

Biyani's Think Tank

Concept based notes

Functional Management

B.Com. Part-III

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Preface

I am glad to present this book, especially designed to serve the needs of the students. The book has been written keeping in mind the general weakness in understanding the fundamental concepts of the topics. The book is self-explanatory and adopts the "Teach Yourself" style. It is based on question-answer pattern. The language of book is quite easy and understandable based on scientific approach.

I any further improvement in the contents of the book by making corrections, omission and inclusion in keen to be achieved based on suggestions from the readers for which the author shall be obliged.

I acknowledge special thanks to Mr. Rajeev Biyani, Chairman & Dr. Sanjay Biyani, Director (Acad.), Biyani's Group of Colleges, who are the backbones and main concept provider and also have been constant source of motivation throughout this endeavour, who played an active role in coordinating the various stages of this endeavour and spearheaded the publishing work.

I look forward to receiving valuable suggestions from professors of various educational institutions, other faculty members and students for improvement of the quality of the book. The reader may feel free to send in their comments and suggestions to the under mentioned address.

Author

CHAPTER-1

Human Resources

Q. 1. What do you mean by Human Resources Management? Briefly; discuss the nature and importance of Human resources management?

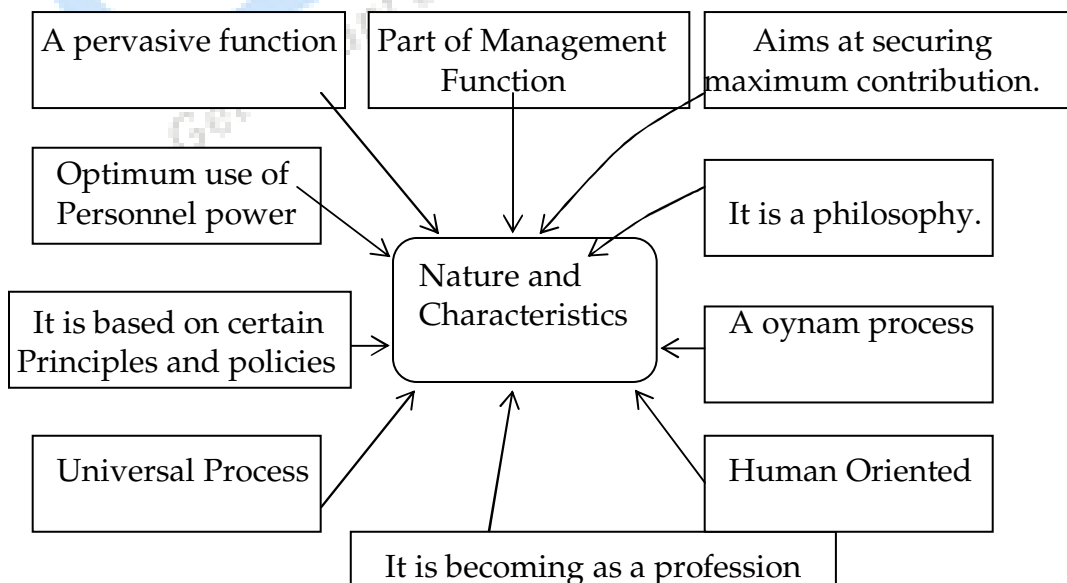
Ans: Human resources management is a function of management with the primary objectives of ensuring that every employee makes his fullest contribution to the achievement of the objectives of business.

George R. L Terry observes ;- "Human resources management is concerned with the obtaining and maintaining of a satisfactory and satisfied work force".

In the words of "Edwin B.Elippo, "Personnel Management/Human Resources management is the planning, organizing, directly and controlling of the procurement, development, compensation, integration and maintenance of people for the purpose of contributing to organization goals.

