SECTION "A" – MANAGEMENT

Q. 2 (a)

MANAGEMENT ROLES:

The term "*management roles*" refers to specific actions or behaviours expected of a manager.

Mintzberg's 10 roles are grouped around interpersonal relationships, the transfer of information, and decision making.

The *interpersonal roles* are ones that involve people (subordinates and persons outside the organization) and other duties that are ceremonial and symbolic in nature. The three interpersonal roles are figurehead, leader, and liaison. The *informational roles* involve collecting, receiving, and disseminating information. The three informational roles are monitor, disseminator, and spokesperson. Finally, the *decisional roles* entail making decisions or choices. The four decisional roles are entrepreneur, disturbance handler, resource allocator, and negotiator.

As managers perform these roles, Mintzberg proposed that their activities included both reflection (thinking) and action (doing). Reflection is known as Allyson listens patiently to customers' problems, and action occurs when Allyson resolves those problems.

MINTZBERG'S MANAGERIAL ROLES:

Interpersonal Roles:	Informational Roles:	Decisional Roles:
Figurehead	Monitor	Entrepreneur
Leader	Disseminator	Disturbance handler
Liaison	Spokesperson	Resource allocator
		Negotiator

MANAGERIAL SKILLS:

Managers need three essential skills: technical, human, and conceptual. *Technical skills* are the job-specific knowledge and techniques needed to proficiently perform work tasks. These skills tend to be more important for first-line managers because they typically manage employees who use tools and techniques to produce the organization's products or to service the organization's customers. Often, employees with excellent technical skills get promoted to first-line manager positions.

Several managers recognize the importance of *human skills,* which involve the ability to work well with other people both individually and in groups. Because all managers deal with people, these skills are equally important to all levels of management. Managers with good human skills get the best out of their people. They know how to communicate, motivate, lead, and inspire enthusiasm and trust. Finally, *conceptual skills* are the skills managers use to think and to conceptualize about abstract and complex situations. Using these skills, managers see the organization as a whole, understand the relationships among various subunits, and visualize how the organization fits into its broader environment. These skills are most important to top managers.

SUGGESTED ANSWERS

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Q. 2 (b)

UNIVERSALITY OF MANAGEMENT CONCEPT:

We can say with absolute certainty that management is needed in all types and sizes of organizations, at all organizational levels and in all organizational work areas, and in all organizations, no matter where they are located. This is known as the *universality of management.* In all these organizations, managers must plan, organize, lead, and control. However, that is not to say that management is done the same way. What a supervisor in a software application testing facility at Microsoft does versus what the CEO of Microsoft does is a matter of degree and emphasis, not of function. Because both are managers, both will plan, organize, lead, and control. How much and how they do so will differ.

Management is universally needed in all organizations, so we want to find ways to improve the way organizations are managed. Why? Because we interact with organizations every single day. Are you frustrated when you have to spend two hours in a governmental office to get your driver's license renewed? Do you get irritated when none of the salespeople in a retail store seems interested in helping you? Is it annoying when you call an airline three times, and customer sales representatives quote you three different prices for the same trip? These are all examples of problems created by poor management. Organizations that are well managed develop a loyal customer base, grow, and prosper. Those that are poorly managed find themselves losing customers and revenues. By studying management, we will be able to recognize and support good management, whether it is an organization with which you are simply interacting or whether it is in an organization in which you are employed.

SUGGESTED ANSWERS

Q. 2 (c)

REWARDS EARNED AND CHALLENGES FACED BY A MANAGER:

There are many challenges. Management can be a tough and often thankless job. In addition, a portion of a manger's job (especially at lower organizational levels) may entail duties that are often more clerical (compiling and filing reports, dealing with bureaucratic procedures, or doing paperwork) than managerial. Managers often have to deal with a variety of personalities and have to make do with limited resources. It can be a challenge to motivate workers in the face of uncertainty and chaos. And managers may find it difficult to successfully blend the knowledge, skills, ambitions, and experiences of a diverse work group. Finally, as a manager, you are not in full control of your destiny. Your success typically depends on others' work performance.

