushing better decision making in organization level.

2. What do you mean by production and Operations Management? [WBUT 2014]

Answer:

Production Management

- According to Elwood S. Buffa, "Production management deals with decision making related to production processes so that the resulting good or service is produced according to specifications, in the amounts and by the schedule demanded and at minimum cost."
- Production management deals with decision making related to production processes in order to produce the goods or services to the specifications and quality at possible minimum cost.

Operations Management

- Operations management refers to the management of the entire systems that produces a good or delivers a product.
- In other words, operations management may be defined as the designing, operation and improvement of the systems that create and deliver the organisation's products and services.
- Operations management helps to ensure in getting the day-to-day job done efficiently, effectively, without errors and at the lowest possible cost.
- Further, operations management helps the organisations to adapt dramatic improvements in the area of customer service and cost reduction.

3. The following information relating to a type of raw material is available:

Annual demand	2000 units
Unit price	Rs. 20
Ordering cost per order	Rs. 20
Storage cost	2% p.a.
Interest rate	8% p.a
Lead time	Half-month

Calculate economic order quantity and total annual inventory cost of the raw material.

[WBUT 2016]

Answer:

$$\text{Lead time consumption} = 15 \text{ days consumption} = \frac{2000}{360} \times 15 \text{ days} = 83.33 \text{ units.}$$

Ordering cost = 20 Rs. Per order \times 10 order.

$$\text{Carrying cost} = \frac{2000}{2} \times 20 \times 10\% = 2000 \text{ Rs.}$$

$D = 2000$ units

Unit price = Rs. 20

Ordering cost per order = Rs. 20

Storing cost = 2% p.a

Int. rate = 8% p.a

Lead time = 15 days

$$EOQ = \sqrt{\frac{2.D.C_o}{C_c}} = \sqrt{\frac{2 \times 2000 \times 20}{2}} = \sqrt{\frac{80000}{2}} = \sqrt{40000} = 2000 \text{ units.}$$

4. Assume you have a product with the following parameters:

Annual Demand = 360 units

Holding cost per year = \$1.00 per unit

Order cost = \$100 per order

What is the EOQ for this product?

[WBUT 2017]

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Answer:

$$\begin{aligned}
 EOQ &= \sqrt{\frac{2AO}{C}} \\
 &= \sqrt{\frac{2 \times 360 \times 100}{1}} \\
 &= \sqrt{72000} \\
 &\approx 268
 \end{aligned}$$

5. What are the benefits of 'Six-sigma'?

[MODEL QUESTION]

Answer:

Six-Sigma acts as a philosophy and method to the manufacturing/service organization to eliminate defects in their products and processes and thus bring about a transformation in the way the organisation's function in all the areas of its operations.

Six-Sigma – It's Benefits

The application of Six-Sigma can deliver the following benefits to an organisation.

- **Momentous and Radical Improvements**
 - Six-Sigma acts as an instrument of rapid and radical change in the entire organisation and all its component parts.
- **Transformational change in the entire organisation**
 - Six-Sigma acts as a philosophy and method by bringing about a transformation in the way the organisation's function in all areas of its operations.
- **Use of Common Metric**
 - By using a Common Metric, Six-Sigma allows to readily describe the performance of a process in terms of its variability and to compare different processes.
- **Focus on the Customers**
 - 'Customer' is the focal point of six-sigma actions and six-sigma uses customer requirements as the yardstick..
- **Un-ending and never-ending activity**
 - Six-Sigma signifies radical improvement, as a result six-sigma acts as an un-ending and never-ending approach.
- **Comprehensive Benefit**
 - Six-Sigma, as a quantitative methodology, approaches through, the **define, measure, analyse, improve and control cycle**.

6. Write briefly on Computer Based Information System (CBIS).

[MODEL QUESTION]

Answer:

Introduction

- The widespread adoption of MIS started its journey in early 1960's.

- Most large corporations have MIS groups whose functions are to design, implement and maintain relevant management information.
- Prior to the introduction of MIS, Electronic Data Processing (EDP) and the Accounting Information System (AIS) were the most frequently used term for computer applications to procedures and functions.
- Again, the rapid growth of computer technology permitted the use of computers for comprehensive planning, implementation, control and decision-making functions of management in medium and large organisations, in addition to the functions of EDP and AIS such as payroll processing and administration.
- **Computer based MIS (CBIS)** is a collection of data processing equipment like hardware memory unit, central processing unit, data entry terminals and printers, etc., procedures related to computer programming for processing and retrieving data (software) and people to integrate various aspects of converting the raw data into information that is usable for management planning, implementing, controlling and decision-making.

Long Answer Type Questions

1.

Year	Expenditure (Rs. In Crores)
2009	20
2010	30
2011	35
2012	45
2013	60

Project the business expenditure on new plant equipment for the year 2016.

[WBUT 2015]

Answer:

Let the trend line be given by the equation. $y = a + bx \dots (1)$ with origin at 2001 and x unit = 3 years and y is the expenditure [in ₹ (crores)]. Using the method of least squares we have the following two normal equations determining the values of a and b .

$$\Sigma y = na + b \Sigma x \dots (2)$$

$$\Sigma xy = a \Sigma x + b \Sigma x^2 \dots (3)$$

Year	x	x^2	Expenditure (y)	xy
2009	-2	4	20	-40
2010	-1	1	30	-30
2011	0	0	35	0
2012	1	1	45	45
2013	2	4	60	120
	$\Sigma x = 0$	$\Sigma x^2 = 10$	$\Sigma y = 190$	$\Sigma xy = 95$

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Clearly $n = 5$. Again from table we see $\Sigma x = 0$, hence from equation (2) we get

$$a = \frac{190}{5} = 38$$

and from equation (3) we get $b = \frac{95}{10} = 9.5$

Putting the values of a and b in (1), the trend line equation is given by,

$$y = 38 + 9.5x \quad \dots(4)$$

Clearly we have $x = 8$ for the year 2016. Hence putting $x = 8$ in equation (4) we get

$$y = 38 + 9.5 \times 8 = 38 + 76 = 114$$

Therefore, the estimated expenditure for 2016 is 114 (₹ in crores).

2. The following table gives the aptitude test scores and productivity indices of 10 workers selected at random:

Aptitude Scores	60	62	65	70	72	48	53	73	65	82
Productivity Index	68	60	62	80	85	40	52	62	60	81

- i) Estimate the productivity index of the worker whose test score is 92.
- ii) Estimate the test score of the worker whose productivity index is 75.