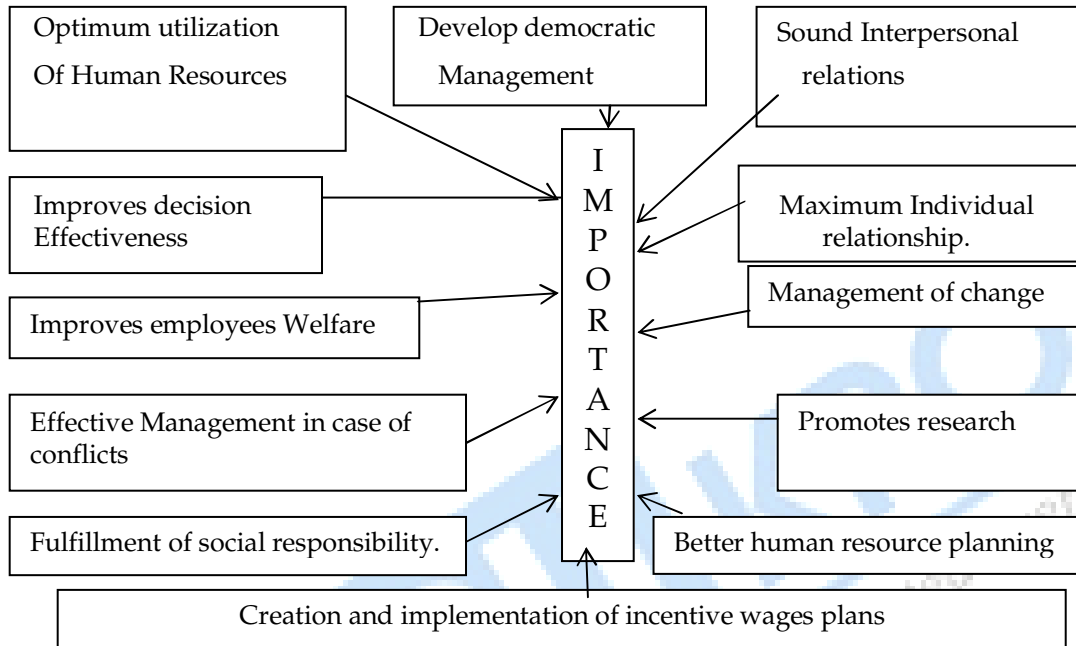
In the words of **Pigars and Myeres** "Personnel Administration is a method of developing the potentialities of employee that they get maximum satisfaction out of their work and give best efforts to the organization".

Thus personnel management is the part of the Management function which is concerned with the people at work. It aims at calculating the people at work with the activities necessary to achieve the organizational goals.



Need and importance of Personnel Management

The needs and importance of personnel management in modern organization can be enumerated as below :-



Q.2. Explain various functions of Human Resources Management?

Ans. Broadly speaking, personnel management functions may be classified into two categories namely :

- i) Managerial Functions and
- ii) Operative Functions

I. **Managerial Functions:-** A brief description of various managerial functions is given below:

- Human Resource Planning
- Organizing
- Motivation
- Controlling

II. **Operative Functions:-** Important operative functions of personnel Management are as follows:

- Procurement (Recruitment and selection)

- Job Analysis and design
- Performance appraisal functions
- Employee training and development
- Wage and salary administrations
- Employee welfare
- Maintenance
- Discipline
- Labour relations
- Personnel Research
- Personnel Record
- Public Relations

