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**Third Semester MBA Degree Examination**  
**November/December 2008**

**BUSINESS ADMINISTRATION**  
**Paper 301 : Management Accounting**



Time : 3 Hours

Max. Marks : 75

**SECTION A (2x12=24)**

**Answer any TWO questions. Each question carries Twelve marks.**

1. "Management Accounting aims at decision-oriented information to the managers". Critically examine the statement.
2. Explain the managerial uses and limitations of marginal costing.
3. Define cost of capital. Explain the procedure to be followed for ascertaining the weighted average cost of capital.

**SECTION - B (3x12=36)**

**Answer any THREE questions. Each question carries Twelve marks.**

4. Prepare a production budget for each month and a summarised cost Budget for the six-month period ending 31<sup>st</sup> Dec, 2008 from the following data relating to product X:

- i) Units to be sold in different months.

July, 2008	1,100
Aug, 2008	1,100
Sep, 2008	1,700
Oct, 2008	1,900
Nov, 2008	2,500
Dec, 2008	2,300
Jan, 2009	2,000

- ii) There will be no work-in-progress at the end of any month.
- ii) Finished units equal to half the sales for the next month will be in stock at the end of each month (including June, 2008).
- iii) Budgeted production and production cost for the year ending 31<sup>st</sup> Dec, 2008 are as follows :

Production (units)	22,000
Direct materials (per unit)	Rs. 10
Direct wages (per unit)	Rs. 4

Total Factory overheads apportioned to products Rs. 88,000.

**Contd... 2**

5. Your company's share is quoted in the market at Rs 20 at present. The Company pays a dividend of Re. 1 per share and the investor's market expects a growth rate 5% p.a.
- Compute the cost of equity capital
  - If the anticipated growth rate is 6% p.a., calculate the indicated market price per share.
  - If the Company's cost of capital is 8% and the anticipated growth rate is 5% p.a., Calculate the indicated market price if the dividend of Re.1 per share is to be maintained.
6. The trading results of Oxform Ltd for the first year of its business which ended on 31<sup>st</sup> Dec, 2007 are as follows:

		Rs.
Sales (at Rs. 40 per unit)		32,00,000
Less material	12,00,000	
Labour	4,80,000	
Variable overhead	2,40,000	
Fixed overhead	5,00,000	24,20,000
	<u>profit</u>	<u>7,80,000</u>

During 2007, the factory was operating at 50% capacity and the marketing manager has estimated that the quantity sold could be doubled in 2008, if the selling price is reduced to Rs. 35 per unit. No change is anticipated in unit variable cost, but certain administration changes to cope with the additional volume of work would increase the fixed cost by Rs. 40,000.

Required

- Evaluate the marketing manager's proposal.
  - Assuming that the selling price is reduced as proposed, variable cost remaining as in 2007 and the fixed costs would be increasing by Rs. 40,000, calculate the No. of units to be sold in 2008 in order to yield a profit of Rs. 10,00,000.
7. Auto parts Ltd has an annual production of 90,000 units for a motor component. The cost structure of the component is as follows:

	Rs / unit
Materials	270
Labour (25% fixed)	180
Variable Expenses	90
Fixed expenses	135
<b>Total</b>	<u><b>675</b></u>

- a) The purchase manager has an offer from a supplier who is willing to supply the component at Rs. 540 should the component be purchased and production stopped?
- b) Assume the resources now used for the manufacture of this component can be used to produce another new product, the details of which are as follows:-  
 Material cost per unit Rs. 200  
 Expected number of units that may be produced 90,000  
 Labour and other expenses will be incurred on the same basis as incurred for the manufacture of the component.  
 Discuss whether it would be advisable to divert the resources to manufacture that new product, on the assumption that the present component presently being produced would, instead of being produced, be purchased from the market.
8. From the following particulars relating to a business unit, you are required to prepare the balance sheet.

Current ratio	2
Working capital	Rs. 4,00,000
Capital block to current assets	3 : 2
Fixed Assets to turnover	1 : 3
Sales (cash / credit)	1 : 2
Creditors' velocity	2 months
Debtor's velocity	3 months
Stock velocity	2 months

Capital Block

Net - profit 10% of Turnover.

Reserve 2½% of Turnover.

Debenture / share capital 1 : 2

Gross profit ratio 25% on sales.