Yet, despite the challenges, being a manager can be rewarding. As a manager, you are responsible for creating a work environment in which organizational members can do their work to the best of their abilities and thus help the organization achieve its goals. You help others find meaning and fulfillment in their work. You get to support, coach, and nurture others and help them make good decisions. In addition, as a manager, you often have the opportunity to think creatively and use your imagination. You will get to meet and work with a variety of people – both inside and outside the

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organization. Other rewards may include receiving recognition and status in your organization and in the community, playing a role influencing organization outcomes, and receiving attractive compensation in the form of salaries, bonuses, and stock options. Finally, organizations need good managers. It's through the combined efforts of motivated and passionate people working together that organizations accomplish their goals. As a manager, you can be assured that your efforts, skills, and abilities are needed.

Q. 3 (a)

ORGANIZATIONAL CULTURE:

Organizational culture has been described as the shared values, principles, traditions, and ways of doing things that influence the way organizational members act. In most organizations, these shared values and practices have evolved over time and determine, to a large extent, how things are done in the organization.

Our definition of culture implies things. First, culture is a *perception.* It is not something that can be physically touched or seen, but employees perceive it on the basis of what they experience within the organization. Second, organizational culture is *descriptive.* It is concerned with how members perceive the culture, not with whether they like it. Finally, even though individuals may have different backgrounds or work at different organizational levels, they tend to describe the organization's culture in similar terms. That's the *shared* aspect of culture.

Research suggests that there are seven dimensions that describe an organization's culture. Each of the seven dimensions ranges from low to high, meaning it's not very typical of the culture (low) or is very typical of the culture (high). Describing an organization using these seven dimensions gives a composite picture of the organization's culture. In many organizations, one culture dimension often is emphasized more than the others and essentially shapes the organization's personality and the way organizational members work. The company "lives and breathes" new product development, and employees' work behaviours support that goal. Exhibit describe how the dimensions can create significantly different cultures.

SUGGESTED ANSWERS

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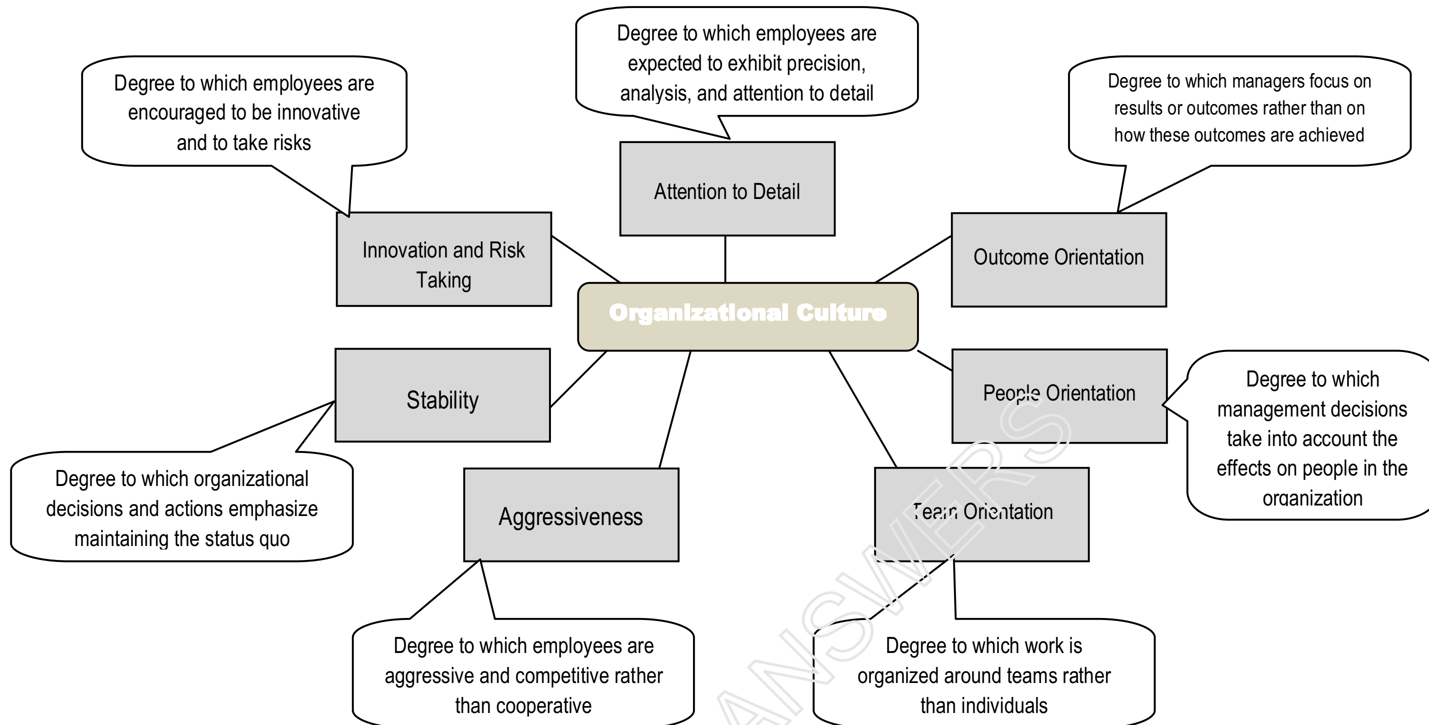