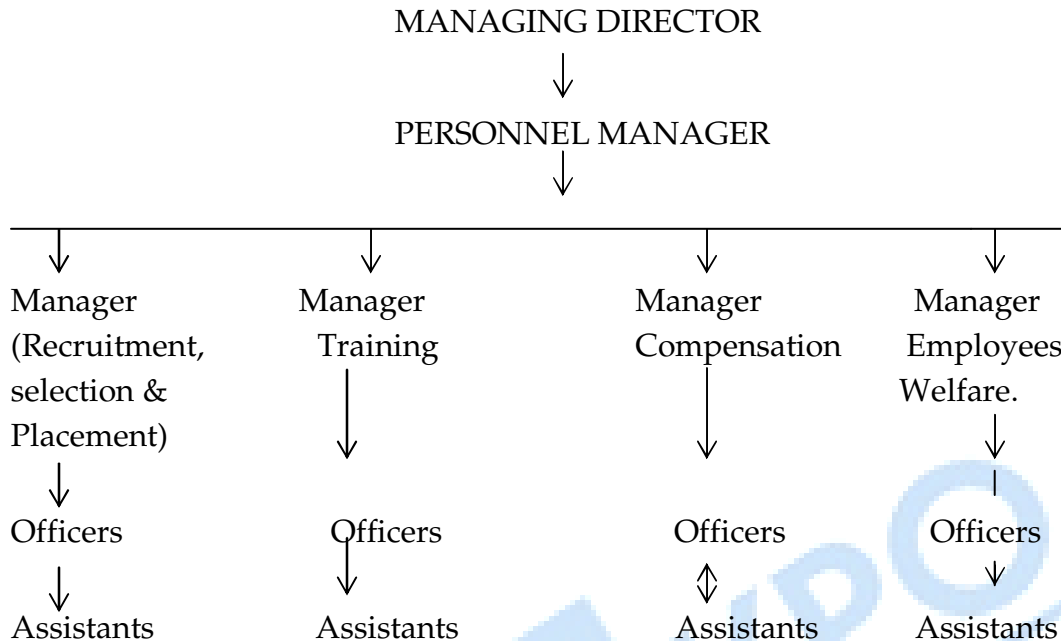
Q.3. Write a short note on organization of Personnel Department.

Ans. The internal organization structure of the personnel department varies widely depending upon the nature and size of enterprise, its philosophy and its external environment. On the basis of that, we come out with your type of organization :-

- i) Personnel department and Line Managers.
- ii) Personnel Department in Functional organization.
- iii) Personnel Department in line and staff organization.
- iv) Personnel department in Matrix organization.

(1) Personnel Department and Line Managers:-

- (i) In Line organizations, authority flows in straight line from top to the bottom and every supervisor has direct command over his immediate subordinate. Every employee is accountable to one superior, that is, there is unity of command.
- (ii) The authority relationships are clear and there is strict discipline.
- (iii) There is only disadvantage that there is lack of socialization and flexibility.



Personnel Department in Functional Organization :-

In functional structure call, activities in a company are grouped according to certain functions like production, Finance, personnel, marketing etc.

Every functional is put under the charge of a functional specialist and the functional head performs a specialized function for the company.

Advantages :

- 1) Functional organization provides advantages of specialization.
- 2) Every operating executive manager carefully concentrates on his function and gets experts advice and assistance.

Disadvantages :

The major drawback is that :

- 1) The line of authority is not clear.
- 2) In the absence of unity of command, coordination and control are affected.

Personal Department in line and staff organization:-

The line and staff structure was evolved to combine the advantages of both line organization and functional organization under it staff positions are attached to Line Executives. Line and staff organization is more appropriate to large enterprise. Line executives can avail of the expert advice and help of staff. But there can be conflicts between line and staff experts.

