Total Marks = 90

Q.2 (a) The Universality of Management:

Management is needed in all types and sizes of organisations, at all organizational levels and in all organizational work areas, and in all organizations, no matter where they're located. This is known as the universality of management. In all these organizations, managers must plan, organize, lead, and control. However, that's not to say that management is done the same way.

Management is universally needed in all organizations, so we want to find ways to improve the way organizations are managed. Organizations that are well managed and we'll share many examples of these to text develop a loyal customer base, grow, and prosper. Those that are poorly managed find themselves losing customers and revenues. By studying management, you'll be able to recognize poor management and work to get it corrected. In addition, you'll be able to recognize and support good management, whether it's in an organization with which you're simply interacting or whether it's in an organization in which you're employed.

The Reality of Work:

Besides the universality of management, another reason for studying management is the reality that for most of you, once you graduate from college and begin your career, you will either manage or be managed. For those who plan to be managers, an understanding of management forms the foundation on which to build your management skills. For those of you who don't see yourself managing, you're still likely to have to work with managers. Also, assuming that you will have to work for a living and recognizing that you are very likely to work in an organization, you'll probably have some managerial responsibilities even if you're not a manager.

Rewards and Challenges of Being a Manager:

There are many challenges. Management can be a tough and often thank-less job. 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're 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're 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 fulfilment 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'll get to meet and work with a variety of people both inside and outside the organization. Other rewards may include receiving recognition and status in your organization and in the community, playing a role in influencing organizational 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.

b) Direction of Information Flows:

Formal channels of communication in an organisation may run in three main directions.

(a) **Vertical:** i.e., up and down the scalar chain.

(i) Downward communication is very common, and takes the form of instructions, briefings, rules and policies, announcement of plans and so on, from superior to subordinate.

(ii) Upward communication is rarer – but very important for the organization. It takes the form of reporting back, feedback, suggestions and so on. Managers need to encourage upward communication to take advantage of employees' experience and know-how, and to be able to understand their problems and needs in order to manage better.

(b) **Horizontal or lateral:** between people of the same rank, in the same section or department, or in different sections of departments. Horizontal communication between 'peer groups' is usually easier and more direct then vertical communication, being less inhibited by considerations of rank.

(i) Formally: to co-ordinate the work of several people, and perhaps departments, who have to co-operate to carry out a certain operation

(ii) Informally: to furnish emotional and social support to an individual

(c) **Diagonal:** This is interdepartmental communication by people of different ranks. Departments in the technostructure which serve the organization in general, such as Human Resources or Information Systems, have no clear 'line authority' linking them to managers in other departments who need their involvement. Diagonal communication aids co-ordination, and also innovation and problem-solving, since it puts together the ideas and information of people in different functions and levels. It also helps to by-pass longer, less direct channels, avoiding blockages and speeding up decision-making.

General problems which can occur in the communication process include:

(a) Distortion
(b) Noise
(c) Misunderstanding
(d) Non-verbal signs
(e) Feedback
(f) Overload
(g) Perceptual selection
(h) Differences
(i) Poor communication skills

Q.3 (a) Approaches to Negotiation:

There are two basic approaches to negotiation:

Distributive bargaining	Negotiation is about the distribution of finite resources. One party's gain is another's loss: a 'win-lose' or 'zero sum' equation. If a pay increase of, say, 10% is gained, where the management budget was 5%, the extra has to be funded from elsewhere – shareholders (reduced profits), customers (increased prices), other employee benefits (cuts in training) or whatever.
Integrative bargaining	Negotiation is about joint problem-solving, aiming to find a mutually satisfying (or 'win-win') solution to problems. The aim is not just to get the best outcome for one's own party ('win-lose') but to fulfil the needs of all parties as far as possible.

It is now generally recognised that integrative bargaining is the most constructive, sustainable and ethical approach to negotiation.

During the conduct of the negotiations themselves, participants should consider the following.

(j) Opening presentation
(k) Fact-finding
(l) Identifying common ground
(m) Use of the negotiating strategy and bargaining power
(n) Considering
(o) Making concessions
(p) The negotiating team
(q) Effective communication skills
(r) Leadership

(b) **(i) Factors Affecting the Balance of Trade:**

A number of factors influence a country's balance of trade.