ORGANIZATIONAL CULTURE AND ENVIRONMENT

SUGGESTED ANSWERS

Q. 3 (b)

ORGANIZATIONAL STAKEHOLDERS:

Stakeholders are any constituencies in an organization's environment that are affected by the organization's decisions and actions. These groups have a stake in or are significantly influenced by what the organization does. In turn, these groups can influence the organization. The idea that organizations have stakeholders is now widely accepted by both management academics and practicing managers.

Exhibit identifies some of the most common stakeholders that an organization might have to deal with. Note that these stakeholders include both internal and external groups. Why? Because both can affect what an organization does and how it operates.

Why should managers even care about managing stakeholder relationships? For one thing, doing so can lead to desirable organizational outcomes, such as improved predictability of environmental changes, more successful innovations, greater degree of trust among stakeholders, and greater organizational flexibility to reduce the impact of change. But does it affect organizational performance? The answer is yes! Management researchers who have looked at this issue are finding that managers of high-performing companies tend to consider the interests of all major stakeholder groups as they make decisions.

Another reason for managing external stakeholder relationships is that it's the 'right' thing to do. Because an organization depends on these external groups as source of inputs (resources) and as

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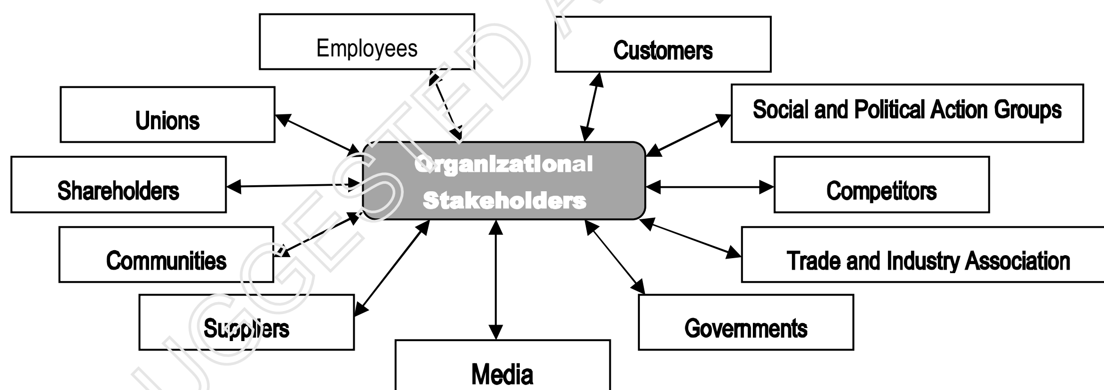
outlets for outputs (goods and services), managers should consider their interests as they make decisions.