**SECTION - C (1x15=15)**

**(Compulsory)**

9. The following are the summarised Balance sheets of X Ltd as on 31<sup>st</sup> Dec, 2007 and 2008.

Liabilities	2007 (Rs.)	2008 (Rs.)	Assets	2007 (Rs.)	2008 (Rs.)
Share capital	1,00,000	1,50,000	Freehold land	1,00,000	1,00,000
Share premium	—	5,000	Plant at cost	1,04,000	1,00,000
General Reserve	50,000	60,000	Furniture at cost	7,000	9,000

Contd... 4

P & L A/c	10,000	17,000	Investments at cost	60,000	80,000
6% debentures	70,000	50,000	Debtors	30,000	70,000
Provision for depreciation			Stock	60,000	65,000
on plant	50,000	56,000	Cash	30,000	45,000
on furniture	5,000	6,000			
Provision for taxation	20,000	30,000			
Sundry creditors	86,000	95,000			
	<u>3,91,000</u>	<u>4,69,000</u>		<u>3,91,000</u>	<u>4,69,000</u>

Additional Information:

- i) Dividend of Rs. 11,500 was paid in 2008.
- ii) Assets of another company were purchased in 2008 for a consideration of Rs. 30,000 payable in shares the assets purchased were :-
  - Stock Rs. 10,000
  - Machinery Rs. 12,500
- iii) Additional machinery further purchased was Rs. 4,000 in 2008.
- iv) Depreciation written off on machinery was Rs. 6,000 in 2008.
- v) Income-tax provided during the year Rs. 16,500 in 2008.
- vi) Loss on sale of machinery Rs. 100 was written off to general reserve in 2008.

You are required to prepare:

- a) a funds flow statement, and
- b) a cash flow statement
- c) a statement of changes in net working capital.

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**Third Semester MBA Degree Examination  
November/December 2008**

**BUSINESS ADMINISTRATION  
Paper 302: Operations Research**

Time : 3 Hours

Max. Marks : 75

**Note : Answer all sections****SECTION A (2x2=24)****Note: Answer any TWO questions. Each question carries 12 marks.**

1. "Operations Research advocates a systems - approach and is concerned with optimisation". Comment and briefly explain the OR models.
2. Explain the following.
  - a) Transition probabilities in Markov analysis.
  - b) Differentiate replacement policies of items which deteriorate gradually and items which fail completely.
3. Discuss Monte Carlo simulation. Illustrate how would you use it in simulation of queuing.

**SECTION - B (3x12=36)****Note : Answer any THREE questions. Each question carries 12 marks.**

4. A finished product must weigh exactly 150 grams. The two raw materials used in manufacturing the product are A, with a cost of Rs. 2 per unit and B with a cost of Rs 8 per unit. At least 14 units of B and not more than 20 units of A must be used. Each unit of A and B weighs 5 and 10 grams respectively. How much of each type of raw material should be used for each unit of the final product in order to minimise the cost? use simplex method.
5. A Company is spending Rs.2,000 on transportation of its units from three plants to four distribution centres. Unit cost of transportation is given below.

Plants	Distribution Centres				Supply
	1	2	3	4	
A	20	30	50	18	7
B	70	35	40	60	10
C	40	12	60	25	18
Demand	5	8	7	15	

What can be the maximum saving by optimum scheduling?

Contd... 2

6. A sales manager wishes to assign four sales territories to four sales persons. The estimates of sales per month for each sales person are given below.

Sales person	Estimated monthly sales (in lakhs of rupees) in territory			
	1	2	3	4
A	120	140	145	130
B	150	140	155	140
C	145	140	142	150
D	148	150	142	140

Suggest optimal assignment of 4 sales persons to various territories and the total maximum monthly sales.

7. In a bank with a single server; there are two chairs for waiting customers on an average one customer arrives every 10 minutes and each customer takes 5 minutes for getting served. Making suitable assumptions, find i) the probability that an arrival will get a chair to sit down ii) the probability that an arrival will have to stand and iii) expected waiting time of a customer.
8. A dealer in second-hand machinery is offered 5 machines by a Company for Rs. 5,000 only. He expects to sell each of the machines for Rs. 2,200 at a fair, but he also knows that any machine not sold would be a waste and not fetch anything later on. Obtain the pay-off matrix under the assumptions : that the dealer has the option of buying the entire lot only. Using expectation principle of choice, determine the optimal strategy for the dealer.

