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501

Third Semester M.B.A. Degree Examination, December 2014
(Regular) (CBCS Optional Paper)
BUSINESS ADMINISTRATION
Management Concepts and Functions
(Choice Based Paper)

Time : 3 Hours

Max. Marks : 70

SECTION – A

(1×15=15)

(Compulsory)

Note : Answer to the question should **not** exceed **six** pages.

1. "Scientific Management is a clever device for the exploitation of labour". Do you agree ? Give reasons for your answer.

SECTION – B

(5×8=40)

Note : Answer **any five** questions. **Each** question carries **8** marks and answer for **each** question should **not** exceed **five** pages.

2. Identify and explain the various types of Decisions.
3. Define Delegation. State briefly the principles of Delegation.
4. Elucidate the characteristics of a good control system. What are the limitations of control ?
5. What do you understand by HRM ? Specify the objectives of Human Resource Management.
6. What are functions of management ? How does a HR manager imbibe this into the HR department ?
7. Briefly discuss the finance functions.
8. What are the factors to be considered while deciding the capital structure of an organisation ?
9. Explain the core marketing concepts and their linkage to one another. Give examples.

P.T.O.



SECTION – C

(1×15=15)

(Case Study)

Note : Answer to the question should **not** exceed **six** pages.

10. Bill Corwin was employed by a large bank for several years. He started as a messenger and then was assigned to a branch. He progressed in this branch from a book-keeping clerk to a platform assistant.

In this position he had a variety of duties largely centring on administrative assistance to the officers of the branch. The bank's many branches were divided regionally, each region having a group of officers responsible for the branches in that region. Bill was transferred from the branch in which he had worked for 12 years to a branch in another region. At the time of his transfer he was told that the branch was completely 'run down' as to operational procedures and systems. The branch had a normal complement of 4 officers and 35 staff members. One month prior to Bill's transfer, one of the four officers had retired and two weeks after this retirement the branch manager was hospitalized with a serious illness.

When Bill arrived at his new assignment, he found a rather demoralized situation. Complete lack of interest was shown by the two remaining officers and the rest of the staff was not properly trained or disciplined. The two officers did not know Bill and they were informed by the regional office that he was being assigned to the branch as a platform replacement for only two weeks.

During his first week at the branch Bill discovered that the senior clerks were not qualified to train other staff members, customer complaints were rampant, there was both a record of excessive absenteeism and excessive overtime and the branch had received very poor audit reports by the bank's internal auditors with the same major exceptions reported on the previous four audits.

After two weeks Bill was called to the regional office and offered the job of operations officer. He was told that he would receive the official title in two months. He was also told that the present operations officer, who had held the job at this branch for seven years, was to be relieved of all operational responsibilities and that he would be instructed to work with Bill until the branch was functioning effectively.

Bill returned to the branch and started on his assignment. He found the former operations officer cooperative for about one week. Bill then decided to go ahead without the help of the former operations officer.



Over the next three months he worked almost every night until 8:00 or 9:00 p.m. He tried to correct the problems that had developed over several years. The training of employees involved considerable time and he found it necessary to release 12 clerks who were causing trouble in various ways. The remaining staff and replacements started to function smoothly.

He received his title as promised. Then the branch manager returned to work after his prolonged illness. A week after his returned he called Bill to his office and questioned his efforts in the branch. He told Bill that the former operations officer had mentioned that he was an upsetting influence in the branch, had fired several good people, did not know his job, and that he left his job early several days a week.

Questions :

- 1) If you were Bill, how would you answer the branch manager ?
- 2) Did the regional office handle Bill's transfer properly ?
- 3) What should be done by the regional office now ?
- 4) Do you believe that Bill can function effectively as a manager in this branch ?

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502

Third Semester M.B.A. Degree Examination, December 2014
(Choice Based Credit System) (Regular)
BUSINESS ADMINISTRATION
Management Accounting

Time : 3 Hours

Max. Marks : 70

Instruction: Answer all Sections.

SECTION – A

(2×10=20)

(Compulsory)

Note: Answer any two questions. Each question carries 10 marks. Answer to the questions should not exceed six pages.