How can managers manage stakeholder relationships? First, they need to identify the organization's stakeholders. Groups that are likely to be influenced by and to influence organizational decisions are the organization's stakeholders. Second, they need to determine what particular interests or concerns the stakeholders might have – product quality, financial issues, safe working conditions, environmental protection, and so forth. Next, they need to decide how critical each stakeholder is to the organization's decisions and actions. In other words, how critical is it for the manager to consider a particular stakeholder's concerns as he or she plans, organizes, leads, and controls? The very idea of a stakeholder – a group that has a 'stake' in what the organization does – means that it is important. But some stakeholders are more critical to the organization's decisions and actions than others. The final step is to determine how to manage the external stakeholder relationships. This decision depends on how critical an external stakeholder is to the organization and how uncertain the environment is. The more critical the stakeholder and the more uncertain the environment, the more that managers need to rely on establishing explicit stakeholder partnerships rather than just acknowledging their existence.



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Q. 3 (c)

TECHNIQUES USED BY THE ORGANIZATIONS TO MOVE GLOBALLY:

When organizations go international, they often use different approaches. At first, managers may want to get into a global market with minimal investment. At this stage, they might start with *global sourcing* (also called *global outsourcing*), which is purchasing materials or labour from around the world based on lowest cost. The goal is to take advantage of lower costs in order to be more competitive. Although global sourcing may be the first step to going international for many companies, they often continue to use this approach because of the competitive advantages it offers. Each successive stage of going international beyond global sourcing, however, requires more investment and thus entails more risk for the organization.

The next step in going international may involve *exporting the organization's* products to other countries – that is, making products domestically and selling them abroad. In addition, an organization might do *importing,* which involves acquiring products made abroad and selling them domestically. Both exporting and importing usually entail minimal investment and risk, which is why many small businesses often use these approaches to doing business globally.

Finally, managers might use *licensing* or *franchising,* which are similar approaches involving one organization giving another organization the right to use its brand name, technology, or product specifications in return for a lump-sum payment or a fee (usually based on sales).

When organization has been doing business internationally for a while and has gained experience in international markets, managers may decide to make more of a direct investment. One way to do this is through a *strategic alliance,* which is a partnership between an organization and a foreign company partner or partners in which both share resources and knowledge in developing new products or building production facilities. A specific type of strategic alliance in which the partners form a separate, independent organization for some business purpose is called a *joint venture.* Finally, managers may choose to directly invest in a foreign country by setting up a *foreign subsidiary* as a separate and independent facility or office. This subsidiary can be managed as a multidomestic organization (local control) or as a global organization (centralized control).

SUGGESTED ANSWERS

SECTION "B" – MARKETING

Q. 4 (a)

DEMOGRAPHIC AND ECONOMIC ENVIRONMENTS:

Demography is the study of human population in terms of size, density, location, age, gender, race, occupation, and other statistics. The demographic environment is of major interest to marketers because it involves people, and people make up markets. The world population is growing at an explosive rate. It now exceeds 6.6 billion people and will grow to 8.1 billion by the year 2030. The major contributors to this growth are the countries in the Indian subcontinent. The world's large and highly diverse population poses both opportunities and challenges. Challenges in the world demographic environment have major implications for business.

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In Pakistan, young people 14 years or younger comprise close to 40 percent of the population, out of which almost 14 percent are four years old or younger. Given the large population base, 173 million young people present a lucrative business opportunity to marketers.

Thus, marketers keep close track of demographic trends and developments in their markets, both at home and abroad. They track changing age and family structures, geographic population shifts, educational characteristics, and population diversity. Here, we discuss the most important demographic trends in the subcontinent:

- Increasing population;
- A growing middle class;
- Growing in the rural population;
- A changing family system;
- The changing role of women;
- A better-educated, more white-collared, more professional population;
- Increasing diversity.

Markets require buying power as well as people. The *economic environment* consists of factors that affect consumer purchasing power and spending patterns. Marketers must pay close attention to major trends and consumer spending patterns both across and within their world markets.