[WBUT 2015]

Answer:

X	Y	$\frac{x}{X - \bar{X}}$	x^2	$\frac{y}{Y - \bar{Y}}$	y^2	xy
60	68	-5	25	3	9	-15
62	60	-3	9	-5	25	15
65	62	0	0	-3	9	0
70	80	5	25	15	225	75
72	85	7	49	20	400	140
48	40	-17	289	-25	625	425
53	52	-12	144	-132	169	156
73	62	8	64	-3	9	-27
65	60	0	0	-5	25	0
82	81	17	289	16	256	272
$\Sigma X = 650$	$\Sigma Y = 650$	$\Sigma X = 0$	$\Sigma x^2 = 894$	$\Sigma y = 0$	$\Sigma y^2 = 1752$	$\Sigma xy = 1044$

Regression Equation of X on Y

$$X - \bar{X} = b_{xy} (Y - \bar{Y})$$

$$b_{xy} = r \cdot \frac{\sigma_x}{\sigma_y} = \frac{\Sigma xy}{\Sigma y^2} = \frac{1044}{1752} = 0.596$$

$$X - 65 = 0.596(Y - 65)$$

$$X - 65 = 0.596Y - 38.74$$

$$X = 0.596Y - 38.74 + 65$$

$$X = 0.596Y + 26.26$$

Estimated value of test score when productivity index is 75

$$X = 0.596(75) + 26.26 = 44.7 + 26.26 = 70.96$$

Regression equation of Y on X

$$Y - \bar{Y} = b_{yx} (X - \bar{X})$$

$$b_{yx} = r \frac{\sigma_y}{\sigma_x} = \frac{\Sigma xy}{\Sigma x^2} = \frac{1044}{898} = 1.168$$

$$Y - 65 = 1.168(X - 65)$$

$$Y - 65 = 1.168X - 75.92$$

$$Y = 1.168X + 10.92 = 96.536$$

3. a) What are the 5 S processes of Kaizen?
 b) What are the 5 elements of Kaizen method?
 c) What are the 3 MUs for Kaizen activities?

[WBUT 2016]

Answer:

a) **5S processes of Kaizen**

5S	What does that mean?
Seiri	Put things in order (Remove what is not needed and keep what is needed)
Seiton	Proper Arrangement (Place things in such a way that they are easily accessible whenever they are needed)
Seiso	Clean (Keep things clean and polished; No trash or dirt in the workplace)
Seiketsu	Standardize (Standardize the best practices & process of cleaning the workplace. For example, develop a habit of cleaning your workplace.)
Shitsuke	Commitment & Self-discipline (Develop an attitude to follow the above '4S')

b) **5 elements of Kaizen method**

- The first element of Kaizen method is TEAMWORK. There is a need for all employees to work as a team towards achieving the desired improvement on production.
- The second element of Kaizen method is PERSONAL DISCIPLINE. The employees should have self-discipline in time management, quality assurance, material management, finance and loyalty to the company and its public.
- The third element of Kaizen method is strive to KEEP MORALE UP. The employer / senior management should put in place motivational strategies in their Kaizen concept such as better working conditions, merit promoting, better remuneration and other benefits as all these give the employees a sense of belonging.
- The forth element is OPPORTUNITIES to SHARE IDEAS. Giving employees the opportunity to interact with other quality circles is very vital to the success of the Kaizen system.
- The fifth element is the OPPORTUNITY TO AIR SUGGESTIONS FREELY. All suggestions on the employee's side should be appreciated and welcomed freely at all time.

c) 3 MUs for Kaizen activities

Muri	Muda	Mura
<ul style="list-style-type: none"> • Unreasonableness • A process, system, or facility designed beyond the physical capacities of employees / equipment 	<ul style="list-style-type: none"> • Unusefulness • An activity within a process that does not add value, from the perspective of the customer 	<ul style="list-style-type: none"> • Unevenness • Shifts in demand or delivery that lead to a service or support process being speed up or slowed down (unsteady)

4. Write short notes on the following:

a) TQM

[WBUT 2013]

OR,

Total Quality Management

[WBUT 2015]

b) MIS

[WBUT 2014]

c) Production and Productivity

[WBUT 2015]

d) Logistics & Supply Chain

[WBUT 2017]

Answer:

a) Total Quality Management:

- The Quality Gurus as well as the philosophical leaders of quality movement, through out the globe, like Philip Crosby, W. Edward. Deming and Joseph M. Juran came to a resolution that, to achieve outstanding quality requires rigorous analysis of processes, total involvement of the workforce, quality leadership from senior management and a customer focus.
- The customers are the arbiters of fortune in business.
- Service quality is the perception of the customer.
- Industrial organisation realised that the quality of a product is the result of the service quality, product quality as well as the quality of the organisation.
- Hence, the Total Quality Management (TQM) is the imperative.
- The term Total Quality Management (TQM) may be referred to as managing the whole organisation — its products, processes, services and the people with a view to satisfying the customer, his requirements, preferences and expectations.
- The rationale behind TQM is maximisation of values to organisational customers in order to satisfy them totally.

Coverage of 'Total' Quality Management are as follows:

- Customer Satisfaction — internal as well as external.
 - Looking Quality as a value to the customer
 - Focused on customer requirements, preferences and expectations.
- Involvement in Totality of functional areas like:
 - Marketing, logistics, production and operations, purchasing, engineering and product design.

- **Looking to the All Dimensions of Quality with Various attributes, like:**
 - Performance
 - Features
 - Aesthetics
 - Reliability
 - Durability
 - Serve ability
 - User-friendliness
 - Safety
 - Customisability and
 - Environment, etc.
- **Addressing the Quality Aspects into Everything like:**
 - Product
 - Processes
 - Services
 - People
 - Resources and Interactions.
- **Organisational Involvement in the following issues:**
 - Improvement of the employees through training, development and providing information.
 - Improvement of skills in all areas.
 - Development of attitude, perception, knowledge, beliefs and behaviour.
 - Imbibing organisational values and culture to the organisational people
 - Transformational leadership with a clarity of vision and commitment and
 - Empowering the organisational people to do their task with creativity, innovation, initiative and drive.

b) MIS:

- **Management Information System (MIS)** refers to the system that provide selected decision-oriented information needed by the management for planning, controlling and evaluating the activities of the organisation.
- MIS is an organised method of providing information to the top management and managers of all the functional areas, with all the data and more categorically, those data which the managers need for their decision-making.
- MIS is interacting, continuing and future-oriented structure of human resources (man), machines and methods / procedures designed to generate an orderly, integrated real time flow of information collected from both internal as well as external resources, to be used as the bases for management decision-making, in any operational and functional areas of business.