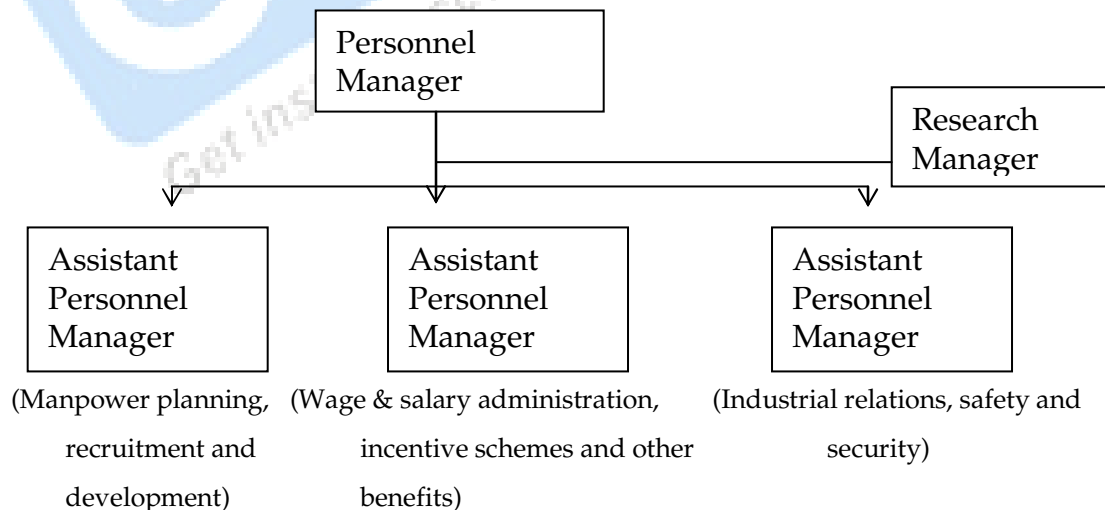
In a large organization where a personnel department which acts generally in advisory capacity and is not responsible for the result which emanates from the advice given.

Responsibility of Personnel Department :

The Personnel Director or Manager acts as the head of the department. He is shouldered with the responsibility of the entire personnel functions.

Following are the qualities of Personnel Manager :

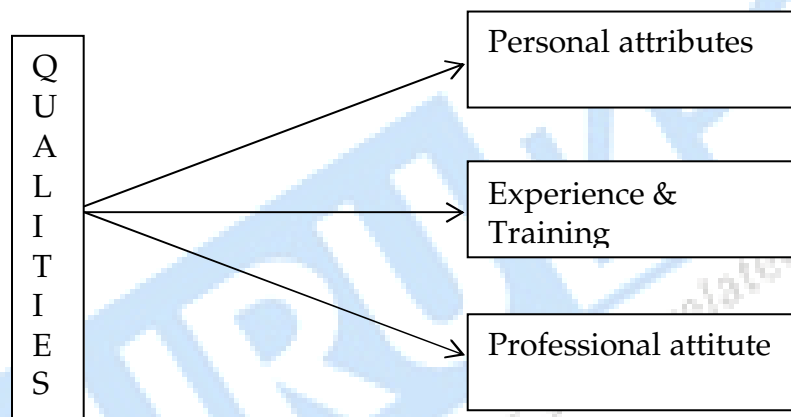
- i) He must be a person of sufficient caliber who can report with confidence to topline officials and talk intelligently with highly skilled departmental heads with a view to help them solve their management problems.
- ii) He is concerned more with developing the policies and programmes regarding employment, wages and salary, administration, training and development, placement, industrial relations, safety and health, employee benefits and services.
- iii) He is responsible formulating industrial relations, objectives and policies of his company.
- iv) He must maintain overall supervision of recruitment, placement, training, programmes, preparation and maintenance of reports required and in short effective executives of his department's functions.
- v) He has to participate in the department's staff meeting.
- vi) He must also help to improve the managerial skills in the organization.
- vii) The Personnel Director or Manager has also to consider carefully how much staff is required in the light of what the organization can afford. He may also have an Assistant Personnel Director or Manage to help him. For example, the organization structure is as under:



Qualifications of Personnel Staff :-

The qualifications required in the personnel staff must vary with the organization concerned. For example, some organizations have no unions in that case wage and salary administration may not be complicated, some organizations have no formal training or programme for development of their employees. Thus the qualifications required in the personnel staff must vary with the organization concerned.

However, generally the qualities required can be summarized into three basic groups, namely.



Personnel Department in Matrix Organization:

In a matrix system, every employee has two bosses. One boss is the head of their own department to which the member permanently belong. The other is the head of the project to which the members ;have been temporarily assigned on computation of the project. They revert back to their respective departments until the next such assignment is made. A typical matrix organisation is exhibited in the below figure.