1. "Ratios are the symptoms like blood pressure, pulse or temperature of an individual". Explain. Also name and explain in brief the ratios used to judge the long-term solvency of a concern.
2. Discuss the factors affecting cost of capital.
3. "Management Accounting is an extension of managerial aspects of financial accounting and cost accounting". Elucidate.

SECTION – B

(3×12=36)

Note: Answer any three questions. Each question carries 12 marks. Answer to the question should not exceed six pages.

4. X Ltd. manufactures three products viz., A, B and C. The selling prices of these three products are Rs. 100, Rs. 80 and Rs. 50 respectively. The corresponding unit variable costs are Rs. 50, Rs. 40 and Rs. 20. The proportions (quantity wise) in which these products are produced and sold are 20%, 30% and 50% respectively. The total fixed costs are Rs. 14,80,000.
 - a) At what aggregate volume (in quantity) the company would be making no profit, or no loss ?
 - b) Give the product wise break-up of such break-even point.

P.T.O.



5. The standard ratios for the industry and the ratios of Company X are given. Indicate the strength and weakness as shown by your analysis.

| | Industry Standard | Company X |
|---------------------------------|-------------------|-----------|
| Current Ratio | 2.4 | 2.67 |
| Debtors Turnover Ratio | 8.00 | 10.00 |
| Stock Turnover Ratio | 9.80 | 3.33 |
| Assets Turnover Ratio | 2.00 | 1.43 |
| Net Profit Ratio | 3.3% | 2.1% |
| Net Profit on Total Asset Ratio | 6.6% | 3.0% |
| Net Profit on Net Worth | 10.7% | 4.8% |
| Total Debts to Total Assets | 63.5% | 37.7% |

6. From the following Balance Sheets of A Co. Ltd., you are required to show any increase or decrease in working capital and sources and applications thereof :

| | 31 st Dec. 2003 Rs. | 31 st Dec. 2002 Rs. | | 31 st Dec. 2003 Rs. | 31 st Dec. 2002 Rs. |
|----------------------|--------------------------------------|--------------------------------------|-------------------|--------------------------------------|--------------------------------------|
| Equity Share Capital | 2,40,000 | 3,60,000 | Land and Building | 1,66,200 | 3,39,600 |
| Share Premium | 24,000 | 36,000 | Machinery | 1,06,800 | 1,53,900 |
| General Reserve | 18,000 | 27,000 | Furniture | 7,200 | 4,500 |
| Profit and Loss A/c | 58,500 | 62,400 | Stocks | 66,300 | 78,000 |
| 8% Debentures | — | 78,000 | Debtors | 1,09,500 | 1,17,300 |
| Provision for Tax | 29,400 | 32,700 | Bank | 14,400 | 12,000 |
| Creditors | 1,00,500 | 1,09,200 | | | |
| | 4,70,400 | 7,05,300 | | 4,70,400 | 7,05,300 |

Depreciation written off during the year :

Machinery Rs. 38,400

Furniture Rs. 1,200

7. A Japanese soft drink company is planning to establish a subsidiary company in India to produce mineral water.

Based on the estimated annual sales of 40,000 bottles of the mineral water cost studies produced the following estimates for the Indian subsidiary.

| | Total annual cost Rs. | % of total annual cost which is variable |
|-------------------------|--------------------------|---|
| Material | 2,10,000 | 100% |
| Labour | 1,50,000 | 80% |
| Factory overhead | 92,000 | 60% |
| Administration overhead | 40,000 | 35% |



The Indian production will be sold by manufacturer's representatives who will receive a commission of 8% of the sale price. No portion of the Japanese office expenses is to be allocated to the Indian subsidiary.

Required to :

- a) Compute the sale price per bottle to enables the management to realise an estimated 10% profit on sale process in India.
 - b) Calculate BEP in Rupee sales as also in number of bottles for the Indian subsidiary on the assumption that the sale price is Rs. 14 per bottle.
8. Explain the sources of working capital. What are the disadvantages of too high and too low working capital ?