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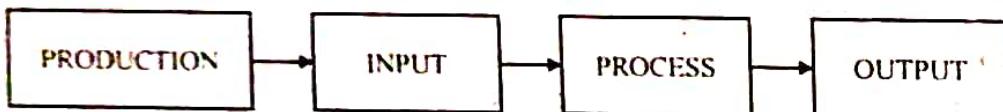
The aims / objectives purposes of MIS are summarised as under:

- Management Information System (MIS) assists managers in making timely decisions in their own areas of responsibility.
- MIS identifies relevant information and offers it to the managers to be used for problem-solving and decision-making.
- MIS helps organisational managers with the relevant information in order to plan, control and take decisions within their areas of responsibility.
- MIS, as an integrated man-machine system, provides information to support the operations, the management and the decision-making functions of an organisation.

c) Production and Productivity:

Production:

- According to **Encyclopaedia of Management**, "production is the process of transforming raw materials or purchased components into finished products for sale".
- Thus, production is the process by which goods and services are created.
- In other words, production refers to any process designed to transform a set of input elements into a specified set of output elements.
- Production is the flow of material through successive work points, which are either men, machine or both. Flow of materials is of two main types (1) continuous and (2) in discrete batches.



Productivity:

- According to Riggs, "Productivity is the quality or state of being productive. It is a concept that guides the management of production systems and measures its success. It is the quality that indicates how well labour, capital, materials and energy are utilized."
- In simple term, productivity may be defined as "the ratio of output to input."
- In other words, productivity is the amount of output per unit of input.
- It may be expressed in terms of physical units or money.
- Thus, productivity may be expressed in terms of output per man, or per man-hour or per machine hour.
- In case of money, the productivity is the value of production per rupee of cost incurred that is, value of production divided by the cost incurred.
- Thus, productivity may be expressed as under:

$$\frac{\text{Output}}{\text{Input}} \text{ or } \frac{\text{Value of Production}}{\text{Cost incurred}} \text{ or } \frac{\text{Growth}}{\text{Capital Employed}}$$

d) **Logistics & Supply Chain:**

Logistics Management: Meaning and Concept

- The term 'Logistics' refers to the management functions that support the entire cycle of material flow, from the purchase and internal control of production materials, to the planning and control of work-in-progress, to the purchasing, shipping and distribution of the finished product.
- Logistics or Physical Distribution Management (PDM) helps to make the product available to the customer at the right place and time, by proper arrangements of movement and local storages of the product.
- Thus, logistics management provide the time and place utility to the customer.

Supply chain management:

- In simple words, **Supply Chain Management (SCM)** refers to an integrated approach to procuring, producing and delivering products and services to the customers at reduced costs, without losing quality and customer satisfaction.
- In another words, supply chain is a network of multi-facilities and distribution systems that provides the functions like, procurement of materials, transformation of the procured materials into intermediate and finished products as well as distribution of these finished products to the ultimate customers, at reduced costs, without losing quality and customer satisfaction.
- Thus, supply chain management is concerned with the interfaces between organizations – starting from flow of goods and services from the suppliers to the producers to the customers and to the ultimate users.

Objectives of Supply Chain

The following are the objective of a supply chain:

- Defining supply chain responsibilities as a specific core service.
- Reducing the physical supply chain links.
- Reducing cost, without losing quality and customer satisfaction.
- Co-ordinating and streamlining the interaction and communication of all players (participants) along the supply chain line.

5. What are the functions of MIS?

[MODEL QUESTION]

Answer:

- **Management Information System (MIS)** refers to the system that provide selected decision-oriented information needed by the management for planning, controlling and evaluating the activities of the organisation.
- MIS is an organised method of providing information to the top management and managers of all the functional areas, with all the data and more categorically, those data which the managers need for their decision-making.
- MIS is interacting, continuing and future-oriented structure of human resources (man), machines and methods / procedures designed to generate an orderly, integrated real time flow of information collected from both internal as well as

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external resources, to be used as the bases for management decision-making, in any operational and functional areas of business.

Functions of MIS

The following are the functions of MIS:

- To gather data relating to various aspects of the operation, accounting and statistical and others and processing the data using statistical and operations research (OR) techniques and present the summary and display the information to the management for arriving at decisions.
- To process information for business decisions using **big brain** data bases and store the data and information on all operations of the organisation.
- To serve and cater to various corporate models for planning and decision-making which involves optimum strategies.
- To aid in monitoring, tracking and controlling in the historical audit trial, through the stored outcomes and decisions.
- To aid in retrieving and analysing relevant data required for managerial decision-making, and
- To aid the decision-maker aware of the important information aggregated and disaggregated and to inform about the programmed decisions made and provide analysis of the alternatives to assist in decision-making.

6. Write short notes on the following:

[MODEL QUESTION]

- a) **Technical Efficiency and Economic Efficiency**
- b) **Fixed proportions production and variable proportions production**
- c) **'Kaizen'**
- d) **Functional areas of logistics management**
- e) **Flow of Production**

Answer:

a) Technical Efficiency and Economic Efficiency:

Technical Efficiency

- In the areas of production function, the term **Technical efficiency** is said to be achieved when the maximum possible amount of output is being provided with a given combination of inputs.

Economic Efficiency

- The term **Economic Efficiency** is said to be achieved when the firm can produce a given amount of output at the lowest possible cost.

b) Fixed proportions production and Variable proportions production:

Fixed Proportions production: Fixed proportions production refers to the production where there is one, and only one, ratio or mix of inputs that can be used to produce a good.

Variable proportions production: Variable proportion production refers to the production where the output can be changed in the short run by changing the variable inputs without changing the fixed inputs.

c) 'Kaizen':

- The literal meaning of the word 'Kai' is **change** and the meaning of the word 'Zen' is **good** (for the better).
- Thus, the literal meaning of the term 'Kaizen' is **change for the better**.

Concept and Approach

- Application of Kaizen is for small improvements carried on a continual basis, involving all organisational people.
- Kaizen is one of the most important pillars of **TPM (Total Productive Maintenance)** which refers to the maintenance programme that involves a newly defined concept for maintenance of plants and equipments.