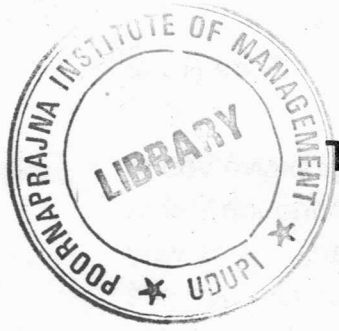
**SECTION - C (1x15=15)**  
**(Compulsory)**

9. The following table gives the activities in a small project.

Activity	A	B	C	D	E	F	G	H	I	J	K	L
Duration (days)	3	2	4	6	3	2	6	4	4	2	2	4
Immediate Predecessor	—	A	A	A	B	E	C	D	E	D	J	F,H,I

Draw the network, compute earliest start time, latest finish time for each of the activities and find the project completion time and identify the critical path. Find their total, free and independent floats.

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**Third Semester MBA Degree Examination  
November/December 2008**

**BUSINESS ADMINISTRATION**

**303 : Human Resource Management**

Time : 3 Hours

Max. Marks : 75

**Note : Answer all sections**

**SECTION A (1X15=15)**

**(Compulsory)**

1. What do you think are the emerging challenges of the HR manager in future? Why do you think so? Explain how these challenges are likely to affect the practice of Human Resource Management.

**SECTION - B (5x9=45)**

**Note : Answer any FIVE questions. Each question carries Nine marks.**

2. "The role of HRM in formulating and implementing strategies is crucial". Discuss.
3. Bring out the role of collective bargaining. What is its role in resolving disputes?
4. Outline the basic steps involved in HR activities.
5. Discuss briefly various training methods used in training supervisors.
6. How can a company determine as to whether its recruitment policies are working effectively?
7. Write an explanatory note on the important steps in a selection process.
8. Evaluate the 360-degree feedback as a technique of appraisal.
9. Discuss the concept of worker's participation in management. Bring out the prerequisites for its success.

**SECTION - C (1x15=15)**

**(Compulsory)**

**10. Case study.**

Mr. Ramchandran is the Chief Executive of ABC Limited. Recently, it was decided by the Board of Directors that it would be profitable for the corporation to set up a separate Marketing Department. Mr. Ramchandran has been directed to pick up a person who he feels is capable of heading the department. And then putting this person in charge of getting the department on its feet. After considering a number of options, Mr. Ramchandran has narrowed the field down to two possible choices: Rajesh Mehta and Pramod Kumar. Rajesh Mehta has a good track record with the company. He was hired eight years ago, and through the years he has shown a

**Contd... 2**

good deal of drive and initiative in all of his endeavours. He is an aggressive young man, and has received the nickname of 'go-getter' in his department. Although Mehta seems to be more concerned at times with ends rather than means, he is very efficient and is considered a good leader by those who work under him. As one worker stated. "Although he can get rough with you at times, you always know where you stand with him, and when you have done a good job, he lets you know it." Mehta is also credited with accepting full responsibility, in all cases, and making quick decisions when action is called for. Pramod Kumar has been with the company for eleven years. He is well liked by all in his department and his work is first rate. Kumar's leadership style differs from Mehta's in that Kumar is not as aggressive and quick to act as Mehta. Before Kumar makes a decision, he generally consults others who he feels can contribute further information on a given subject. This often includes those who work under him. Those who work under Kumar consider him a good leader, and state that the atmosphere of participation produced by Kumar really encourages individual output while on the job. This can be seen by the production increase which soon occurred when Kumar became the head of his work force.

Questions:

- a) If you were Mr Ramchandran whom would you select as the head of the Marketing Deptt.? What are the criteria for your decision?
- b) Will you give any weightage to the length of service in the organization? Why?

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**Third Semester MBA Degree Examination****November/December 2008****BUSINESS ADMINISTRATION****Paper 3F1: Strategic Financial Management and Policy**

Time : 3 Hours

Max. Marks : 75

**Note : Answer all sections****SECTION A (2x12=24)****Note: Answer any TWO questions. Each question carries 12 marks.**

1. What are the main functions of a modern finance manager? How do they differ from his traditional functions?
2. Explain the various steps involved in a venture capital investment process in India.
3. Discuss the methods of project appraisal.