SECTION – C

(1×14=14)

(Compulsory)

Note : Answer to the question should **not** exceed **six** pages. This question carries **fourteen** marks.

- 9. The alpha company is considering the purchase of a new machine. Two alternative machines (A and B) have been suggested, each costing Rs. 4,00,000. Earnings after taxation are expected to be as follows :

Cash Flow

| Year | Machine A (Rs.) | Machine B (Rs.) |
|------|-----------------|-----------------|
| 1 | 40,000 | 1,20,000 |
| 2 | 1,20,000 | 1,60,000 |
| 3 | 1,60,000 | 2,00,000 |
| 4 | 2,40,000 | 1,20,000 |
| 5 | 1,60,000 | 80,000 |

The company has a target of return on capital of 10% and on the basis, you are required to compare the profitability of the machines and state which alternative you consider financially preferable.

Third Semester M.B.A. Degree Examination, December 2014
(Choice Based Credit System) (Regular)
BUSINESS ADMINISTRATION
Human Resource Management

Time : 3 Hours

Max. Marks : 70

SECTION – A

(1×15=15)

(Compulsory)

Note : Answer to the question should **not** exceed **six** pages.

1. Critically examine the evolution and present state of Human Resource Management in India.

SECTION – B

(5×8=40)

Note : Answer **any five** questions. **Each** question carries **8** marks and answer for **each** question should **not** exceed **five** pages.

2. What do you mean by incentives ? How do financial incentives differ from non-financial incentives in motivating employees ?
3. "Collective bargaining is an effective tool for grievance redressal". Explain.
4. What do you mean by fringe benefits ? Explain the need of fringe benefits. Explain the various types of fringe benefits offered to the employees in India.
5. "Money cannot motivate all the people under all circumstances". Discuss.
6. What are the benefits and limitations of time rate and piece rate wage system ?
7. "Recruiting the employees is only the beginning – the problem commence with his induction". Discuss.
8. Good managers are not necessarily good trainers. Explain the statement with the example.
9. Explain the importance of performance appraisal and enumerate its different steps.



SECTION – C
(Compulsory)

(1×15=15)

Note : Answers to the questions should **not** exceeds **six** pages.

The 1990's were a watershed for the Indian banking industry and particularly for nationalised banks which hitherto have a monopoly in the industry. Following the deregulation of the financial sector, Corp. bank have faced increasing competition from other financial institutions like Can fin Homes Ltd. LIC Housing Corporation and foreign private sector banks. These specialised financial instiligions were giving a tough competition to Corp. bank resulting in an intense squeeze on profit margins and the need to make considerable efforts to retain its clientele. Under such pressure, Corp. Bank introduced new technology, new a financial products and new reward system for bank managers and staff. Information and communication technologies (ICI's) enabled the bank to process much larger volumes of business and just as importantly, the new ICTs themselves facilitated the development of new, technically based products and services (such as home banking, smart cards and debt cards) which Corp. bank started to market to its customers.

Running parallel with these technical changes was the dismantling of the paternalistic human resource management system. In essence Corp. bank's bureaucratic culture and its associated belief system for managers and staff of appropriate behaviour being rewarded by steady promotion through the ranks was swept aside.

The new culture in the fast-changing environment, emphasised customer service and the importance of measuring and rewarding staff according to their performance. The new performance-related reward system was introduced at the board meeting held in June 2002. Mr. N.K.Singh, chairman and managing director of the bank said that the proposed reward system would be a key strategy to 'maintain our reputation and mark share'. He outlined that in future: the salary of bank managers would be tied to the 'leadership skills and the quality of customer service. Accordingly the reward system would link a manager's pay to behaviour traits that relate to leadership and customer service. The variable pay for both managers and staff would be based on what accomplished because customer service is central to Corp. Bank's strategic plan the category rating system that involves 'not meeting' customer expectations, 'meet them or 'far exceeding' them; is the essence of the new reward system.