Factor	Influence
Availability, price and quality of goods produced by local producers	If local producers are able to supply the home market with high-quality, competitively priced goods, it will be difficult for overseas producers to export to that market.
Inflation	If a nation's inflation rate is higher than its competitors, producers in that country will face higher costs which will cause the price of their products to rise.
Exchange rates	If a nation's currency weakens against those which export to it, then the goods it imports become more expensive. We shall look at exchange rates again later on.
Trade agreements	Trade agreements affect the volume of imports and exports between nations. Nations are more likely to be able to export competitively to nations they are on an 'even playing field' with.
Taxes, tariffs and trade measures	Taxes and tariffs increase the price of imports, making them less attractive to buy. Governments may attempt to help home producers with subsidies, although free trade agreements mean this may be difficult (or lead to tit-for-tat retaliation).
The business cycle	Nations looking for export-led growth require sufficient demand in overseas markets for their products.

If producers in one country are able to produce something cheaper than producers in other countries, it is likely they will export it. This improves the balance of trade in the country in which the producers are based.

On the other hand, if overseas suppliers are able to supply something cheaper than domestic producers can, demand for imports will increase.

Most countries expect to import some goods and services and export others. For example New Zealand produces lamb for export, far more is produced than the home market could consume. Many countries import oil as they lack their own supply.

The volume of imports and exports, and the price levels of the products and services imported and exported, affect the balance of trade.

(ii) Key drivers for CSR in developing economies include:

(a) **Culture:** Many developing nations already have in their culture a tradition of ethics and community. Often this has come about through religion. As businesses are part of a nation's culture it is natural for such traditions to be followed.

(b) **Politics:** Political reform and the introduction of democracy is common in developing countries as this is often the spark which drives economic development. Countries undergoing development often follow examples of good practice, such as CSR, in developed nations.

(c) **Socio-economic priorities:** Developing countries often face a conflict of priorities. For example, reducing pollution may be desirable to preserve the environment, but cleaner production methods may be more expensive and hinder economic progress.

(d) **Governance gaps:** CSR can be used as a form of governance to 'plug the gaps' that result from poor government services. For example, organizations can be used to provide healthcare or education where the government cannot afford to.

(e) **Market access:** As developed nations have high public pressure for CSR, companies in developing nations must follow the same principles if they are to sell in the same market.

(f) **Multinational companies:** Multinational companies strive for consistency across all their international subsidiaries and production units. Where these are located in developing countries, they will adopt the same policies as those in developed countries. Countries (or companies) that do not adopt CSR are less likely to receive investment (or orders) from MNCs.

Q.4 (a) Measuring quality involves taking into account many variables, which can lead to problems.

Problem	**Explanation**
Conflicting measures	Some measures in the scorecard such as research funding and cost reduction may naturally conflict. It is often difficult to determine the balance which will achieve the best results.
Selecting measures	Not only do appropriate measures have to be devised but the number of measures used must be agreed. Care must be taken that the impact of the results is not lost in a sea information.
Expertise	Measurement is only useful if it initiates appropriate action. Non-financial managers may have difficulty with the usual profit measures. With more measures to consider this problem will be compounded.
Interpretation	Even a financially-trained manager may have difficulty in putting the figures into an overall perspective.
Too many measures	The ultimate objective for commercial organizations is to maximise profits or shareholder wealth. Other targets should offer a guide to achieving this objective and not become an end in themselves.

Total Quality Management (TQM) is the continuous improvement in quality, productivity and effectiveness obtained by establishing management responsibility for processes as well as output.

The following table of principles should help you remember the key elements of TQM.

Principle	**Description**
Prevention	Organisations should take measures that prevent poor quality occurring.
Right first time	A culture should be developed that encourages workers to get their work right first time.
Eliminate waste	The organization should seek the most efficient and effective use of all its resources.

Continuous improvement	The Kaizen philosophy should be adopted. Organizations should seek to improve their processes continually.
Everyone's concern	Everyone in the organization is responsible for improving processes and systems under their control.
Participation	All workers should be encouraged to share their views and the organisation should value them.
Teamwork and empowerment	Workers across departments should form team bonds so that eventually the organization becomes one.

(b) Quality Circles:

A quality circle is a team of workers from within the organisation which meets at intervals to discuss issues relating to the quality of the product or service produced.

A typical quality circle comprises employees from many levels of the organisation who meet regularly. The frequency of meetings varies across organisation – every three months would normally be sufficient.

Suggestions are encouraged regarding how the product or service produced could be made better, and how processes and working practices could be improved. Members are encouraged to analyse issues in a logical way.