**SECTION - B (3x12=36)****Note : Answer any TWO questions. Each question carries 12 marks.**

4. What is tax planning and administration? Discuss the factors to be considered in tax planning.
5. Discuss the motives and benefits of mergers and acquisitions.
6. From the following information supplied to you, determine the theoretical market value of equity share of a company as per James. E Walter's model:

Earning of the company	Rs.5,00,00/-
Dividend paid	Rs.3,00,00/-
Number of shares	1,00,000
Price earning ratio	8
Rate of return on investment	0.15

Are you satisfied with the current policy of the firm? If not, what should be the optimal dividend pay out ratio in this case?

7. X co Ltd., is expecting an annual EBIT of Rs. 1,00,000. The co has Rs. 4,00,000 in 10% debentures. The cost of equity is 12.5%. You are required to calculate the total value of the firm, also state the overall cost of capital if :-
  - a) The co decided to raise Rs. 1,00,000 by issue of 10% debentures and use the proceeds thereof to redeem equity shares.
  - b) The co desires to redeem debentures of Rs. 1,00,000 by issuing equity shares of Rs. 1,00,000.

Contd... 2



8. X co Ltd has assets of Rs 1.6lakh which have been financed with Rs. 52,000 of debt and Rs. 90,000 of equity and a general reserve of Rs. 18,000. The firm's total profits after taxes for the year ended 31-03-2007 were Rs. 13,500. It pays 8% interest on borrowings and is in the 50% tax bracket. It has 900 equity shares of Rs. 100 each selling at a market price of Rs. 120 per share. What is the weighted average cost of capital?

**SECTION - C (1x15=15)**

**(Compulsory)**

9. A prospective investor is evaluating the share of ABC company. He is considering three scenarios. Under first scenario the company will maintain to pay its current dividend per share without any increase or decrease. Another possibility is that the dividend will grow at an annual (compound) rate of 6 percent in perpetuity. Yet another scenario is that the dividend will grow at a high rate of 12 percent for the next three years and thereafter at a constant rate of 4 percent perpetually. The last year's dividend per share is Rs. 3 and the current market price of the share is Rs. 80. If the investor's required rate of return is 10 percent, calculate the value of the share under each of the assumptions. Should the share be purchased?

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**Third Semester MBA Degree Examination  
November/December 2008**

**BUSINESS ADMINISTRATION**

**3F2 : Security Analysis and Portfolio Management**

Time : 3 Hours

Max. Marks : 75

**Note : Answer all sections**

**SECTION A (2X12=24)**

**Note : Answer any TWO questions. Each question carries 12 marks.**

1. Discuss the various investment avenues and their risk-return profiles.
2. Discuss the different tools available for technical analysis.
3. Discuss the various derivative products available in the Indian market. Briefly discuss the trading strategies that can be used by utilising these products.

**SECTION - B (3x12=36)**

**Note : Answer any THREE questions. Each question carries 12 marks.**

4. Critically analyse the industry factors to be taken into consideration while analysing the investment opportunities.
5. A stock costing Rs. 100 pays no dividends. The possible prices that the stock might sell for at year - end and probability of each are:

Year End Price (Rs.)	Probability
90	0.1
95	0.2
100	0.4
110	0.2
115	0.1

- a) What is the expected return on the stock?
  - b) What is standard deviation of the expected return?
  - c) If the stocks yield a dividend of 10% during this period. What is the expected return?
6. Calculate the portfolios returns, variance and standard deviation for portfolio having the following characteristics and comment on the results.

Securities	Return (per cent)	Standard deviation	Proportion Portfolio 1	Proportion Portfolio 2
J	40	12	0.2	0.4
K	15	8	0.3	0.2
L	50	16	0.5	0.4

Correlation coefficients:

- J and K = 0.8
- J and L = 0.2
- K and L = 0.5

**Contd... 2**



7. What is the optimum portfolio in choosing among the following securities and assuming  $R_f = 5$  percent and  $\sigma_m^2 = 10$  percent? What is the proportion to be invested in the optimum portfolio stocks?