GENERAL MANAGER

	R & D	Contract administration	Engineering	Manufacturing	
Project Manager	R&D Group Group	Contract Admn Group	Engg.Group	Mfg.Group	A

—	Project Manager B	R&D Group	Contract Admn Group	Engg.Group	Mfg.Group
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Advantages of Matrix organization

- i) One individual namely the project Manager becomes the local points for all matters pertaining to the project.
- ii) Specialized knowledge is available to all projects on an equal basis.
- iii) There can be better balance between cost and performance.
- iv) This type of organization is very flexible and can respond quickly.

Disadvantages:

- i) It violate the traditional organizational principle of unity of command.
- ii) It also create conflicts among members.

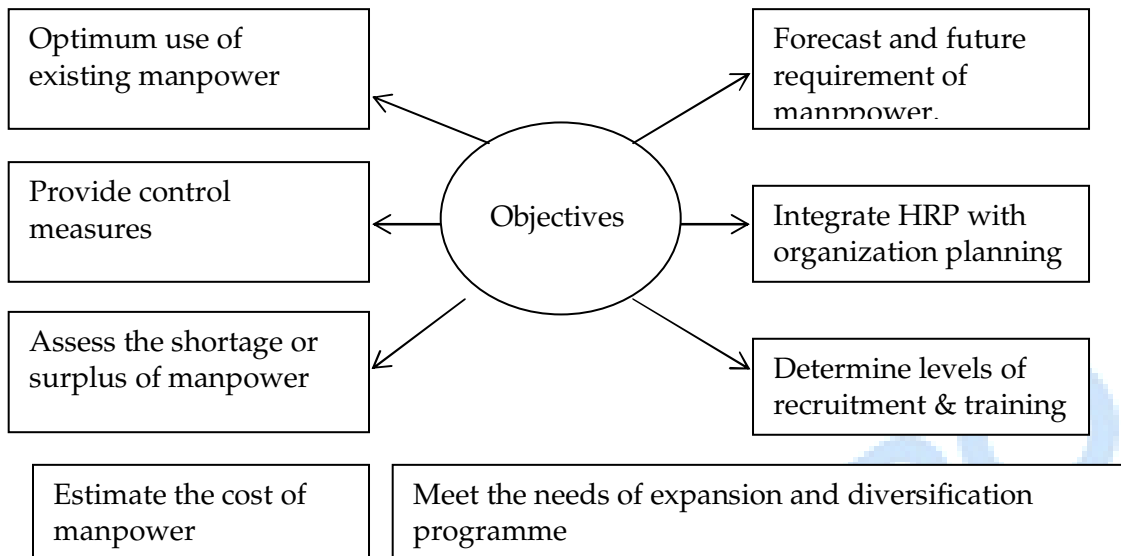
Q. What do you mean by Human Resource planning? Explain the objectives, importance and also its limitations.

Ans. Manpower planning is the process by which an organization ensures that it has the right number and right quality of people at the right place, at the right time capable of effectively and efficiently completing those tasks that will help the organization in achieving its overall objectives.

In the words of Eric W. Vetter "Manpower planning is the process by which management determines how an organization should move from its current manpower position to its desired manpower position. Through it, management strives to have the right number and the right kind of people at right places, at the right time doing things which result in both the organization and the individual receiving, maximum long range benefit"

Objectives :

The main objectives of manpower/human resources planning are as follows:



