SECTION – "A"

Q. 2 (a)

CONCENTRATION STRATEGY:

A concentration strategy is one that focuses on a single product or service or on a small number of closely related products or services. This is the strategy followed when an organization concentrates on extending the sales of its current business.

A concentration strategy does not necessarily mean that an organization must continue to do the same things in exactly the same ways. It does, however, mean that whatever is done will be related directly to the current product(s) or service(s). As evidenced by the previously cited examples. Concentration strategy does not keep a company from growing. However, it does limit the types of growth opportunities that can be pursued. This usually results in a slower but more controlled and stable growth. There are basically three approaches to pursuing a concentration strategy – market development, product development, and horizontal integration.

MARKET DEVELOPMENT: The thrust under a market development approach is to expand the markets of the current business. This can be done by gaining a larger share of the current market, expanding into new geographic areas, or attracting new market segments. Coca-Cola has continued to follow a market development strategy since its inception. It amassed its impressive market share through large-scale advertising programs and it has continued to expand into new geographic areas.

PRODUCT DEVELOPMENT: The thrust under a product development approach is to alter the basic product or service or to add a closely related product or service that can be sold through the current marketing channels. Successful product development strategies often capitalize on the favorable reputation of the company or related products.

HORIZONTAL INTEGRATION: Horizontal integration occurs when an organization adds one or more businesses that produce similar products or services and that are operating at the same stage in the product-marketing chain. Almost all horizontal integration is accomplished by buying another organization in the same business.

A concentration strategy usually has the advantage of low initial risk because the organization already has much of the knowledge and many of the resources necessary to compete in the marketplace. A second advantage is that a concentration strategy allows the organization to focus its attention on doing a small number of things extremely well.

Q. 2 (b)

OBJECTIVES:

An objective is a statement of what is to be achieved. Objectives are normally stated in terms of a desired level of attainment within a specific time frame. Ideally, objectives are quantifiable, simply stated, and measurable.

Objectives can be classified as either short-range or long-range. Normally objectives which have a time span of 1 year or less are classified as short-range; objectives spanning more than 1 year are classified as long-range. While many managers use only short-range and long-range objectives, some also utilize intermediate-range objectives. In this context, intermediate-range usually means 1 to 3 years and long-range means anything over 3 years.

Objectives can also be classified according to their breadth of influence in the organization.

Q. 2 (c)

Culture can be defined as the beliefs which pervade the organization about how business should be conducted and how employees should behave and should be treated. These beliefs are made manifest in a number of ways.

In general, four origins of organizational culture can be identified as under:

(i) History

(ii) Environment

(iii) Staffing

(iv) Socialization

(i) History:

Employees are aware of the organization's past, and this awareness reinforces culture. Much of the "way things are done" is a continuation of the way things have always been done.

(ii) Environment:

Because all organizations must interact with their environments, the environment has a role in shaping culture.

(iii) Staffing:

Organizations tend to hire and retain individuals who are similar to current employees in important ways. A person's ability to "fit in" can be an important criterion in the selection process.

(iv) Socialization:

Companies with strong cultures attach great importance to the process of introducing and indoctrinating new employees. The new employee is least familiar with the culture and it is important to help him out the newcomer to adapt to, as well as to adopt, the organization's culture. This is the socialization process.

Q. 3 (a)

WEAKNESSES THAT MAY AFFECT THE SETTING-UP OF A NEW SMALL BUSINESS:

(a) **LACK OF PROFIT:** A new venture is unlikely to turn an accounting profit for two to three years because significant investment has to be made in such things as premises, stocks, recruitment and business development before turnover starts to build up. It is essential, therefore, that start ups have the financial resources to run at a loss for several years.

(b) **POOR CASH FLOW:** Managing cash flow is a demanding job: many owner managers do not posses the necessary skills. The problem is exacerbated when the business is under-capitalized, which is often the case with start ups. A further problem is that large firms fail to pay their small business suppliers on time.