Wide issues may also be discussed, as it is recognised that complete working environment will affect quality levels. In some organisations this has led to quality circles having input on issues such as health and safety, employee benefits and bonuses, and training and education programmes.

An organisation can encourage the use of quality circles by:

- Rewarding the circle for suggestions that are implemented (e.g., a share of any savings made).
- Providing a budget and support to run the quality circle in terms of room provision, refreshments, staff to take minutes etc.
- Ensuring management are supportive and prepared to act on useful suggestions from the circle.
- Providing an explanation as to why suggestions not implemented were rejected.
- Management asking the circle for suggestions and comments on specific issues and problems facing the company, without anticipating the outcomes.

The benefits of quality circles include:

(a) Employee involvement improves morale.
(b) Practical improvements/solutions are likely as workers know the processes involved.
(c) Organisation unity is fostered as the circle includes all levels.
(d) Suggestions can result in valuable savings.
(e) A 'culture' of quality is fostered.

Possible drawbacks of quality circles include:

(a) Employee 'power' is hard to control.
(b) The scope of influence can become very wide.
(c) Rejected suggestions may cause resentment.
(d) Business practicalities (e.g., cost) may not be fully understood.

The concept of quality circles has expanded to now include groups drawn from separate organisations but with a common interest.

Q.5 **Typical flexible work arrangements** include:

(a) **Flexitime:** Flexitime is an arrangement where employees work the standard number of hours in a workday (or in some arrangements within a work week), but are given some flexibility as to when they work these hours. Most organizations establish 'core working hours', meaning there are certain hours during the day in which it is mandatory for the employee to be at the workplace. For example, an employee on flexitime may have to work 7.5 hours per day, but be able to start their day anytime between 7 and 10 a.m. and finish between 3 and 6 p.m.

(b) Compressed week: A compressed week is an arrangement where an employee works the standard number of hours in a one-or-two-week period, but compresses those hours into fewer work days (therefore working longer hours on the days the employee is at work). For example, in a 40-hour work week an employee on a compressed work week may work four 10-hour days in a week with one day off, or nine 9-hour days with one day off every two weeks.

(c) Job sharing: Job sharing is an arrangement where two employees share one position. There are many combinations of work hours that are used for job sharing. For example, one employee might work Monday to Wednesday and the other employee Thursday and Friday, or one employee might work mornings and the other afternoons.

(d) Part-time/Reduced hours: Part-time or reduced hours are arrangement where an employee works less than the standard work week hours (and only for those hours).

(e) Telecommuting or homeworking: Telecommuting is an arrangement where an employee works either part or all of the week from a location other than the standard place of work (office). Typically employees in such an arrangement work from their homes. For example, an employee may work three days a week at the office and two days a week from home.

Organisations introduction flexible working should compile a formal flexible work agreement to be completed and signed by the employer and the employee. The agreement should include the specific details of the arrangement.

Advantages	**Disadvantages**
The potential benefits to the employer are: • Increased employee motivation and productivity • Increased employee commitment to the organisation • The ability to attract high performing individuals • Reduced absenteeism and staff turnover.	Possible disadvantages to the employer include: • Increased difficulty co-ordinating work • Loss of direct control • Dilution of the organisation's culture as employees see less of each other.
The potential benefits to the employee are: • Reduction in stress due to conflicting personal and professional priorities • Increased job satisfaction, energy and	Potential disadvantages to employee include: • Loss of the distinction between home and office life • Increased possibility of being distracted

creativity • Reduced cost of commuting • Wider choice of housing as employees can live further from work • Ease of balancing work/life commitments • Privacy.	from work tasks • Lack of space at home for office equipment • Lack of facilities such as IT equipment • Increased utility bills as the employee is at home more often • Lack of social contract with other employees.