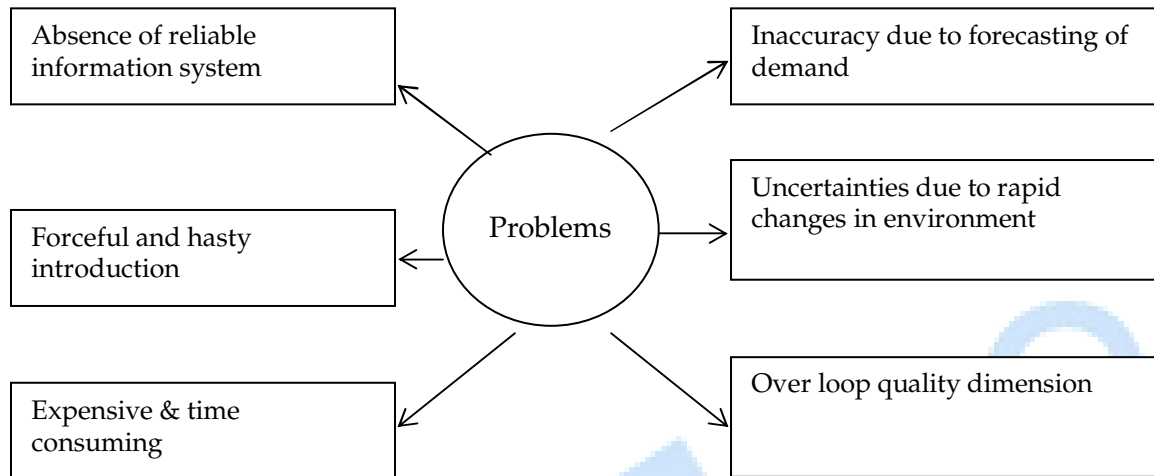
Needs and Importance of Human Resource Planning :

Needs and importance of human resource are as follows:

- i) Manpower planning facilities selection and training of employees with adequate knowledge, experience and aptitudes.
- ii) It facilitates in identifying gaps in existing manpower in terms of their quantity and quality.
- iii) Every year, certain number of employees who retire, die, resign etc. such type of vacancies can be filled through human resource planning.
- iv) It helps in judging the effectiveness of human resource policies and programmes.
- v) Develops awareness on effective utilization of human resources.
- vi) Take steps to control the costs on manpower resources/human resources.
- vii) It helps in planning your labour welfare activities like canteen, housing, medical and health education etc.
- viii) Human resource planning facilitates expansion and diversification of an organization.
- ix) It facilitates in locating surplus manpower employed.
- x) Helps in planning career development programmes for the employees. .

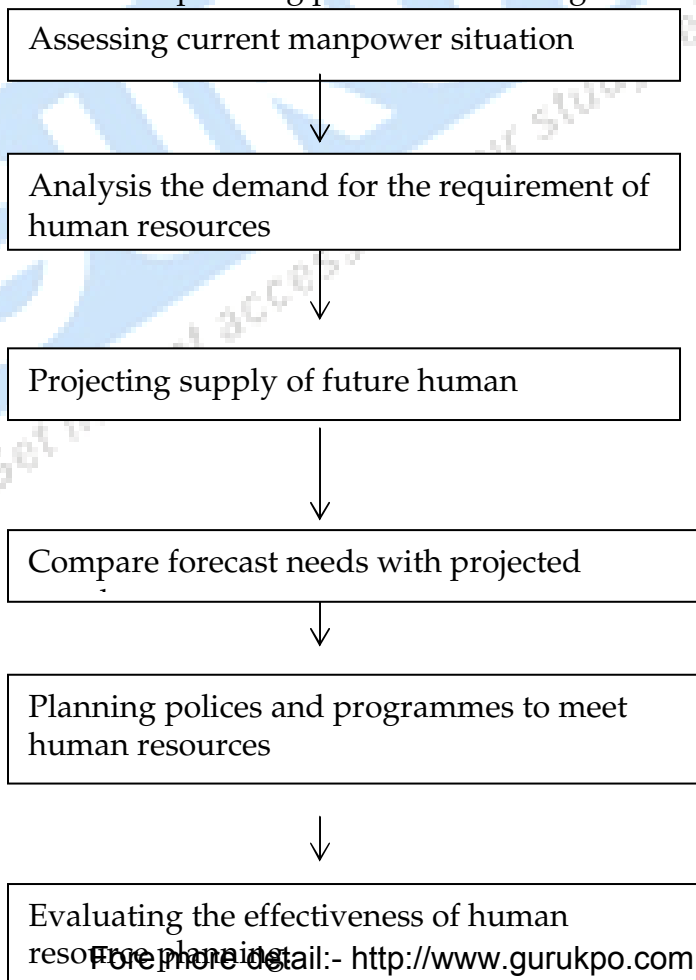
Problems or limitations in Human resources planning :