1 SECURITY NO. i	2 MEAN RETURN $R_i$	3 BETA $B_i$	4 UNSYSTEMATIC RISK, $\sigma_{ir}^2$
1	15.0	1.0	50
2	17.0	1.5	40
3	12.0	1.0	20
4	17.0	2.0	10
5	11.0	1.0	40
6	11.0	1.5	30
7	11.0	2.0	40
8	7.0	0.8	16
9	7.0	1.0	20
10	5.6	0.6	6

8. The estimated rates of return, beta coefficients and standard deviations of some securities are the given below:

Security	Estimated Return (per cent)	Beta	Standard deviation (per cent)
A	35	1.60	50
B	28	1.40	40
C	21	1.10	30
D	18	0.90	25
E	15	0.75	20
F	12	0.60	18

The risk free rate of return is 8 per cent. The market return is expected to be 20 per cent.

- Determine which of the above securities are overpriced and which are underpriced?
- Assuming that a portfolio is constructed investing equal proportion of funds in each of the above securities, what is expected return of such a portfolio?
- What is your advice to the investors?

Contd... 3

**SECTION - C (1x15=15 marks)****(Compulsory)**

9. Management capital, Inc. (MCI), manages four mutual funds of Grand Investors group (GIG). The funds are balanced, investment growth, fixed income and variable growth. The data below include and annual total return for each fund followed by key statistical measures. The average return on riskless security during the measurement period was 5 percent per annum.

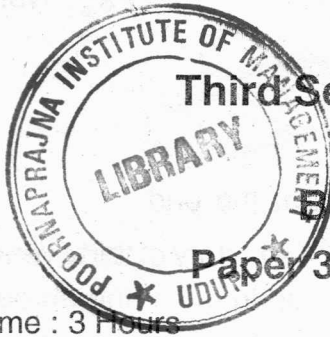
	Balanced	Investment Growth	Fixed income	Variable Growth	Market Index
19X9	-0.085	-0.117	-0.001	0.141	-0.116
19X8	0.028	0.032	0.056	0.035	0.077
19X7	0.100	0.201	0.030	0.255	0.190
19X6	-0.093	-0.117	-0.014	-0.101	-0.156
19X5	0.032	0.083	0.032	0.153	0.142
19X4	0.096	0.123	0.045	0.113	0.187
19X3	0.118	0.142	0.066	0.134	0.206
19X2	-0.072	-0.139	0.054	-0.170	-0.076
19X1	0.166	0.235	0.071	0.240	0.224
Return	0.0282	0.0403	0.0373	0.0798	0.0654
Variance	0.009	0.020	0.001	0.021	0.023
Beta	0.6207	0.9127	0.1379	0.6991	
Rho (r)	0.65	0.94	0.96	0.82	

- Rank the performance of these portfolios using the Sharpe, Treynor, Jensen and Fama techniques.
- Consider the Fama's method of ranking portfolios and de-compose the total returns into different parts and explain each of them.
- Which funds had the highest Jensen's alpha? What is its interpretation? Explain.

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**Third Semester MBA Degree Examination**

**November/December 2008**

**BUSINESS ADMINISTRATION**

**Paper 3H1: Human Resource Development**

Time : 3 Hours

Max. Marks : 75

**Note : Answer all questions.**

**SECTION A (1x15=15)**

**(Compulsory)**

1. Discuss the concept of Human resource development and establish how this concept leads to optimal utilization of human resource as well as integrated development of human resource.

**SECTION - B (5x9=45)**

**Answer any FIVE questions. Each question carries 9 marks.**

2. Discuss the importance of HDI. How is it calculated?
3. "Performance management presupposes a one to one relationship between the appraiser and appraisee". Discuss how it is different from conventional performance appraisal system.
4. Employee participation and empowerment are buzzwords in the new HRD scenario. Discuss how these tools help in the integrated development of the employee.
5. Organizational development concept has a greater role to play in the context of organization restructuring required to be undertaken in the context of liberalisation. Discuss the statement and state your views.
6. Taking any one sector of your choice discuss the issues relating to human resource development
  - i. Health
  - ii. Education
  - iii. Defence
  - iv. Panchayatraj
7. Discuss the relationship between HRD and TQM.
8. Discuss the role of counselling and mentoring process in human resource development.
9. Discuss systems approach to training and development.