(c) New owner managers are often **DEFICIENT IN OTHER SKILLS** besides financial ones. New businesses are often founded by a person, or group of people, with expertise in only one or two business disciplines. Typically, these will be selling and/or technological expertise. Knowledge of procurement, logistics, personnel management, production engineering, marketing techniques and the essential detail of administration will often be missing. As a result, the aspiring sole trader or partnership is likely to find that unforeseen problems arise and consume an inordinate amount of time, hampering the deployment of the skills the managers do posses.

(d) **MARKETING EXPERTISE** is a particularly crucial requirement for the new business. Where the business is founded to exploit a new technical development, there is a long journey from the initial idea to market success. A fertile target market must be discovered by market research or created by promotional techniques; distribution systems must be set up and, perhaps most important of all, a suitable price must be set. Where distribution is to be through agents or wholesalers, as will often be the case, important discounts must be conceded without undermining either immediate cash flow or ultimate profitability.

(e) Another important area of skill that is frequently lacking in new businesses is **PERSONNEL MANAGEMENT**. Information technology applications have reduce the requirement for staff in terms of overall numbers but have increased the requirement for staff with a high level of specialized skills. Whether staff are engaged in large or small numbers, they must be managed carefully if they are to be motivated to support the firm's efforts. All too frequently, staff are taken of granted, poorly organized and even abused.

(f) The effect of the **BUSINESS CYCLE** should not be overlooked. A business starting up at the peak of the cycle is likely to have only three or four years in which to establish itself and secure its position before the economic trend starts to decline. When times are hard, it will be difficult for most businesses even to maintain turnover, and expansion will be a remote dream. Larger customers are likely to be merciless in their exploitation of small business's unwillingness to press them for payment, while suppliers will be equally merciless in demanding payment. During the trough of the cycle, larger businesses will cut costs by reducing their headcounts. The option of self-employment is likely to be quite attractive to some of those made redundant, but their prospects are not good: they will be starting up in a sluggish market and in the face of increased competition – from each other.

Q. 3 (b)

COMPLIANCE-BASED APPROACH:

A compliance-base approach is primarily designed to ensure that the company acts within the letter of the law, and that violations are prevented, detected and punished. Some organizations, faced with the legal consequences of unethical behaviour take legal precautions such as those below:

(i) Compliance procedures to detect misconduct

(ii) Audits of contracts

(iii) Systems for employees to report criminal misconduct without fear of retribution

(iv) Disciplinary procedures to deal with transgressions

Corporate compliance is limited in that it relates only to the law, but legal compliance is 'not an adequate means for addressing the full range of ethical issues that arise every day'. This is especially the case in the UK, where voluntary codes of conduct and self-regulation are perhaps more prevalent than in the US.

An example of the difference between the legality and ethicality of a practice is the sale in some countries of defective products without appropriate warnings. "companies engaged in international business often discover that conduct that infringes on recognized standards of human rights and decency is legally permissible in some jurisdictions".

The compliance approach also overemphasizes the threat of detection and punishment in order to channel appropriate behaviour. Arguably, some employers view compliance programmes as an insurance policy for senior management, who can cover the tracks of their arbitrary management practices. After all, some performance targets are impossible to achieve without cutting corners: managers can escape responsibility by blaming the employee for not following the compliance programme, when to do so would have meant a failure to reach target.

Furthermore, mere compliance with the law is no guide to exemplary behaviour.

Examinees may give own examples of its application in Pakistani Business

SECTION – "B"

Q. 4 (a)

Some of the skills required are described below:

LEADERSHIP AND TEAM BUILDING:

(i) A participative style of leadership is appropriate for much of most projects, but a more autocratic, decisive style may be required on occasion.

(ii) Be positive (but realistic) about all aspects of the project.

(iii) Understand where the project fits into the big picture.

(iv) Delegate tasks appropriately – and not take on too much personally.

(v) Build team spirit through co-operation and recognition achievement.