Rationale: behind Kaizen

- The **rationale** behind Kaizen is step by step gradual improvement in work processes by setting and achieving higher standards and doing little things better, involving all organisational people.
- Kaizen, being based on the management Philosophies, theories and tools and techniques, aims at continuous improvements in all the areas of organisation – the production areas as well as the administrative areas.
- The rationale behind Kaizen can best be understood by using a Quotation, "**a very large number of small improvements are more effective in an organisational environment than a few improvements of large value.**"

d) **Functional areas of logistics management:**

- The term '**Logistics**' refers to the management functions that support the entire cycle of material flow, from the purchase and internal control of production materials, to the planning and control of work-in-progress, to the purchasing, shipping and distribution of the finished product.
- Logistics or Physical Distribution Management (PDM) helps to make the product available to the customer at the right place and time, by proper arrangements of movement and local storages of the product.
- Thus, logistics management provide the time and place utility to the customer.

Functional Areas of Logistics Management

- Optimal location and arrangement of storage facilities, like warehouses, depots or supply centres so as to provide the customers with the desired products.
- Optimal management of the transport/shipment of the product/s, like by Air, Railway, Truck or Waterways.
- Mechanism of supply of products from the different depots or supply centres to the different customers.
- Vehicle route scheduling.
- Inventory control systems and policies for the depots/supply centres.
- Packaging to be used in order to prevent damage during transportation.

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e) Flow of Production:

Flow of materials for production may be divided into two main types:

1. Continuous flow production and
2. Indiscrete batches.

Continuous Flow Production

- Elwood S. Buffa defines continuous flow production as "continuous flow production situations are those where the facilities are standardised."

Intermittent/Indiscrete Flow of Production

Elwood S. Buffa defines indiscrete flow/ intermittent flow of production as "Intermittent production situations are those where the facilities must be flexible enough to handle a wide variety of products or sizes or where the basic nature of the activity imposes change of important characteristics of the input, that is, change in product design".

MISCELLANEOUS

Multiple Choice Type Questions

1. One method of bringing a group to agreement is called

a) proportional values
b) consensus
c) accordance
d) conformance

Answer: (d)

[WBUT 2017]

Short Answer Type Questions

1. What is SWOT Analysis?

Answer:

The 'SWOT' Analysis

Concept

SWOT analysis is a systematic approach to find the strength and weaknesses existing in the internal environment as well as opportunities and threats existing in the external environment. 'SWOT' is an acronym for STRENGTH, WEAKNESS, OPPORTUNITY, THREAT.

The four environmental influences

- **Strength:** Strengths are internal competencies, resources, skills, motivation level of the personnel, financial resources, image, market leadership – which are of distinctive competence and gives the firm a comparative advantages over competitors.
- **Weakness:** Weaknesses are attributes of the organization. Deficiency in resources, skills, capabilities, financial resources, management capabilities, marketing skills and brand image, etc. could be the sources of weaknesses and which tend to decrease in competence in comparison to its competitors.
- **Opportunity:** An opportunity is a combination of circumstances, time, place etc. which, if accomplished by a certain course of action is likely to derive a significant benefits. An opportunity is a favourable situation in the firm's environment which helps to consolidate and strengthen its position. An example of an opportunity is growing demand for the products or services offered by the firm.
- **Threat:** "A threat is a major unfavorable situation in the firm's environment which is likely to cause significant damage to the firm. A threat is a key obstacle to the firm's current and or desired future position.
 - The factors that could represent as major threats to a firm's future success are entrance of a new competitor, major technological change, slow market growth and changing regulatory frame-work etc.

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Implications of SWOT analysis

- Through SWOT analysis, the strengths and weaknesses existing within a firm can be matched with the opportunities and threats operating in the environment.
- An effective strategy maximizes firm's strengths and opportunities and at the same time minimizes its weaknesses and threats.
- The SWOT analysis provides a frame work for discussing the firm's situation, alternative strategies and ultimate choice of strategy.
- The SWOT analysis helps identifying the positions of the firm. A business firm that faces major opportunities may also face some key threats in its environment. The firm may have many internal weaknesses but also have one or more major strengths relative to key competitors.
- Understanding the key strengths and weaknesses of the business a firm may aid in narrowing the choice of alternatives for selecting an appropriate strategy.
- Similarly, understanding the key opportunities and threats facing a business a firm may guide the strategic manager identify realistic options from which to evolve an appropriate and effective strategy.

Long Answer Type Questions

1. Write short note on Entrepreneurship development.

[WBUT 2016]

Answer:

- Entrepreneurship development is basically concerned with the study of entrepreneurial behavior, the dynamics of business set-up and development and expansion of the enterprise.
- In other words, entrepreneurship development refers to the process of enhancing entrepreneurial skills and knowledge through structured entrepreneurial training and institution building programmes.
- Entrepreneurship development aims at enlarging the base of enterprises in order to hasten the pace at which new ventures are created.
- Entrepreneurship is promoted to accelerate employment generation, economic development and thus to alleviate the unemployment problem, overcome the problems of stagnation and thus to increase the competitiveness and growth of business enterprise.

QUESTION 2013

GROUP - A **(Multiple Choice Type Questions)**

1. Choose the correct alternatives for the following:

- i) In the Managerial Hierarchy a Departmental Manager belongs to
a) top management level ✓ b) middle management level
c) frontline management level d) none of these
- ii) F W. Taylor is also known as the father of
✓ a) scientific approach to management b) functional approach to management
c) behavioural approach to management d) bureaucratic approach to management
- iii) Which of the following can be accepted as a type of plan?
a) policy b) procedure c) rule ✓ d) all of these
- iv) In the MBO system, the manager
✓ a) sets objectives for subordinates b) sets objectives for superiors
c) sets objectives for peers d) none of these
- v) Span of Management refers to the number of subordinates that can be effectively supervised by
a) two managers b) multiple managers
✓ c) one manager d) none of these
- vi) The process for developing an applicant's pool for job openings in an organization is called
a) hiring ✓ b) recruitment c) selection d) retention
- vii) The essence of decision making is
✓ a) choosing between alternatives b) problem solving
c) developing alternative courses of action d) monitoring
- viii) Total Quality Management (TQM) programmes are more likely to remain effective if a number of prescriptions are followed. Which of the following prescriptions should not be allowed?
a) quality improvement relates to operation's performance objectives
b) TQM does not become a separate 'bolt-on' set of activities
✓ c) slogans and exhortations about TQM's effectiveness are avoided
d) TQM should become a substitute for normal managerial leadership
- ix) Which of the following shows the process of creating something new?
a) business model b) modeling ✓ c) innovation d) creative flexibility