Nations vary greatly in their levels and distribution of income. Some countries have *industrial economies,* which constitute rich markets for many different kinds of goods. At the other extreme are *subsistence economies* – they consume most of their own agricultural and industrial output and offer few market opportunities. In between are *developing economies* – which can offer outstanding marketing opportunities for the right kinds of products.

The last few years saw many ups and downs in the economic landscape of the world and countries in the Indian subcontinent were no exception. The era of strong economic growth for many years was shattered by the global financial crisis that swept the world in 2007–2009. These economic trends and shocks have directly impacted the consumption of goods and services across the subcontinent. The following are some of the major economic events and more stable economic trends in the subcontinent:

The significant drop in the GDP growth rates in the subcontinent has impacted the consumption of many products and services. However, countries in the Indian subcontinent are expected to come out of this slowdown much faster than those in the developed world. Governments have successfully used fiscal and monetary instruments to revive the economy. Marketers are trying to address the current lack of interest and capacity to pay on the part of household and business consumers by launching new low-priced versions of their products, providing trade and consumer discounts, and by using finer segmentation and targeting of consumers. Changing economic conditions can have a huge impact on even the most successful companies.

SUGGESTED ANSWERS

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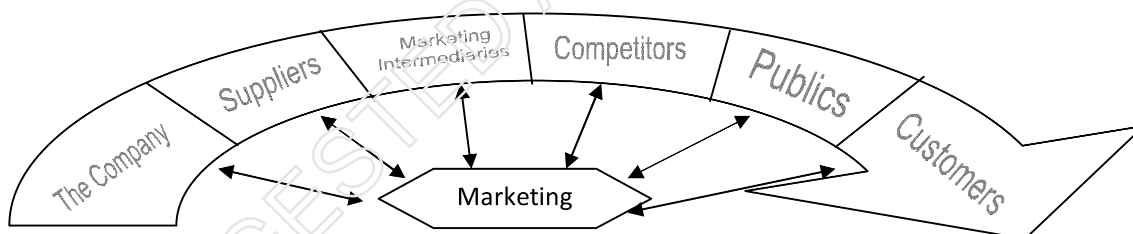
Q. 4 (b)

MARKETING INTERMEDIARIES:

Marketing intermediaries help the company to promote, sell, and distribute its products to final buyers. They include resellers, physical distribution firms, marketing services agencies, and financial intermediaries. *Resellers* are distribution channel firms that help the company find customers or make sales to them. These include wholesalers and retailers who buy and resell merchandise. Traditionally, it has not been very difficult for companies to select and partner with resellers, partly because of their strong brand franchise and partly because of the fragmented and small size of most resellers in the Indian subcontinent. However, the future is going to be very different.

Physical distribution firms help the company to stock and move goods from their points of origin to their destinations. *Marketing services agencies* are the marketing research firms, advertising agencies, media firms, and marketing consulting firms that help the company target and promote its products to the right markets. *Financial intermediaries* include banks, credit companies, insurance companies, and other businesses that help finance transactions or insure against the risks associated with the buying and selling and of goods.



Like suppliers, marketing intermediaries form an important component of the company's overall value delivery system. In its quest to create satisfying customer relationships, the company must do more than just optimize its own performance. It must partner effectively with marketing intermediaries to optimize the performance of the entire system.

Thus, today's marketers recognize the importance of working with their intermediaries as partners rather than simply as channels through which they sell their products.