(vi) Do not be restrained by organizational structure – a high tolerance for ambiguity (lack of clear-cut authority) will help the project manager.

ORGANIZATIONAL:

(i) Ensure all project documentation is clear and distributed to all who require it.

(ii) Use project management tools to analyze and monitor project progress.

COMMUNICATION AND NEGOTIATION:

(i) Listen to project team members.

(ii) Use persuasion to coerce reluctant team members or stakeholders to support the project.

(iii) Negotiate on funding, timescales, staffing and other resources, quality and disputes.

(iv) Ensure management is kept informed and is never surprised.

TECHNICAL:

By providing (or at least providing access to) the technical expertise and experience needed to manage the project.

PERSONAL QUALITIES:

(i) Be flexible. Circumstances may develop that require a change in plan.

(ii) Show persistence. Even successful projects will encounter difficulties that require repeated efforts to overcome.

(iii) Be creative. If one method of completing a task proves impractical new approach may be required.

(iv) Patience is required.

PROBLEM SOLVING:

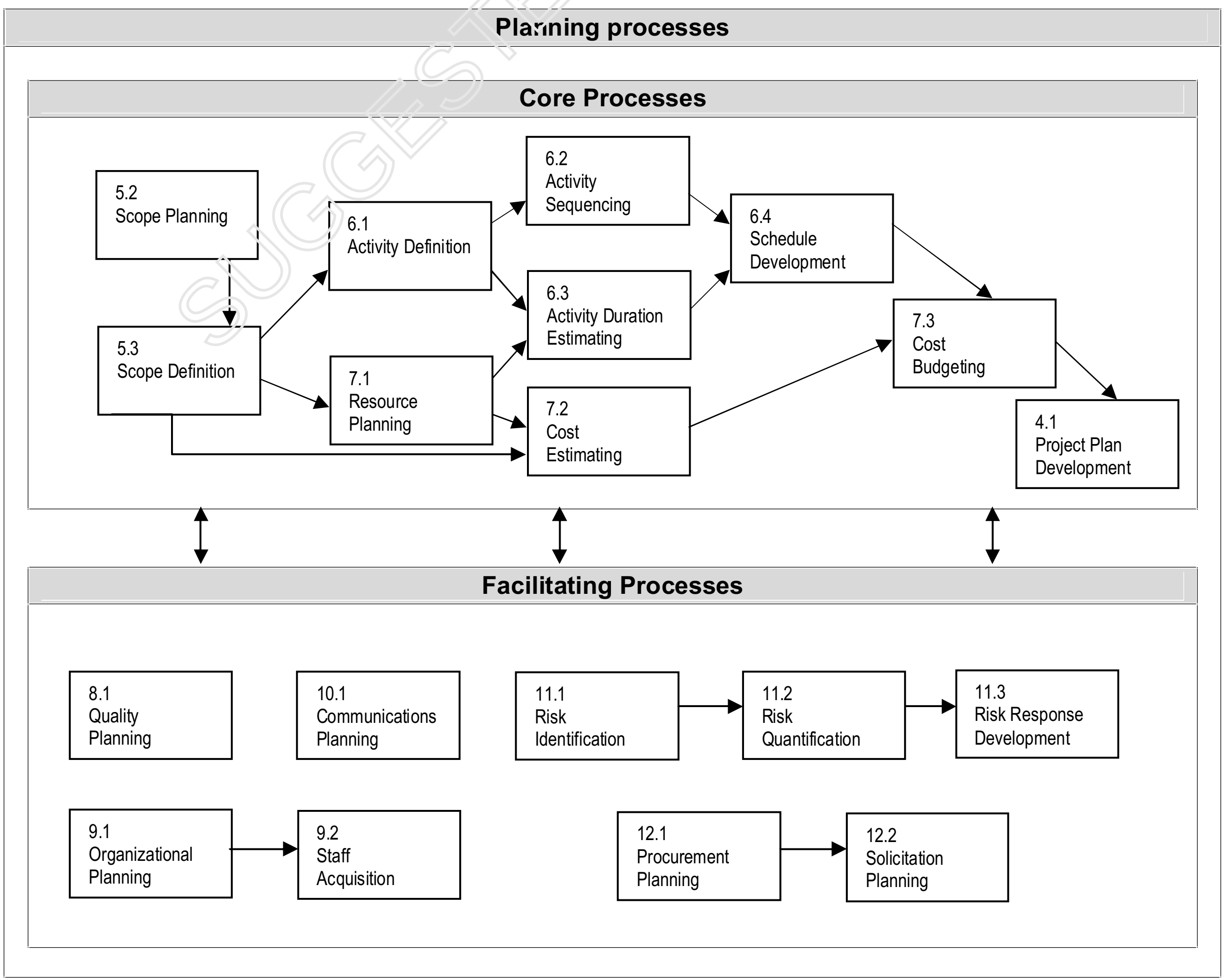
Only the very simplest projects will be without problems. The project manager must bring a sensible approach to their solution.