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- x) Which of the following gives suggestions for new product and also helps to market new products?
- a) existing products and services
 - b) distribution channels
 - c) federal government
 - ✓ d) consumers
- xi) Debt Equity ratio indicates
- ✓ a) the proportion of debt with respect to equity
 - b) the proportion of debt with respect to total capital employed
 - c) the proportion of equity with respect to total assets
 - d) none of these
- xii) In Quality Circle
- a) only Top Management is involved
 - ✓ b) only Steering Committee members are involved
 - c) both (a) and (b) are involved
 - d) neither (a) nor (b) is involved

GROUP - B

(Short Answer Type Questions)

2. What is meant by internal source of recruitment? What are the merits and limitations of employment tests?

See Topic: **PEOPLE MANAGEMENT**, Short Answer Type Question No. 1.

3. What is job satisfaction? What are the factors which determine job satisfaction?

See Topic: **PEOPLE MANAGEMENT**, Short Answer Type Question No. 2.

4. What is concept of planning as an element of management process? Discuss its role in business organization

See Topic: **FUNCTIONS OF MANAGEMENT**, Short Answer Type Question No. 1.

5. How will you classify the levels of management in an organization? Describe the functions performed by different levels of management

See Topic: **BASIC CONCEPTS OF MANAGEMENT**, Short Answer Type Question No. 1.

6. 'A good leader is not necessarily a good manager.' Discuss this statement and compare leadership with management.

See Topic: **LEADERSHIP**, Short Answer Type Question No. 1.

Group - C

(Long Answer Type Questions)

7. a) What is SOC? State its advantages.

b) The following table gives the date for the measurement of a product:

Sample No.	1	2	3	4	5
Mean	14	18	15	17	16
Range	7	12	4	11	5

Compute control limits and draw the control chart.

See Topic: ECONOMIC, FINANCIAL & QUANTITATIVE ANALYSIS, Long Answer Type Question No. 1.

8. a) Differentiate between marketing and selling.
b) What is marketing mix? Discuss the elements of marketing mix and its implications in marketing planning.

See Topic: CUSTOMER MANAGEMENT, Long Answer Type Question No. 1

9. a) What is sales forecasting? Why is it important?
b) The sales of refrigerators for a six month period for M/s National Mixer Co. are as follows:

Month :	Jan	Feb	March	April	May	June
Sales ('000 units):	18	15	20	18	22	20

- i) Find Linear trend equation.
 - ii) Estimate the sales for the month of July

See Topic: ECONOMIC, FINANCIAL & QUANTITATIVE ANALYSIS, Long Answer Type Question No. 2.

10. Write short notes on the following:

11. a) A company has got a demand for particular part at 10,000 units per year. The cost per unit is Rs. 2 & it costs Rs. 36 to place an order and to process the delivery. The inventory carrying cost is estimated at 89% of average inventory investment.

Determine:

- i) Economic order quantity. (EOQ)
 - ii) Optimum no. of orders placed per annum.
 - iii) Minimum total cost of inventory per annum.

See Topic: ECONOMIC, FINANCIAL & QUANTITATIVE ANALYSIS, Long Answer Type Question No. 3(a).

b) What do you understand by Economic Order Quantity? Explain graphically.

See Topic: ECONOMIC, FINANCIAL & QUANTITATIVE ANALYSIS, Long answer Type Question No. 3(h).

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c) Discuss the various Sales Promotion methods that a company can undertake to increase sales of its products.

See Topic: CUSTOMER MANAGEMENT, Long Answer Type Question No. 2.

QUESTION 2014

Group - A (Multiple Choice Type Questions)

1 Choose the correct alternatives for any ten of the following:

i) Division of work promotes

- a) Inefficiency ✓b) Specialisation c) Confusion d) Wastages

ii) The ratio of current assets and current liabilities is called

- a) Liquid Ratio b) Acid Test Ratio ✓c) Current Ratio d) Debt-Equity Ratio

iii) When authority flows from top executive to lower level employees, it is known as

- ✓a) Line Organisation b) Staff Organization
c) Project Organisation d) Matrix Organisation

iv) Which one of the following is NOT the main concern of 'Scientific Management'?

- a) Production b) Efficiency c) Mechanistic Methods ✓d) Rationality

v) Narrow span of management leads to

- a) Flat Structure b) Mechanistic Structure
✓c) Tall Structure d) Organise Structure

vi) One of the most popular ways of defining management is that it involves getting work done

- a) As quickly as possible b) With as little effort as possible
✓c) Through the efforts of other people d) Through the efforts of other managers

vii) Theory X and Theory Y are put forward by

- ✓a) McGregor b) Ouchi c) Mayo d) Maslow

viii) Sigma of sigma represents

- ✓a) Standard Deviation b) Mean c) Correlation d) Regression

ix) Two Regression lines intersect at

- a) SD of x and y ✓b) Mean of x and y
c) MD of x and y d) No fixed point

- x) When there is a high level of concern for a group's own interests along with a moderate concern for the interests of other partners, conflict resolution approach is called

 - ✓ a) Collaboration
 - b) Compromise
 - c) Avoidance
 - d) Accommodation

xi) Which of these is not a function of marketing department?

 - a) Selling
 - ✓ b) Grievance handling
 - c) Product Packaging
 - d) Advertising

xii) Which one of these is a Quality control tool?

 - a) Pareto diagram
 - b) Fish bone diagram
 - c) Ishikawa diagram
 - ✓ d) All of these

Group – B

(Short Answer Type Questions)

2. Differentiate between recruitment and selection.

See Topic: PEOPLE MANAGEMENT, Short Answer Type Question No. 3.