**Contd... 2**

**SECTION - C (1x15=15)****(Compulsory)**

10. Read the following case and answer the questions given at the end.

Zenith machine tools Pvt Ltd is a pioneering organization with a history of thirty years. Today it is an 8 crore machine tool company with clients both in India and abroad. It has a work force of 200 with 140 technical persons in the category of supervisor, workmen, helper and others. There are 15 menial staff and 20 senior staff in supporting functions. There are 15 officers and 10 managerial staff. Company has received a big export order sufficient for three years production, but the customer has insisted upon sound HRD practices in the organization before confirming the order.

Company wants to desperately introduce HRD philosophy in the organization and you have been hired as a consultant to give advice. Please advice suitably and give the steps the organization should take.

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**Third Semester MBA Degree Examination  
November/December 2008**

**BUSINESS ADMINISTRATION  
Paper 3H2: Industrial Relations**

Time : 3 Hours

Max. Marks : 75

**Note : Answer all questions.**

**SECTION A (1x15=15)**

**(Compulsory)**

1. Sketch briefly the historical background of industrial relations in India.

**SECTION - B (5x9=45)**

**Answer any FIVE questions. Each question carries 9 marks.**

2. Justify the formation and development of trade unions in IT industry with latest examples.
3. Briefly discuss the objectives and problems associated with industrial relations.
4. State the major assumptions and utility of pluralistic approach in IR system.
5. "Conflict is a part of life". Discuss. Also suggest a suitable prescription to manage an inter-group conflict in a complex organisation.
6. Examine the rationale behind the Workers' Participation in Management (WPM).
7. Discuss the main issues involved in collective bargaining. How are they resolved by the industry? Explain.
8. Bringout the role of Indian Labour Conference in formulation of the labour policy of the central govt.
9. Write an explanatory note on the functions of International Labour Organisation (ILO), and their impact on industrial relations scene.

**SECTION - C (1x15=15)**

**(Compulsory)**

10. Read the case given below and answer the questions at the end of the case:

A clause of the Standing Orders of the Burn and Co. provides that "go-slow" tactics on the part of workmen will be treated as a serious misconduct for which management can dismiss the workmen. Burn & Co. Employees' Union, which is a registered trade union under the Trade Unions Act, 1926, but is not recognized by the management,

**Contd... 2**

raises an industrial dispute demanding recognition of the trade union and deletion of the clause treating go-slow as a serious misconduct from the standing orders. The management rejects the demand stating that only 30 percent of its workmen are members of the union and go-slow is an anti-national activity. Thereafter the workmen (unionist) adopt go-slow tactics under a common understanding. The management gives notice to the workmen that if they do not resort to normal working at full speed within 24 hours they would be dismissed and actually dismissed 25 of its workmen (who are members of the union) on the next day, who, according to the management, do not resort, even after notice, to the normal working at full speed. The remaining workmen go on strike demanding reinstatement of the 25 dismissed workmen. The appropriate Government refers all the disputes between Burn & Co. and Burn & Co. Employees' Union to an industrial tribunal for adjudication and prohibits the continuance of the strike. Despite Government's prohibitory order, these fifty workmen continue to be on strike. Not only this, but one day some of these striking workmen become violent, assault the manager and damage the Company's building and other property. The management as a security measure declares temporary closure of the company for an indefinite period.

On the basis of above facts - situation answer the following questions in the light of relevant statutory provisions and judicial decisions.

**Questions:**

- 1) Can Burn & Co. raise an industrial dispute regarding the dismissal of 25 workmen who are members of the union?
- 2) Does the dismissal of 25 workmen amount to an unfair labour practice?
- 3) Can Burn & Co. apply for modification of Standing Orders ? Describe other methods, if any, by which the union can get the Standing Orders modified?

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**Third Semester M.B.A. Degree Examination**

**November /December 2008**

**BUSINESS ADMINISTRATION**

**3M1 : MARKETING RESEARCH AND CONSUMER BEHAVIOUR**

Time : 3 Hours

Max. Marks : 75

**Note : Answer ALL sections.**

**SECTION - A (1X15=15 MARKS)**

**(Compulsory)**

1. Explain the role of marketing research in the decision support system.

**SECTION - B (5X9=45 MARKS)**

**Note: Answer any FIVE questions. Each carried NINE marks.**

2. What factors are to be considered in choosing between a probability and non-probability sample?
3. Explain the structure of a well defined marketing research problem.
4. What do you mean by test marketing ? What are the merits and demerits and alternatives to traditional test marketing?
5. Why is the study of consumer behaviour complex ? Explain.
6. How does dissonance theory and attribution theory provide strategy implication for attitude change for purchase?
7. Why should the marketer be concerned with post-purchase behaviour?
8. What is family life cycle ? Discuss how it can be used to develop effective marketing strategy.
9. Explain language, symbols and rituals as components of culture.