The major problems which come across in the process of human resources planning are as follows :



Q. Write the steps for the process of human resource planning.

Ans. The human resources planning process has six stages which are as follows:



For more detail:- <http://www.gurukpo.com>

Q. What do you mean by recruitment? Write the steps involved in recruitment process.

Ans. Recruitment is a process of identifying the source for prospective candidates and stimulate them to apply for the job in the organization

Definitions :-

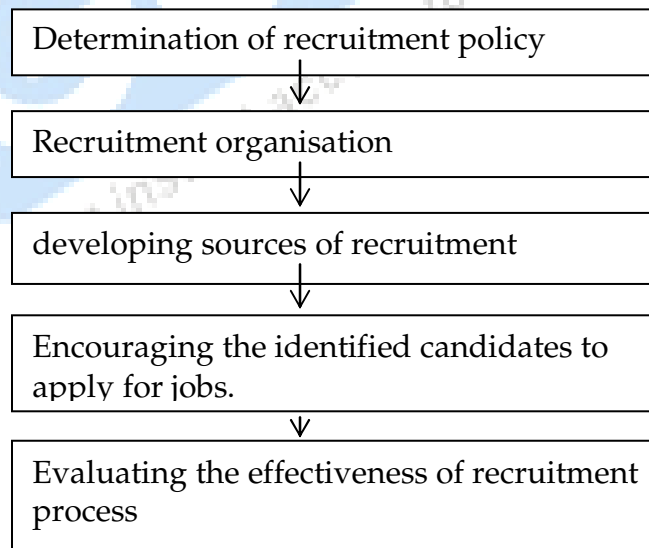
According to **Victor P. Buell**, "Recruitment is the search for the best available candidate for a job."

According to **Edwin B. Plipp**, "Recruitment is the process of searching for prospective employees and stimulating and encouraging them to apply for jobs in the organisation. Hence according to the definitions, the basic features of recruitment are as under :

- i) It is a process involving various activities.
- ii) It is a linking activity.
- iii) The basic objective of recruitment is to determine the sources of recruitment
- iv) Recruitment is a pervasive activity.
- v) It is important managerial function to make it possible the required number of people selected for different jobs according to job requirement.

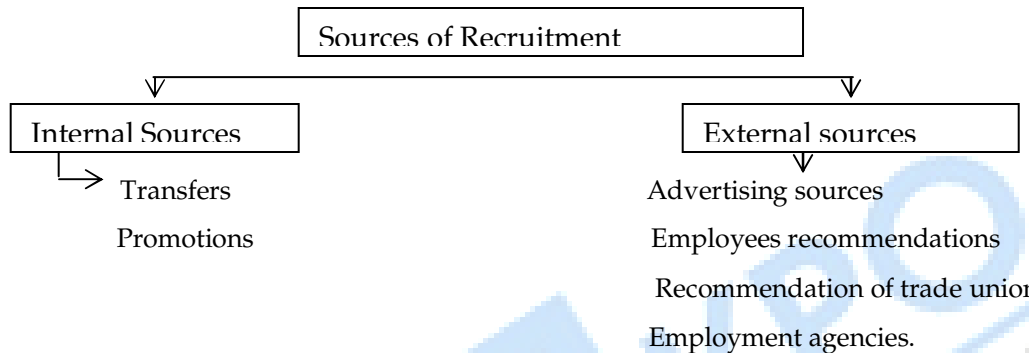
Steps in Recruitment Process :

A good recruitment process consists of the following steps :