3. Write the difference between Abraham Maslow's hierarchy of needs theory & Herzberg's Two factor Theory of Motivation.

See Topic: MANAGERIAL COMPETENCIES Short Answer Type Question No. 1

4. Write short note on Quality circles.

See Topic: OPERATIONS & TECHNOLOGY MANAGEMENT, Short Answer Type Questions

5. What do you mean by production and Operations Management?

See Topic: OPERATIONS & TECHNOLOGY MANAGEMENT, Chapter 1

6. What are the ways of managing stress in your organization?

Q. What are the ways of managing stress in an organization?
See Topic: PEOPLE MANAGEMENT, Stress Management

Group 6

(Long Answer Type Questions)

7. a) What are control charts? Write the different types of control charts.

b) 10 samples, each of size 50 of a pipe were inspected in pressure testing. The results of the inspection are given below:

Sample No.	1	2	3	4	5	6	7	8	9	10
No. of defectives:	2	3	2	0	2	3	2	1	2	3

Draw a p-chart and state your conclusion.

See Topic: ECONOMIC, FINANCIAL & QUANTITATIVE ANALYSIS, Long Answer Type Question No. 4.

8 a) What are the different tools and techniques of decision making?

b) An item has a yearly demand of 2000 units. The different cost in respect of make and buy are as follows. Determine the best option.

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	Buy	Make
Item cost/unit	Rs. 8.00	Rs. 5.00
Procurement cost / order	Rs. 120.00	
Set up cost / set up		Rs. 60.00
Annual carrying cost/item/year	Rs. 1.60	Rs. 1.00
Production rate / year		8000 units

See Topic: DECISION MAKING, Long Answer Type Question No. 1.

9. Describe in details the various training methods? How does training differ from development?

See Topic: PEOPLE MANAGEMENT, Long Answer Type Question No. 1.

10. What are the various reasons of conflict in an organisation? Describe the various strategies for resolving conflicts.

See Topic: MANAGERIAL COMPETENCIES, Long Answer Type Question No. 1.

11. Write short notes on any three of the following:

- a) MIS
- b) Barriers to effective communication
- c) Brand Management
- d) Decentralization
- e) Team Effectiveness

a) See Topic: OPERATIONS & TECHNOLOGY MANAGEMENT, Long Answer Type Question No. 4(b).

b) See Topic: MANAGERIAL COMPETENCIES, Long Answer Type Question No. 2(a).

c) See Topic: CUSTOMER MANAGEMENT, Long Answer Type Question No. 5.

d) See Topic: FUNCTIONS OF MANAGEMENT, Long Answer Type Question No. 1(b).

e) See Topic: MANAGERIAL COMPETENCIES, Long Answer Type Question No. 2(b).

QUESTION 2015

Group – A (Multiple Choice Type Questions)

1. Answer any ten questions:

i) Upward and downward flow of messages constitute _____

- a) diagonal communication
- ✓ c) vertical communication
- b) written communication
- d) horizontal communication

ii) Leadership is the process of

- a) influencing the customers
- c) influencing the competitors
- ✓ b) influencing the group members
- d) influencing the creditors

PRINCIPLES OF MANAGEMENT

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Group - B (Short Answer Type Questions)

2. Find the parabolic trend for the following data:

Year	2006	2007	2008	2009	2010	2011	2012	2013
Sales ('000 units)	5	8	13	11	15	18	17	21

See Topic: ECONOMIC, FINANCIAL & QUANTATIVE ANALYSIS Short Answer Type Question No. 1.

3. A company operating 50 weeks in a year is concerned about its stock of copper cable. This cost is Rs. 240 per meter and there is a demand for 8000 meters a week. Each replenishment cost Rs. 1050 for administration and Rs. 1650 for delivery, while holding cost are estimated at 25% of the value held a year.

Assuming no shortages are allowed, find

- i) Optimal Order Quantity
- ii) Total Variable Inventory Cost
- iii) Total Inventory Cost

See Topic: ECONOMIC, FINANCIAL & QUANTATIVE ANALYSIS Short Answer Type Question No. 2.

4. Write down the five steps involved in Monte-Carle method of Simulation.

See Topic: ECONOMIC, FINANCIAL & QUANTATIVE ANALYSIS Short Answer Type Question No. 3.

5. What is SWOT Analysis?

See Topic: MISCELLANEOUS, Short Answer Type Question No. 1.

6. Discuss the significance of Statistical Quality Control.

See Topic: ECONOMIC, FINANCIAL & QUANTATIVE ANALYSIS Short Answer Type Question No. 4.

Group - C (Long Answer Type Questions)

7.

Year	Expenditure (Rs. In Crores)
2009	20
2010	30
2011	35
2012	45
2013	60

Project the business expenditure on new plant equipment for the year 2016.

See Topic: OPERATIONS & TECHNOLOGY MANAGEMENT, Long Answer Type Question No. 1.)

8. a) Briefly discuss the main techniques of performance appraisal

See Topic: **PEOPLE MANAGEMENT**, Long Answer Type Question No. 2.

b) What are the different schools of Management thought?

See Topic: **BASIC CONCEPTS OF MANAGEMENT**, Long Answer Type Question No. 1.

9. a) What do you mean by business forecasting? What are the 3 distinct levels of modeling assumptions?

b) Using either Income or Output Method, find the estimate of the following from the given data table:

Items	Rs (Lacs)
Sales	9,000
Increase in stock	5,000
Cost of Raw Materials	1,700
Rent	1,500
Interest	900
Wages	700
Profit	500
Mixed Income	400
Depreciation	2,100
Net indirect taxes	600
Net factor income from abroad	(250)

See Topic: **ECONOMIC, FINANCIAL & QUANTITATIVE ANALYSIS**, Long Answer Type Question No. 5.

10. The following table gives the aptitude test scores and productivity indices of 10 workers selected at random:

Aptitude Scores	60	62	65	70	72	48	53	73	65	82
Productivity Index	68	60	62	80	85	40	52	62	60	81

i) Estimate the productivity index of the worker whose test score is 92.

ii) Estimate the test score of the worker whose productivity index is 75.

See Topic: **OPERATIONS & TECHNOLOGY MANAGEMENT**, Long Answer Type Question No. 2.

11. Write short notes on any three of the following:

- a) Decision making tools
- b) Production and Productivity
- c) Total Quality Management
- d) Economic Order Quantity
- e) Corporate Social Responsibility

a) See Topic: **DECISION MAKING**, Long Answer Type Question No. 2.

b) See Topic: **OPERATIONS & TECHNOLOGY MANAGEMENT**, Long Answer Type Question No. 4(c).

c) See Topic: **OPERATIONS & TECHNOLOGY MANAGEMENT**, Long Answer Type Question No. 4(a).