**SECTION - C (1X15=15 MARKS)**

**(Compulsory)**

10. Read the following case and answer the questions given at the end.

Marshal and Co. was a company carrying on business in cosmetics and perfumes. They were not following the marketing concept and were catering to a target market which was using their products. They concentrated on what they would make and did not bother about changes in preferences of their target market.

**Contd... 2**



They were later joined by Mr. Martin, a marketing graduate who advised the company regarding the changing preferences and the changes that were necessary to be incorporated in the product. He emphasised upon the income factors and social factors. He modernised the products and invested about 30 lakhs on new packing etc. Even after six months of these changes brought about by him, the company did not seem to have a proportionate increase in sales.

The Assistant Manager and the Product Manager were not very happy with the changes and thought that although an effort has been made in the right direction, some important factors concerning consumer behaviour have been neglected.

Posers :

- 1) Do you agree with the Assistant Manager and the Product Managers and why?
- 2) What other factors, if any, could have been considered ?

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**Third Semester M.B.A. Degree Examination**  
**November /December 2008**  
**BUSINESS ADMINISTRATION**  
**3M2 - PROMOTION AND DISTRIBUTION MANAGEMENT**

Time : 3 Hours

Max. Marks : 75

**Note : Answer ALL sections.**

**SECTION - A (1X15=15)**

**(Compulsory)**

1. In some advertising situations, a positive appeal is probably more effective. In others, a negative appeal may be best. Under what conditions would you recommend use of a negative appeal, a positive appeal ? How will you determine which should be used?

**SECTION - B (5X9=45 MARKS)**

**Note: Answer any FIVE questions. Each question carries NINE marks.**

2. What are the essential features of a good copy?
3. Discuss the importance and utility of salesmanship?
4. Explain the role of departmental stores, multi - shops and chain shops in the channel of distribution.
5. Explain the selling process.
6. Define Supply Chain Management. What are its advantages?
7. Explain the various approaches to sales training methods.
8. Media planners often describe alternative media buys in terms of reach and frequency. How are these concepts useful in making a media schedule?

**SECTION - C (1X15=15 MARKS)**

**(Compulsory)**

9. Analyse the following case and answer the posers given at the end.

Pantaloon Parade is one of the leading retail brands in India. They have a chain of garments and fashion accessories outlets in different cities. They are facing problems of attrition in some of their stores in Bangalore for which they have developed a radical recruitment process compared to the original hiring process followed in the organization.

**Contd... 2**

A centralized electronic hiring process replaced the 400 store managers. In the original hiring process the store managers were responsible for recruiting the retail sales staff. In the new system the company interviews and hires people over telephone from its head quarters.

The applicants fill an application for the store where they wish to work and submit the applications to the manager who checks it for inconsistency, incompleteness, and illegibility. If the application is found to be consistent then the store manager gives a toll free number to the applicant to call for an interview in which an electronic voice leads the applicant through an inventory of yes and no questions about honesty, morality in profession, drug and other stimulant usage behaviour, and on other personal habits.

Answers are entered in a touch-tone - phone and the computer records responses and the time taken in responding to the questions. Interviewers at the corporate office evaluate the record and design a set of questions for a follow-up live interview in which the applicant gets a chance to explain his answers and reasons for his choices. The interviewers are trained to interpret the response behaviour that includes pauses, changes of tone, and speech pattern. The local store managers only do the initial screening job and rarely challenge the new system and its effectiveness. This method has reduced the retail sales forces turnover substantially.

**Posers:**

1. Do you think Pantaloon Parade's new hiring process is more reliable for recruiting qualified retail sales forces than the store manager's method of interview and the paper and pencil method for honesty tests?
2. How would you feel when you are asked to give an interview by voice mail ? Is there a possibility that qualified people will be passed over by the electronics screening process?
3. Is it true that electronic screening is a better method to remove bias of the store manager and stereotyping in the selection process than the traditional method of personal interview?

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