Q. 4 (b)

PLANNING PROCESSES

Planning is of major importance to a project because the project involves doing something which has not been done before. As a result, there are relatively more processes in this section. However, the number of processes does not mean that project management is primarily planning - the amount of planning performed should be commensurate with the scope of the project and the usefulness of the information developed.

These processes are subject to frequent iterations prior to completing the plan. For example, if the initial completion date is unacceptable, project resources, cost, or even scope may need to be redefined. In addition, planning is not an exact science-two different teams could generate very different plans for the same project.



Core processes. Some planning processes have clear dependencies that require them to be performed in essentially the same order on most projects. For example, activities must be defined before they can be scheduled or costed. These core planning processes may be iterated several times during any one phase of a project. They include:

- Scope Planning
- Scope Definition
- Activity Definition
- Activity Sequencing
- Activity Duration Estimating
- Schedule Development
- Resource Planning
- Cost Estimating
- Cost Budgeting
- Project Plan Development

Q. 5 (a)

Project Communications Management includes the processes required to ensure timely and appropriate generation, collection, dissemination, storage, and ultimate disposition of project information. It provides the critical links among people, ideas, and information that are necessary for success. Everyone involved in the project must be prepared to send and receive communications in the project "language" and must understand how the communications they are involved in as individuals affect the project as a whole Project Communications Management provides an overview of the following major processes:

- Communications Planning
- Information Distribution
- Performance Reporting
- Administrative Closure

Project Communications Management

10.1
Communication Planning
1. **Inputs**
   1. Communication requirements
   2. Communications technology
   3. Constraints
   4. Assumptions
2. **Tools and Techniques**
   1. Stakeholder analysis
3. **Outputs**
   1. Communications management plan

10.2
Information Distribution
1. **Inputs**
   1. Work results
   2. Communications management plan
   3. Project plan
2. **Tools and Techniques**
   1. Communications skills
   2. Information retrieval systems
3. **Outputs**
   1. Project records

10.3
Performance Reporting
1. **Inputs**
   1. Project plan
   2. Work results
   3. Other project records
2. **Tools and Techniques**
   1. Performance reviews
   2. Variance analysis
   3. Trend analysis
   4. Earned value analysis
   5. Information distribution tools and techniques
3. **Outputs**
   1. Performance reports
   2. Change requests

10.4
Administrative Closure
1. **Inputs**
   1. Performance measurement documentation
   2. Documentation of the product of the project
   3. Other project records
2. **Tools and Techniques**
   1. Performance reporting tools and techniques
3. **Outputs**
   1. Project achieves
   2. Formal acceptance
   3. Lessons learned

These processes interact with each other and with the processes in the other knowledge areas as well. Each process may involve effort from one or more individuals or groups or individuals based on the needs of the project. Each process generally occurs at least once in every project phase.