SUGGESTED ANSWERS

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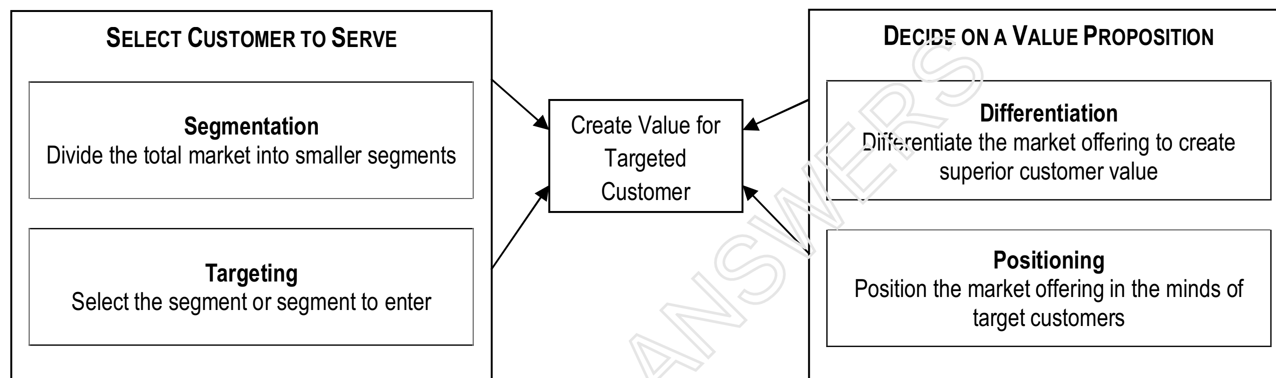
Q. 5 (a)

Customer-driven marketing strategy begins with selecting which customers to serve and deciding on a value proposition that best serves the targeted customers. It consists of four steps: Market segmentation Market targeting Differentiation and Positioning.



MARKET SEGMENTATION:

Buyers in any market differ in their wants, resources, locations, buying attitudes, and buying practices. Through market segmentation, companies divide large, heterogeneous markets into smaller segments that can be reached more efficiently and effectively with products and services that match their unique needs.

SEGMENTING CONSUMER MARKETS:

There is no single way to segment a market. A marketer has to try different segmentation variable, alone and in combination, to find the best way to view the market structure.

MAJOR SEGMENTATION VARIABLES FOR CONSUMER MARKETS:

- Geographic
- Demographic
- Psychographic
- Behavioural

SEGMENTING BUSINESS MARKETS:

Consumer and business marketers use many of the same variables to segment their markets. Business buyers can be segmented geographically, demographically (industry, company size), or by benefits sought, user status, usage rate, and loyalty status. Yet, business marketers also use some additional variables, such as customer *operating characteristics, purchasing approaches, situational factors,* and *personal characteristics*.

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SEGMENTING INTERNATIONAL MARKETS:

Few companies have either the resources or the will to operate in all, or even most, of the countries that dot the globe. Although some large companies sell products in more than 200 countries, most international firms focus on a smaller set. Operating in many countries presents new challenges. Different countries, even those that are close together, can vary greatly in their economic, cultural, and political makeup. Thus, just as they do within their domestic markets, international firms need to group their world markets into segments with distinct buying needs and behaviours. Companies can segment international markets using one or a combination of several variables.

World market can also be segmented on the basis of *economic factors.* Countries can be segmented by *political and legal factors* such as the type and stability of government, receptivity to foreign firms, monetary regulations, and amount of bureaucracy. *Cultural factors* can also be used, grouping markets according to common languages, religions, values and attitudes, customs, and behavioural patterns. Segmenting international markets based on geographic, economic, political, cultural, and other factors assumes that segments should consist of clusters of countries.

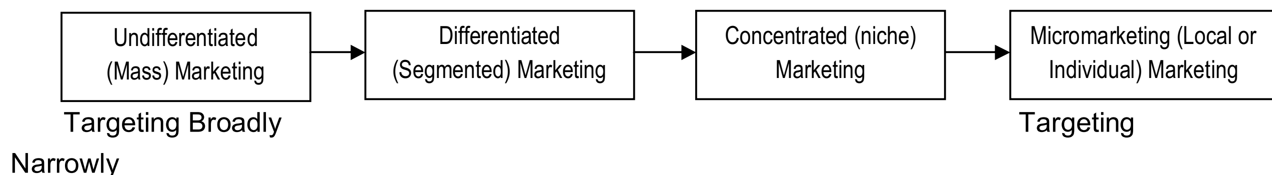
SUGGESTED ANSWERS

REQUIREMENTS FOR EFFECTIVE SEGMENTATION:

Clearly, there are many ways to segment a market, but not all segmentations are effective. For example, buyers of table salt could be divided into blond and brunette customers. But hair colour obviously does not affect the purchase of salt. Furthermore, if all salt buyers bought the same amount of salt each month, believed that all salt is the same, and wanted to pay the same price, the company would not benefit from segmenting this market. The most useful, market segments must be measurable, accessible, substantial, differentiable, actionable etc.