Questions :

- 1) Outline the merits and limitations of Corp Bank's proposed reward system for managers and staff.
 - 2) Develop an alternative reward system for Corp. Bank's employees and explain is superior to the proposed reward system.
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3 F 1

Third Semester M.B.A. Degree Examination, December 2014
(Choice Based Credit System) (Regular)
BUSINESS ADMINISTRATION
Strategic Financial Management and Policy

Time : 3 Hours

Max. Marks : 70

SECTION – A

(2×10=20)

Note: Answer **any two** questions. **Each** question carries **ten** marks. Answer to the question should **not** exceed **six** pages.

1. Discuss the elements that are need for the success of venture capital financing.
2. Elucidate different feasibility studies involved in project preparation.
3. Why wealth maximisation objective is superior to profit maximisation objective ? Discuss.

SECTION – B

(3×12=36)

Note: Answer **any three** questions. **Each** question carries **12** marks. Answer to the question should **not** exceed **six** pages.

4. Describe the objectives of corporate tax planning.
5. Assume there are two firms L and U, which are identical in all respects except that firm L has 12 percent Rs. 500000 debentures. The Earnings Before Interest and Taxes (EBIT) of both the firms are equal, i.e., Rs. 1,00,000. The equity capitalisation rate of firm L is slightly higher than that of firm U are 16 percent and U percent respectively. Compute the value of both the companies. According to MM do they represent equilibrium values ? If not explain the process by which equilibrium will be restored assuming an investor owns 10 percent equity of overvalued firm.
6. Show the implications of dividend policy according to Gordon's model with the following details :
Payout ratio : 40 percent, 60 percent and 90 percent.
Cost of equity capital : 12 percent
Assumed return on investment : 16 percent, 12 percent and 8 percent.
EPS : Rs. 10

P.T.O.



7. Two firms X and Y have the following information :

| <u>Details</u> | <u>Firm X</u> | <u>Firm Y</u> |
|--------------------------|---------------|---------------|
| EBIT (Rs. in lakh) | 1120 | 1000 |
| PBT (Rs. in lakh) | 320 | 300 |
| Fixed Cost (Rs. in lakh) | 700 | 550 |

Calculate percentage change in earnings per share if sales increased by 10 percent. Offer your comment on the leverage positions of the firms.

8. Rama tours and travels Limited has current earnings per share of Rs. 8.60, which is growing 15 percent for the next six years and thereafter at 12 percent forever. Rama Ltd. has a policy of paying 50 percent of its earnings as dividend. If its capitalisation rate is 15 percent, what is the value of the share ? Also calculate the value of growth opportunities.

SECTION – C

(1×14=14)

(Compulsory)

9. Pee Company has decided to acquire Kay Company. The following are the relevant financial data for the two companies :

| <u>Details</u> | <u>Pee Company</u> | <u>Kay Company</u> |
|------------------------------|--------------------|--------------------|
| Net profit (Rs. lakh) | 350.00 | 45.00 |
| Number of shares (lakh) | 28.13 | 3.75 |
| Market price per share (Rs.) | 56 | 30 |

Determine maximum exchange ratio Pee Company should offer without the dilution of (a) EPS (b) market value per share. Also compute the premium paid to the shareholders of Kay Company. Which is best offer for the shareholders of Kay Company ? Why ?

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3F2

Third Semester M.B.A. Degree Examination, December 2014
(Regular)
BUSINESS ADMINISTRATION
Security Analysis and Portfolio Management

Time : 3 Hours

Max. Marks : 70

SECTION – A

Note : Answer **any two** questions. **Each** question carries **10** marks. Answer to the question should **not** exceed **6** pages. **(2×10=20)**

1. Explain and examine the mutual fund structure in India.
2. What are the different ways in which securities can be offered to investors in India ?
3. What are the sources of risk in an investment ? Explain and elucidate.

SECTION – B

Note : Answer **any three** questions. **Each** question carries **12** marks. Answer to the question should **not** exceed **6** pages. **(3×12=36)**

4. The following information is available in respect of the return from security X under different economic conditions :

| Economic Conditions | Return (%) | Probability |
|---------------------|------------|-------------|
| Good | 20 | 0.1 |
| Average | 16 | 0.4 |
| Bad | 10 | 0.3 |
| Poor | 3 | 0.2 |

Find out the expected return of the security and risk associated with that.