Q. 5 (b)

Some of the major reasons for failure of projects are:

(a) Unproven technology

The use of new technological developments is likely to be a feature of any project. The range of such development extends from fairly routine and non-critical improvements through major innovations capable of transforming working practices. As the practical potential of a technical change moves from minor to major so too moves its potential to cause disruption something goes wrong with it.

(b) Changing client specifications

It is not unusual for clients' notices of what they want to evolve during the lifetime of the project. However, if the work is to come in on time and on budget, they must be aware of what is technically feasible, reasonable in their aspirations, prompt with their decisions and, ultimately, prepared to freeze the specification so that it can be delivered.

(c) Politics

This problem area includes politics of all kinds, from those internal to an organization managing its own projects, to the effect of national and international politics on major undertakings. Identification of a senior figure with a project; public interest and press hysteria; hidden agendas; national prestige; and political dogma can all have harmful effects on project management. Lack of senior management support is an important political problem.

(d) Poor project management

(i) ***Over Optimism.*** Unrealistic deadlines may be accepted for instance, or impossible levels of performance promised.

(ii) ***Over-promotion of technical staff.*** It is common for people with a high level of technical skills to be promoted. Only then is it made clear that they lack management and leadership ability.

(iii) ***Poor planning.*** Realistic timescales must be established, use of shared resources must be planned and, most fundamental of all, jobs must be done in a sensible sequence.

(iv) ***Poor control.*** Progress must be under continuous review and control action must be taken early if there are problems. The framework of control must provide for review at all levels of management and prompt reporting of problems. Communication and relationship skills must be deployed to a high standard by the project manager.

Q.6 (a)

Organizational design is a process that involves decisions about six key elements: work specialization, departmentalization, chain of command, span of control, centralization and decentralization, and formalization.

WORK SPECIALIZATION

Adam Smith first identified division of labour in the late eighteenth century and concluded that it contributed to increased employee productivity. Early in the twentieth century, Henry Ford used this concept in an assembly line where every Ford worker was assigned a specific, repetitive task. By breaking jobs into small standardized tasks, which could be performed over and over again, Ford was able to produce cars at the rate of one every 10 seconds, while using relatively low-skilled workers. The term work specialization describe the degree to which tasks in an organization are divided into separate jobs. The essence of work specialization is that an entire job is not done by one individual but instead is broken down into steps, and each step is completed by a different person. Individual employees specialize in doing part of an activity rather than the entire activity.

Once jobs have been divided up through work specialization, they have to be grouped back together so that common tasks can be coordinated. The basis by which jobs are grouped together is called departmentalization. Every organization will have its own specific way of classifying and grouping work activities.

The chain of command is the continuous line of authority that extends from upper organizational levels to the lowest levels and clarifies who reports to whom. It helps employees answer questions such as "Who do I go to if I have a problem?" or "To whom am i responsible?"

SPAN OF CONTROL

How many employees can a manager efficiently and effectively manage? This question of span of control is important because, to a large degree, it determines the number of levels and managers an organization has. All things being equal, the wider or larger the span, the more efficient the organization.

CENTRALIZATION AND DECENTRALIZATION

In some organizations, top managers make all the decisions and lower-level managers and employees simply carry out their directives. At the other extreme are organizations in which decision making is pushed down to the managers who are closest to the action. The former organizations are highly centralized, and the latter are decentralized.

Centralization describes the degree to which decision making is concentrated at a single point in the organization. If top managers make the organization's key decisions with little or no input from below, then the organization is centralized. In contrast, the more that lower-level employees provide input of actually make decisions, the more decentralization there is.

FORMALIZATION

Formalization refers to the degree to which jobs within the organization are standardized and the extent to which employee behaviour is guided by rules and procedures. If a job is highly formalized, then the person doing that job has a minimum amount of discretion over what is to be done, when it's to be done, and how he or she could do it. Employees can be expected to handle the same input in exactly the same way, resulting in consistent and uniform output.