Q.6 (a) Contents of a Marketing Plan

Section	Purpose
Executive summary	Presents a brief summary of the main goals and recommendations of the plan for management review, helping top management to find the plan's major points quickly. A table of contents should follow the executive summary.
Current marketing situation	Describes the target market and company's position in it, including information about the market, product performance, competition, and distribution. This section includes: • A market description that defines the market and major segments, then reviews customer needs and factors in the marketing environment that may affect customer purchasing. • A product review that shows sales, prices, and gross margins of the major products in the product line. • A review of competition that identifies major competitors and assesses their market positions and strategies for product quality, pricing, distribution, and promotion. • A review of distribution that evaluates recent sales trends and other developments in major distribution channels.
Threats and opportunities analysis	Assesses major threats and opportunities that the product might face, helping management to anticipate important positive or negative developments that might have an impact on the firm and its strategies.
Objectives and issues	States the marketing objectives that the company would like to attain during the plan's term and discusses key issues that will affect their attainment. For example, if the goal is to achieve a 15 percent market share, this section looks at how this goal might be achieved.
Marketing strategy	Outlines the broad marketing logic by which the business unit hopes to achieve its marketing objectives and specifics of target markets, positioning, and marketing expenditure levels. How will the company create value for customers in order to capture value from customers in return? This section also outlines specific strategies for each marketing mix element and explains how each responds to the threats, opportunities, and critical issues spelled out earlier in the plan.
Action programs	Spells out how marketing strategies will be turned into specific action programs that answer the following questions: What will be done? Who will do it? How much will it cost?
Budgets	Details a supporting marketing budget that is essentially a projected profit-and-loss statement. It shows expected revenues (forecasted number of units sold and the average net price) and expected costs (for production, distribution, and marketing). The difference is the projected profit. Once approved by higher management, the budget becomes the basis for materials buying, production scheduling, personnel planning, and marketing operations.
Controls	Outlines the control that will be used to monitor progress and allow

	higher management to review implementation results and spot products that are not meeting their goals. It includes measures of return on marketing investment.

(b) Brands are more than just names and symbols. They are a key element in the company's relationships with consumers. Brands represent consumers' perceptions and feelings about a product and its performance –everything that the product or service means to consumers. In the final analysis, brands exist in the heads of consumers. As one well-respected marketer once said, "Products are created in the factory, but brands are created in the mind".

Desirable qualities for a brand name include the following: (1) It should suggest something about the product's benefits and qualities. (2) It should easy to pronounce, recognize, and remember. (3) The brand name should be distinctive. (4) It should be extendable. (5) The name should translate easily into foreign languages. (6) It should be capable of registration and legal protection. A brand name cannot be registered if it infringes on existing brand names.

Choosing a new brand name is hard work. After a decade of choosing quirky names (Yahoo!, Google) or trademark-proof made-up names (Novartis, Aventis, Lycos), today's style is to build brands around names that have real meaning.

Once chosen, the brand name must be protected. Many firms try to build a brand name that will eventually become identified with the product category. To protect their brands, marketers present them carefully using the word "brand" and the registered trademark symbol.

A company has four choices when it comes to developing brands. It can introduce line extensions, brand extensions, multibrands, or new brands.

Line Extensions

Line Extensions occur when a company extends existing brand names to new forms, colors, sizes, ingredients, or flavour of an existing product category.

A company might introduce line extensions as a low-cost, low-risk way to introduce new products. Or it might want to meet consumer desires for variety, to use excess capacity, or simply to command more shelf space from resellers. However, extensions involve some risks. An overextended brand name might lose its specific meaning.

Brand Extensions

A brand extension extends a current brand name to new or modified products in a new category. For example, Kimberly-Clark extended its market-leading Huggies brand from disposable diapers to a full line of toiletries for tots, from shampoos, lotions, and diaper-rash ointments to baby wash, disposable washcloths, and disposable changing pads. And Nestle has leveraged the strength of its Maggi brand to launch several new lines: Maggi Noodles, Maggi Tomato Ketchup, and Maggi Soups.

A brand extension gives a new product instant recognition and faster acceptance. It also saves the high advertising costs usually required to build a new brand name. A the same time, a brand extension strategy involves some risk.

Companies that are tempted to transfer a brand name must research how well the brand's associations fit the new product.

Multibrands

Companies often introduce additional brands in the same category. Thus, Hindustan Unilever and Procter & Gamble markets many different brands in each of their product categories. Multibranding offers a way to establish different features and appeal to different buying motives. It also allows a company to lock up more reseller shelf space.

A major drawback of multibranding is that each brand might obtain only a small market share, and none may be very profitable. The company may end up spreading its resources over many brands instead of building a few brands to a highly profitable level. These companies should reduce the number of brands they sell in a given category and set up tighter screening procedures for new brands.

New Brands

A company might believe that the power of its existing brand name is waning and a new brand name is needed. Or it may create a new brand name when it enters a new product category for which none of the company's current brand names are appropriate. For example, Tata Motors created the separate Ace brand, targeted toward small transporters or those who have just started their transport business.

THE END