SELECTING TARGET MARKET SEGMENTS:

A *target market* consists of a set of buyers who share common needs or characteristics that the company decides to serve. Market targeting can be carried out at several different levels. Figure shows that companies can target very broadly (undifferentiated marketing), very narrowly (micromarketing), or somewhere in between (differentiated or concentrated marketing).



Targeting Broadly Targeting
Narrowly

UNDIFFERENTIATED MARKETING:

Using an *undifferentiated marketing* (or *mass-marketing*) strategy, a firm might decide to ignore market segment differences and target the whole market with one offer. This mass-marketing strategy focuses on what is *common* in the needs of consumers rather than on what is *different.* The company designs a product and a marketing program that will appeal to the largest number of buyers.

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DIFFERENTIATED MARKETING:

Using a *differentiated marketing* (or *segmented marketing*) strategy, a firm decides to target several market segments and designs separate offers for each. But differentiated marketing also increases the costs of doing business. A firm usually finds it more expensive to develop and produce, say, 10 units of 10 different products than 100 units of one product. Developing separate marketing plans for the separate segments requires extra marketing research, forecasting, sales analysis, promotion planning, and channel management. And trying to reach different market segments with different advertising campaigns increases promotion costs. Thus, the company must weigh increased sales against increased costs when deciding on a differentiated marketing strategy.

CONCENTRATED MARKETING:

Using a *concentrated marketing* (or *niche marketing*) strategy, instead of going after a small share of a large market, the firm goes after a large share of one or a few smaller segments or niches. Yet the smaller, upscale retailer is growing faster and more profitably than its giant rivals.

Through concentrated marketing, the firm achieves a strong market position because of its greater knowledge of consumer needs in the niches it serves and the special reputation it acquires. It can market more *effectively* by fine-tuning its products, prices, and programs to the needs of carefully defined segments. It can also market more *efficiently,* targeting its products or service, channels, and communications programs toward only consumers that it can serve best and most profitably.

MICROMARKETING:

Micromarketing is the practice of tailoring products and marketing programs to suit the tastes of specific individuals and locations. Rather than seeing a customer in every individual, micromarketers see the individual in every customer. Micromarketing includes *local marketing* and *individual marketing.*

Local marketing involves tailoring brands and promotions to the needs and wants of local customer groups – cities, neighbourhoods, and even specific stores.

Individual marketing: In the extreme, micromarketing becomes *individual marketing* – tailoring products and marketing programs to the needs and preferences of individual customers. Individual marketing has also been labelled *one-to-one marketing, mass customization,* and *markets-of-one marketing.*

DIFFERENTIATION AND POSITIONING:

Beyond deciding which segments of the market it will target, the company must decide on a *value proposition* – on how it will create differentiated value for targeted segments and what positions it wants to occupy in those segments. A *product's position* is the way the product is *defined by consumers* on important attributes – the place the product occupies in consumers' minds relative to competing products.

SUGGESTED ANSWERS

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Consumers are overloaded with information about products and services. They cannot reevaluate products every time they make a buying decision. To simplify the buying process, consumers organize products, services, and companies into categories and 'position' them in their minds. A product's position is the complex set of perceptions, impressions, and feelings that consumers have for the product compared with competing products.

Consumers position products with or without the help of marketers. But marketers do not want to leave their product's positions to chance. They must *plan* positions that will give their products the greatest advantage in selected target markets, and they must design marketing mixes to create these planned positions.

CHOOSING A DIFFERENTIATION AND POSITIONING STRATEGY:

Some firms find it easy to choose a differentiation and positioning strategy. Each firm must differentiate its offer by building a unique bundle of benefits that appeals to a substantial group within the segment. Above all else, a brand's positioning must serve the needs and preferences of well-defined target markets.