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- d) See Topic: ECONOMIC, FINANCIAL & QUANTITATIVE ANALYSIS, Long Answer Type Question No. 9(b).
e) See Topic: MANAGEMENT & SOCIETY, Long Answer Type Question No. 1(a).

QUESTION 2016

Group – A (Multiple Choice Type Questions)

1. Choose the correct alternatives for any ten of the following:
 - i) Which of the following is a personal objective of an organisation's employee?
a) Higher production
 c) Higher remuneration
b) Improved image of the brand
d) Minimization of competition
 - ii) Which system lays emphasis on objective determination of both overall as well as those of subordinates with active participation of all levels of management?
a) Span of management
 c) Management business by objectives
b) Decentralized planning
d) Top down management approach
 - iii) are formulated at the top management level that guide employees what to do, has a direct destination and a wider scope.
a) Procedures
b) Objectives
 c) Policies
d) Rules
 - iv) A set of principles that govern the right conduct of a person or the members of any profession that identifies what is right/wrong, fair/unfair or proper/improper is known as
 a) Code of ethics
c) Organisation effectiveness
b) Corporate social responsibility
d) Controlling function of management
 - v) Under Maslow's hierarchy of needs, the need to survive is called
 a) Physiological
b) Safety
c) Social
d) Esteem
 - vi) Scientific Management Theory was proposed by
a) Max Weber
b) Henry Fayol
c) Chester Barnard
 d) F. W. Taylor
 - vii) The ratio of current asset and current liabilities is called
 a) Current ratio
b) Acid ratio
c) Debt-equity ratio
d) Liquid ratio
 - viii) Which of the following is not a function of Marketing department?
 a) Selling
c) Product Packaging
b) Grievance handling
d) Advertising

- ix) In production planning process

 - a) dispatching is followed by inspection process
 - b) follow-ups are done just after scheduling
 - ✓ c) routing is the first step
 - d) scheduling is done prior to routing

x) Production function is a representation of input-output relationship.

 - a) Mathematical
 - ✓ b) True
 - c) False
 - d) Independent

xi) Which of the following is not a maintenance factor as per Herzberg's two-factor?

 - a) Job Security
 - b) good Pay
 - c) Working condition
 - ✓ d) Self-esteem

xii) What type of conflict results when one group in an organization perceives itself being treated inequitably in comparison to other groups in terms of working condition, status and rewards?

 - ✓ a) Intergroup conflict
 - b) Internal conflict
 - c) Interpersonal conflict
 - d) Intragroup conflict

Group – B

(Short Answer Type Questions)

2. Define the features of Monopoly and Monopolistic market types?

See Topic: ECONOMIC, FINANCIAL & QUANTITATIVE ANALYSIS, Short Answer Type Question No. 5.

3. Define the five different steps of selection process.

See Topic: PEOPLE MANAGEMENT, Short Answer Type Question No. 5.

4. Given that $\sigma X = 2.5$, $\sigma Y = 32.2$, $r = 0.75$, $\bar{X} = 45$, $\bar{Y} = 60$.

- a) Obtain the regression coefficients.
 b) Determine regression equation of Y on X.

See Topic: ECONOMIC, FINANCIAL & QUANTITATIVE ANALYSIS, Short Answer Type Question No. 6.

5. The following information relating to a type of raw material is available:

Annual demand	2000 units
Unit price	Rs. 20
Ordering cost per order	Rs. 20
Storage cost	2% p.a.
Interest rate	8% p.a
Lead time	Half-month

Calculate economic order quantity and total annual inventory cost of the raw material

See Topic: OPERATIONS & TECHNOLOGY MANAGEMENT, Short Answer Type Question No. 3

6. What are the different sources of a leader's power?

Q. What are the different sources of a leader's power? See Topic: LEADERSHIP, Short Answer Type Question No. 3.

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Group - C

(Long Answer Type Questions)

7. a) Following ratios are extracted from the books of B Ltd.:

Gross Profit ratio	20%
Debtors' turnover / velocity	2 months
Stock turnover	6 times
Creditors' velocity	1 month
Gross profit for the year	Rs 1,20,000
Bills receivable	Rs 26,000
Bills payable	Rs 3,833

Find out (i) Sales, (ii) Sundry debtors, (iii) Closing stock which is Rs. 10,000 more than the opening stock, (iv) Sundry creditors

b) Discuss clearly the importance and uses of Ratio Analysis.

See Topic: ECONOMIC, FINANCIAL & QUANTITATIVE ANALYSIS, Long Answer Type Question No. 6.

8. a) Describe different types of advertising.

b) Discuss about Brand Management and Brand Equity.

See Topic: CUSTOMER MANAGEMENT, Long Answer Type Question No. 3.

9. a) Define marketing research and explain its stages

b) Define marketing mix and explain its elements

See Topic: CUSTOMER MANAGEMENT, Long Answer Type Question No. 4.

10. Write short notes on any three of the following

- i) National income accounting
- ii) Management of working capital
- iii) Marketing mix
- iv) Entrepreneurship development
- v) Statistical Quality Control
- vi) MBO

i) See Topic: ECONOMIC, FINANCIAL & QUANTITATIVE ANALYSIS, Long Answer Type Question No. 9(c).

ii) See Topic: ECONOMIC, FINANCIAL & QUANTITATIVE ANALYSIS, Long Answer Type Question No. 9(d).

iii) See Topic: CUSTOMER MANAGEMENT, Long Answer Type Question No. 1(b)-1st part.

iv) See Topic: MISCELLANEOUS, Long Answer Type Question No. 1.

v) See Topic: ECONOMIC, FINANCIAL & QUANTITATIVE ANALYSIS, Long Answer type Question No. 1(a).

vi) See Topic: FUNCTIONS OF MANAGEMENT, Long Answer Type Question No. 1(a).

11. a) What are the 5 S processes of Kaizen?

b) What are the 5 elements of Kaizen method?

c) What are the 3 MUs for Kaizen activities?

See Topic: OPERATIONS & TECHNOLOGY MANAGEMENT, Long Answer Type Question No. 3.