Q.6 (b)

The performance of a project team will be enhanced by emphasizing upon the followings:

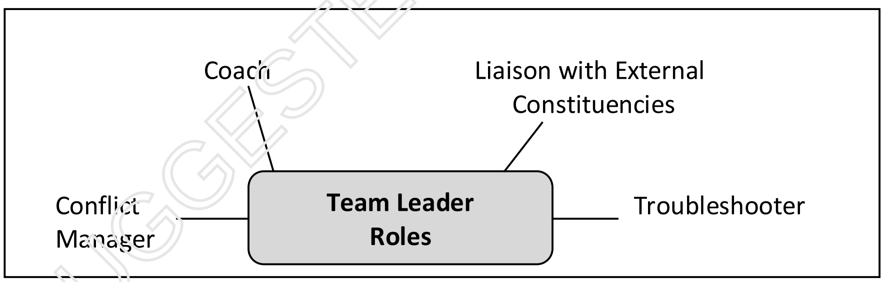
a. Effective communication.
b. All members being aware of the teams purpose and the role of each team member.
c. Collaboration and creativity among team members.
d. Trusting, supportive environment in the group.
e. A commitment to meeting the agreed schedule.
f. Innovation/ creative behaviour.
g. Team members highly interdependent, interface effectively.
h. Capacity for conflict resolution.
i. Results orientation.
j. High energy levels and enthusiasm.
k. An acceptance of change.
l. Sincerity and faithfulness

Q.7 (a)

Path goal theory states that it's the leader's job to assist his or her followers in attaining their goals and to provide the direction or support needed to ensure that their goals are compatible with the overall objectives of the group or organization. Developed by Robert House, path-goal theory is a contingency model of leadership that takes key elements from the expectancy theory of motivation.

According to path-goal theory, a leader's behaviour is acceptable to group members to the degree that they view it as an immediate source of satisfaction or as a means of future satisfaction. A leader's behaviour is motivational to the extent that it (1) makes the satisfaction of subordinates' needs contingent on effective performance and (2) provides the coaching, guidance, support, and rewards that are necessary for effective performance. To test these statements, House identified four leadership behaviours:

- Directive leader: lets subordinates know what's expected of them, schedules work to be done, and gives specific guidance on how to accomplish tasks
- Supportive leader: is friendly and shows concern for the needs of followers
- Participative leader: consults with group members and uses their suggestions before making a decision
- Achievement-oriented leader: sets challenging goals and expects followers to perform at their highest level.



Many of these responsibilities apply to managers' jobs in general. However, a more meaningful way to describe the team leader's job is to focus on two priorities: (1) managing the team's external boundary and (2) facilitating the team process. These priorities can be broken down into four specific leadership roles.

- First, team leaders are liaisons with external constituencies
- Next, team leaders are trouble-shooters
- Third, team leaders are conflict managers
- Finally, team leaders are coaches

Q.7 (b)

One reason is that it can lead to other organizational outcomes such as improved predictability of environmental changes, more successful innovations, greater degrees of trust among stakeholders, and greater organizational flexibility to reduce the impact of change. 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 given for managing external stakeholder relationships is that it's the "right" thing to do. It means that an organization depends on these external groups as sources of inputs (resources) and as outlets for outputs (goods and services), and managers should consider their interests as they make decisions and take actions.

There are four steps in managing external stakeholder relationships. The first step is identifiying who the organization's stakeholders are. Which of the various external groups might be impacted by decisions that managers make and which external groups might influence those decisions? Those external groups that are likely to be influenced by and to influence organizational decisions are the organization's stakeholders. The second step is for managers to determine what particular interests or concerns these stakeholders might have-product quality, financial issues, safety of working conditions, environmental protections, and so forth. Next managers must decide how critical each stakeholder is to the organizations' decisions and actions.

Once managers have determined these things, the final step is determining what specific approach they should use to manage the external stakeholder relationships. This decision depends on how critical the 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.

THE END