The differentiation and positioning task consists of three steps: identifying a set of differentiating competitive advantages upon which to build a position, choosing the right competitive advantages, and selecting an overall positioning strategy. The company must then effectively communicate and deliver the chosen position to the market.

SUGGESTED ANSWERS

Q. 5 (b)

PRODUCT:

We define a *product* as anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. Products include more than just tangible objects, such as cars, computers, or cell phones. Broadly defined, 'products' also include services, events, persons, places, organizations, ideas, or mixes of these. Throughout this text, we use the term *product broadly to* include any or all of these entities.

PRODUCTS, SERVICES, AND EXPERIENCES:

Product is a key element in the overall *market offering*. Marketing-mix planning begins with building an offering that brings value to target customers. This offering becomes the basis upon which the company builds profitable customer relationships.

A company's market offering often includes both tangible goods and services. At one extreme, the offer may consist of a *pure tangible good,* such as soap, toothpaste, or salt – no services accompany the product. At the other extreme are *pure services,* for which the offer consists primarily of a service. Examples include a doctor's exam or financial services. Between these two extremes, however, many goods-and-services combinations are possible.

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Today, as products and services become more commoditized, many companies are moving to a new level in creating value for their customers. To differentiate their offers, beyond simply making products and delivering services they are creating and managing customer *experiences* with their brands or company. Experiences have always been an important part of marketing for some companies.

PRODUCT AND SERVICE ATTRIBUTES:

Developing a product or service involves defining the benefits that it will offer. These benefits are communicated and delivered by product attributes such as *quality, features,* and *style and design.*

PRODUCT QUALITY:

Product quality is one of the marketer's major positioning tools. Quality has a direct impact on product or service performance; thus, it is closely linked to customer value and satisfaction. In the narrowest sense, quality can be defined as "freedom from defects". But most customer-centred companies go beyond this narrow definition. Instead, they define quality in terms of creating customer value and satisfaction.

TOTAL QUALITY MANAGEMENT:

Total quality management (TQM) is an approach in which all the company's people are involved in constantly improving the quality of products, services, and business processes. For most top companies, customer-driven quality has become a way of doing business. Today, companies are taking a "return on quality" approach, viewing quality as an investment and holding quality efforts accountable for bottom-line results.

SUGGESTED ANSWERS

Product quality has two dimensions – level and consistency. In developing a product, the marketer must first choose a *quality level* that will support the product's positioning.

Beyond quality level, high quality also can mean high levels of quality consistency. Here, product quality means *conformance quality* – freedom from defects and *consistency* in delivering a targeted level of performance. All companies should strive for high levels of conformance quality.

PRODUCT FEATURES:

A product can be offered with varying features. A stripped-down model, one without any extras, is the starting point. The company can create higher-level models by adding more features. Features are a competitive tool for differentiating the company's product from competitors' products. Being the first producer to introduce a valued new feature is one of the most effective ways to compete.

How can a company identify new features and decide which ones to add to its product? The company should periodically survey buyers who have used the product and ask these questions: How do you like the product? Which specific features of the product do you like most? Which features could we add to improve the product? The answers provide the company with a rich list of feature ideas. The company can then assess each feature's *value* to customers versus its *cost* to the company. Features that customers value highly in relation to costs should be added.

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PRODUCT STYLE AND DESIGN:

Another way to add customer value is through distinctive *product style and design.* Design is a larger concept than style. *Style* simply describes the appearances of a product. Styles can be eye-catching or yawn producing. A sensational style may grab attention and produce pleasing aesthetics, but it does not necessarily make the product *perform* better. Unlike style, *design* is more than skin deep – it goes to the very heart of a product. Good design contributes to a product's usefulness as well as to its looks. Design begins with a deep understanding of customer needs. More than simply creating product or service attributes, it involves shaping the customer's product-use-experience.

Thus, product designers should think less about product attributes and technical specifications and more about how customers will use and benefit from the product.

THE END

SUGGESTED ANSWERS

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