12. a) Explain in detail the role of different control charts along with their formulae of UCL, LCL and CL

b) Construct both \bar{X} and R chart from the following data

Sub-group number	\bar{X}	R	Sub-group number	\bar{X}	R
1	6.36	0.10	11	6.32	0.18
2	6.38	0.18	12	6.30	0.10
3	6.35	0.17	13	6.34	0.11
4	6.39	0.20	14	6.39	0.14
5	6.32	0.15	15	6.37	0.17
6	6.34	0.16	16	6.36	0.15
7	6.40	0.13	17	6.35	0.18
8	6.33	0.18	18	6.35	0.13
9	6.37	0.16	19	6.34	0.18
10	6.33	0.13	20	6.34	0.16

Assume constant values $A_2 = 0.73, D_3 = 0, D_4 = 2.28$

See Topic: ECONOMIC, FINANCIAL, & QUANTITATIVE ANALYSIS, Long Answer type Question No. 7.

QUESTION 2017

Group - A (Multiple Choice Type Questions)

1. Choose the correct alternatives for any ten of the following
 - i) In the twenty-first century the four functions of management are
 - a) monitoring, organizing, suggesting and accommodating employees
 - b) planning, organizing, controlling and leading employees
 - c) planning, organizing, suggesting, and accommodating employees
 - d) monitoring, suggesting, journaling and accommodating employees
 - ii) Don MacKinnon, the person in charge of "Hear Music" has been given goals related to the rollout and sales of this subsidiary of Starbucks. His success at implementing the strategy will be assessed by comparing actual performance against the goals. This comparison is known as
 - a) planning
 - b) organizing
 - c) implementing
 - d) controlling
 - iii) That the company that overlooks new and better ways to do things will eventually lose customers to another company that has found a better way of serving customer needs is a major tenet of
 - a) innovative marketing
 - b) consumer-oriented marketing
 - c) value marketing
 - d) sense-of-mission marketing

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- iv) The job design would be LEAST formal in a
a) matrix structure ✓ b) professional bureaucracy
c) divisionalized structure d) machine bureaucracy

v) Strategic planning as a board concept consists of
a) corporate strategy and business strategy
✓ b) strategy formulation and strategy implementation
c) inputs and outputs
d) environmental analysis and internal analysis

vi) According to Herzberg, which of the following is a maintenance factor?
✓ a) salary b) work itself
c) responsibility d) recognition

vii) Authority, discipline, unity of command and unity of direction are:
✓ a) four of Fayol's fourteen principles of management
b) Taylor's four principles of management
c) principles of the human relations movement
d) key features of learning organizations
e) elements of Weber's ideal bureaucratic structure

viii) The main influence on the behavioural science theories are
✓ a) psychology and sociology b) sociology and bureaucracy
c) sociology and science d) bureaucracy and psychology

ix) One of the earliest and most enduring descriptions of managerial roles comes from
a) Adam Smith b) Peter Drucker
c) Jack Welsh ✓ d) Henry Mintzberg

x) Individuals such as Albert Einstein, Edwin Land and Steven Jobs lead through which type of power?
a) legitimate b) reward c) expert ✓ d) charismatic

xi) One method of bringing a group to agreement is called
a) proportional values b) consensus
c) accordance ✓ d) conformance

Group – B
(Short Answer Type Questions)

2. a) What is the basic premise of Herzberg's Two-factor theory?
b) Write a short note on Management by Objective.
a) See Topic: **FUNCTIONS OF MANAGEMENT**, Short Answer Type Question No. 2.
b) See Topic: **FUNCTIONS OF MANAGEMENT**, Long Answer Type Question No. 1(a).

3. What are the internal and external sources of recruitment?

See Topic: PEOPLE MANAGEMENT, Short Answer Type Question No. 6.

4. Differentiate between Centralization and Decentralization.

See Topic: FUNCTIONS OF MANAGEMENT, Short Answer Type Question No. 3.

5. Suggest some strategies for resolving conflict in an organization.

See Topic: MANAGERIAL COMPETENCIES, Short Answer Type Question No. 2.

6. Assume you have a product with the following parameters:

Annual Demand = 360 units

Holding cost per year = \$1.00 per unit

Order cost = \$100 per order

What is the EOQ for this product?

See Topic: OPERATIONS & TECHNOLOGY MANAGEMENT, Short Answer Type Question No. 4.

Group - C

(Long Answer Type Questions)

7. a) What are the different tools and techniques of decision making?

b) An item has a yearly demand of 2000 units. The different cost in respect of make and buy are as follows. Determine the best option.

	Buy	Make
Item cost/unit	Rs. 8.00	Rs. 5.00
Procurement cost/order	Rs. 120.00	
Set up cost/set up		Rs. 60.00
Annual carrying cost/item/year	Rs. 1.60	Rs. 1.00
Production rate/year		8000 units

See Topic: DECISION MAKING, Long Answer Type Question No. 1(a) & (b).

8. What are the Gross National Product & Net National Product? Describe the expenditure approach and income approach of measurement of GDP. What is the difference between perfect competition and monopoly?

See Topic: ECONOMIC, FINANCIAL & QUANTATIVE ANALYSIS, Long Answer Type Question No. 8.

9. a) Describe in details the various training methods. How does training differ from development?

b) Differentiate between leaders and managers.

a) See Topic: PEOPLE MANAGEMENT, Long Answer Type Question No. 1.

b) See Topic: LEADERSHIP, Long Answer Type Question No. 1.

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10. Write short notes on any *three* of the following

a) Corporate Governance

See Topic: MANAGEMENT & SOCIETY, Long Answer Type Question No. 1(b).

b) Logistics & Supply Chain

See Topic: OPERATIONS & TECHNOLOGY MANAGEMENT, Long Answer Type Question No. 4(d).

c) Qualities of an entrepreneur

See Topic: MANAGERIAL COMPETENCIES, Long Answer Type Question No. 2(c).

d) Job design

See Topic: PEOPLE MANAGEMENT, Long Answer Type Question No. 2(b).

e) Team Effectiveness

See Topic: MANAGERIAL COMPETENCIES, Long Answer Type Question No. 2(b).

f) Stress Management techniques

See Topic: PEOPLE MANAGEMENT, Short Answer Type Question No. 4(or).

11. a) What are control charts? Write the different types of control charts.

b) 10 samples, each of size 50 of a pipe were inspected in pressure testing. The results of the inspection are given below

Sample no	1	2	3	4	5	6	7	8	9	10
No. of defectives	2	3	2	0	2	3	2	1	2	3

Draw a p-chart and state your conclusion.

See Topic: ECONOMIC, FINANCIAL & QUANTITATIVE ANALYSIS, Long Answer Type Question No. 4(a) & (b).