P.T.O.



5. From the following information given about different securities, construct an optimum portfolio :

| Security | Expected Return (%) | β | Unsystematic Risk |
|----------|---------------------|---------|-------------------|
| A | 11 | 2.0 | 40 |
| B | 11 | 1.5 | 30 |
| C | 11 | 1.0 | 40 |
| D | 17 | 2.0 | 10 |
| E | 12 | 1.0 | 20 |
| F | 17 | 1.5 | 40 |
| G | 15 | 1.0 | 50 |

The risk free rate is 5% and variance on return on market to be 10%.

6. The rates on return on the security of company X and market portfolio for 10 periods are given below :

| Period | Return on Security X(%) | Return on Market Portfolio (%) |
|--------|-------------------------|--------------------------------|
| 1 | 20 | 22 |
| 2 | 22 | 20 |
| 3 | 25 | 18 |
| 4 | 21 | 16 |
| 5 | 18 | 20 |
| 6 | -5 | 8 |
| 7 | 17 | -6 |
| 8 | 19 | 5 |
| 9 | -7 | 6 |
| 10 | 20 | 11 |

a) What is the β of Security X ?

b) What is the characteristic line for Security X ?

7. Discuss the factors to be considered in fundamental analysis.

8. Explain testing market efficiency.

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3 H 1

Third Semester M.B.A. Degree Examination, December 2014
BUSINESS ADMINISTRATION (Regular)
Human Resource Development

Time : 3 Hours

Max. Marks : 70

SECTION – A (1×15=15)
(Compulsory)

Note : Answer to the question should **not** exceed **six** pages.

1. Bringout in detail the issues and challenges which the HRD professionals have to face in the current situation.

SECTION – B (5×8=40)

Note : Answer **any five** questions. **Each** question carries **8** marks and answer for **each** question should **not** exceed **five** pages.

2. How do performance appraisals and reward system contribute to HRD ?
3. Explain the meaning and function of HRIS.
4. Bringout the recent trends in HRD.
5. Explain the HRD functions and roles of HRD professionals.
6. Explain employee health and welfare program and state their importance.
7. Why is counselling required ? Discuss the types of counselling.
8. What is the role of human resource development function in a learning organisation ?
9. Enlist the importance and benefits of career planning in today's business organisations.

P.T.O.



SECTION – C
(Compulsory)

(1×15=15)

Note : Answer to the question should **not** exceed **six** pages.

10. Case Analysis :

Ashish Chemicals I.W. has its plant located near Bombay, which employs over 500 employees including 100 executives. Most of the managerial personnel joined the company in the lower ranks and have risen from within. The Human Resource (HR) Dept. is headed by the HR Manager who is supported by an Assistant HR Manager and other administrative staff. Mr. Raman who was the HR Manager till March 1998, joined the company as Assn. Operations Manager and later rose to the position of Product Development Manager. He was transferred as HR Manager as a part of career development plan in/ an 1995. The Assn. H.R. Manager, Mfr. Sarvesh handles all personnel matters including Wage and Salary Administration and Industrial Relations. Mr. Sarvesh holds a P.G. Diploma in HRM and has an experience of about 12 years in the HR area out of which last five year as Assn. HR Manager in the present company. Because of his wide knowledge and experience in the HR field, he had been given enough indication by the Plant General Manager (GM) that he c.i.f. be considered for promotion as HR Manager during discussions on career plan. In Jan. 1998. Mr. Raman was selected by the Board of Directors (or an overseas assignment. Mr. Raman advised the Plant GM to recruit his successor from outside and later suggested Mr. Raj Mohan as his successor. Mr. Raj Mohan was working with a multinational company and had over 15 years experience in the HR but it was limited to the area of employee compensation and benefits. The Plant GM approved the arrangement and Mr. Raj Mohan joined as HR Advisor in Feb. 1998 and later as HR Manager when Mr. Raman left for his overseas assignment. Mr. Sarvesh was extremely unhappy at denying him promotion to the job of HR Manager and started having arguments over a number of issues with the new HR Manager and at times also asserted that he was more competent for the HR Manager job. The new HR Manager had discussions with the Plant General Manager and the Chief Executive and succeeded in getting orders for the transfer of Mr. Sarvesh to an insignificant job in the Head Office of the Company. Mr. Sarvesh wrote a detailed letter to the Plant GM lodging strong protest against his transfer and citing instances when Mr. Raj Mohan had shown his incompetencies in handling certain problems. On enquiry-by the Plant GM Mr. Raj Mohan denied the allegations though he admitted that he was not yet fully aware of the company's policies and procedures. The Plant GM advised Mr. Sarvesh to improve his attitude and accept the transfer gracefully. At this, Mr. Sarvesh wrote a long letter to the Chief Executive accusing the Plant G.M. of complicity with the new HR Manager and pleaded for justice.

Questions :

- 1) Identify the main problem in this case.
- 2) Examine the staffing policy of the company.
- 3) What since would you give to the Chief Executive to resolve the problems ?

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3 H 2

Third Semester M.B.A. Degree Examination, December 2014
(Regular)
BUSINESS ADMINISTRATION
Industrial Relations

Time : 3 Hours

Max. Marks : 70

SECTION – A
(Compulsory)

Note : Answer to the question should **not** exceed **six** pages :

(1×15=15)

1. Discuss the importance of industrial relations in the current economic scenario.

SECTION – B

Note : Answer **any five** questions. **Each** question carries **8** marks and answer for **each** question should **not** exceed **five** pages.

(5×8=40)

1. What are the problems of trade unions ? What are your suggestions for its effective functioning ?
2. What are the objectives and forms of workers' participation in management ?
3. Discuss the importance of collective bargaining as a method of regulating relations between employers and employees. What are the pre-requisites to make it successful ?
4. Discuss the main conventions, recommendations and other means adopted by I.L.O. to raise the standard of workers throughout the world.
5. Evaluate the symptoms of industrial unrest and suggest a suitable strategy for its treatment.
6. What are the recommendations of second national commission on labour ?
7. What are the different approaches to industrial relations ?
8. What are the conditions essential for the success of workers participation in management ?
9. Discuss the working of judicial machinery in India for the settlement of industrial disputes.

P.T.O.



SECTION – C
(Compulsory)

Note : Answer to the question should **not** exceed **six** pages : **(1×15=15)**

10. Case analysis :

R.K. Brewery Limited produces four varieties of beer as well as mineral water. There has been a trade union representing around 900 employees of total of more than 3,000 employees. The company entered a collective agreement with the trade union in 2005 which would be in force for five years up to the end of 2009.

Mr. Vinod Michael joined R.K. Brewery as Chief HR Manager in 2007. He analysed the collective agreement with a fixed salary for a group of employees performing the same job. He felt that it would be difficult to enhance the productivity beyond the current level, though the competition demands increase in productivity atleast by 25%, in addition to improvement in quality and delivery schedules.

Mr. Vinod discussed the issue of performance based salaries with a base line- the current salary level as base line with the CEO of the company in March 2007. The CEO accepted the idea reluctantly as the trade union may create problems. Mr. Vinod implemented the scheme of performance based salaries and benefits in May 2007. The scheme worked beyond expectations, as the productivity increased by 30% in addition to improvement in quality and delivery schedule. The salaries of 80% of employees increased by 20% to 30% and surprisingly membership of trade union declined to around 45% by 2008.

Trade union is worried of increase in the salary levels of remaining 20% of employees and majority of who are its members. In addition the salary differentials caused social problems among employees and their family members. In view of the expiry of collective agreement by 31st December 2010, the trade union requested the management to arrange for a collective bargaining meeting to negotiate and arrive at new agreement during second week of January 2009.



Mr. Vinod felt that there is no need for collective bargaining meeting as well as collective agreement as the salaries and benefits are based on individual performance of employees. In fact, this is the trend in most of the private sector companies like R.K. Brewery. Mr. Vinod discussed the issue with the CEO and senior level managers in a meeting organised for the purpose of taking decisions of collective bargaining and collective agreement. There were mixed arguments and responses in the meeting. However, Mr. Vinod took a decision of implementing bargaining or negotiations with individual employees regarding salaries, benefits, working conditions and all other issues of HR and terms and conditions of employment and communicated to all employees as well as trade union leaders.

Questions :

- 1) Why did Mr. Vinod take such a decision deviating from the established practice of collective bargaining and collective agreements ?
- 2) What would be the possible reaction and response from the trade union ?

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3 M 1



**Third Semester M.B.A. Degree Examination, December 2014
(Choice Based Credit System) (Regular)
BUSINESS ADMINISTRATION
Marketing Research and Consumer Behaviour**

Time : 3 Hours

Max. Marks : 70

**SECTION – A
(Compulsory)**

(1×15=15)

Note : Answer to the question should **not** exceed **six** pages.

1. Why do you think Marketing Manager and other executives are reluctant to use the scientific approach to studying consumer behaviour ?

SECTION – B

(5×8=40)

Note : Answer **any five** questions. **Each** question carries **eight** marks. Answer to the question should **not** exceed **six** pages.

2. Why is the formulation of marketing research problem regarded as important ?
3. What are the advantages and disadvantages of exploratory research design ?
4. Explain the importance of cultural and sub-cultural factors in determining consumer behaviour.
5. 'Motivation is a basic psychological concept influencing consumption related Behavior'. Comment.
6. Explain the various steps in questionnaire design.
7. Explain the role of perception in influencing consumption behaviour.
8. "Sampling error is an inherent part of the sampling process ; it cannot be eliminated". Explain.

**SECTION – C
(Compulsory)**

(1×15=15)

Note : Answer to the questions should **not** exceed **six** pages.

9. Read and analyse the following case given below :
A Vice-President of marketing for a large soft drink company often states that sales are the ultimate criterion of marketing effectiveness and therefore, one must look primarily at the relationship between marketing stimuli (price, advertising, deals, coupons) and sales. What arguments could you, as director of marketing research, present in support of consumer research to demonstrate that sales figures alone are not sufficient to evaluate marketing strategies ?



SECTION – C

(1×15=15)

Note : Answer to the question should **not** exceed **six** pages.

10. Prakash Tandon, the ex-chief of Lever had remarked that Lever was a creative experience. Padamsee, the ex-chief of Lintas was greatly influenced by this and decided to make Lintas a creative organization in the best sense. But it didn't mean that he wanted accountants to become creative. However, he did emphasise innovative accountants who could find new and better ways to do their tasks. Lintas was made new. The salary structure including the year-end-gifts (YEGs) also evolved to keep pace with new Lintas. The organization must break off the old JWT syndrome. When Padamsee took over, the copy and arts departments were separate. He paired them up. Creative teams were constituted. Copywriters and visualisers were made to work in close co-operation. It sparked off excellent creativity. Padamsee formed mini-agencies, instead managing one huge one. He introduced a managing committee of eight to nine well-informed, dedicated and intelligent people to run Lintas. They throw in ideas.

Many new ideas emerge in the meeting of the managing committee, e.g. small is beautiful. Lintas, Bombay was divided into Lintas Bombay and Lintas Bombay 2. Two MD's were appointed to head these. Padamsee became chairman of the BOD, rather than MD. The MD's set objectives and MBO was introduced. Padamsee was left free to conceptualise by these arrangements. At the lowest rug, jobs are managed. Upscale, people are to be managed. At the top, concepts are to be managed. Padamsee at the top managed the concepts of what Lintas wanted to be. They put down a Lintas code. The code read : 1. We believe there is always a better way of doing things (innovation). 2. We believe in completing everything we start. To complete an idea, you must have an author or father of that idea or else the idea becomes a step child. 3. We believe that we should treat our colleagues as our friends and not rivals.

Questions :

- 1) Discuss the challenges involved in managing an ad agency.
- 2) Is it correct for an agency to position itself, say as a creative agency ?