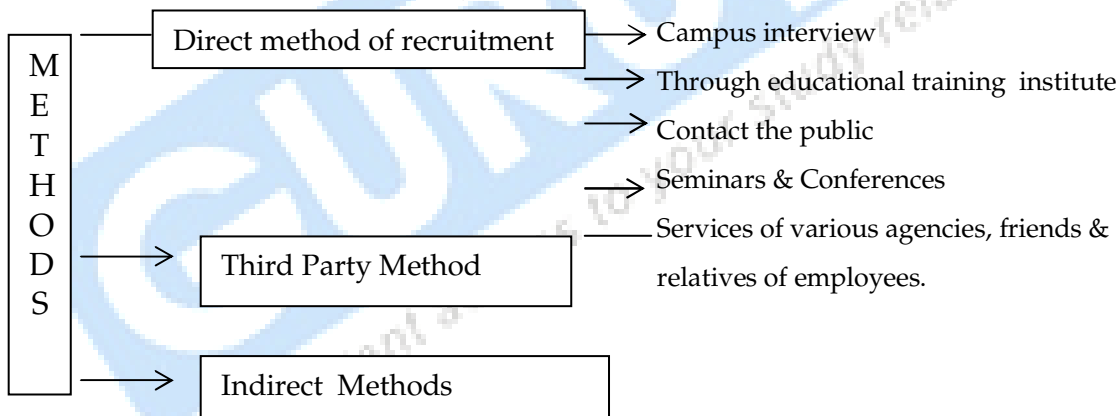


Q. What are the different sources and methods used for recruitment?

Ans. There are basically two type of sources of supply of manpower from which the potential employees can be drawn. These sources are as follows :



Methods of Recruitment: Various methods used for recruitment can be classified into the following three categories :



Q. What do you understand by selection? Also write down the steps involved in selection process.?

Ans. The selection is a process of ascertaining whether or not candidates possess the requisite qualifications, training and experience required. It is a process of matching the essential qualifications of applicants with job requirements.

In the words of odan Dale "Selection is the process in which candidates for employment are divided into two classes; those who are to be offered employment.

Selection Process:

Information Sought: A variety of information may be gathered about candidates for vacancies. The efforts made on gathering such information may be studied in terms of (a) the information which is sought and (b) the means of delivery desired information.

- i) The Screening interview
- ii) The Application blank
- iii) Selection Tests : Interviews, Aptitude Tests, Achievement or Trade Motivation Tests, Situational Tests.

Q. What do you mean by Placement and Induction?

Ans. In the words of Pigors and Myers, "Placement is the determination of the job in which an accepted candidate is to be assigned and his assignment to the job. It is a matching of what the supervisor has reason to think he can do with the job demand

Induction or Orientation

Induction is a process by which a new employee is introduced to the job and the organization that the new entrant feel at home and develop a sense of pride in the organization and commitment to the job.

In the words of Michael Armsstrong "Induction is the process of receiving and welcoming and employing when he first joins a company and giving the best information that needs to settle down quickly and happily and start work".

Q. What do you mean by training. Also Explain its importance.

Ans. Training – Training is a continuous process of increasing knowledge and skills for doing particular job. It is an organized process through which employees learn knowledge and skill and the purpose of training is basically to bridge the gap between job requirements and competence of an employee.

According to National Society of Sales Training, USA "Training is the International sound application of ordinary sense to the problem of helping the trainees to make the most of their talents.

Need and Importance of Training :

- Job Requirements
- Frequently changing technology

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- Organizational Viability
- Better quality of work
- Internal Mobility
- Reduce the time and cost involved on learning.
- Economic use of materials and machines.
- Minimum Supervision
- Lower accident rate
- Good Industrial relations
- Career Development of participants
- Organizational stability

Q. What are the types of Training?

Ans. The types of training are :

- Induction/Orientation training
- Job trading
- Safety training
- Promotional Training
- Refresher Training
- Remedial Training

Q. What are the methods/techniques of training.

Ans. The methods/techniques of training are as under:

- On the job Training
- Vestibule Training
- Apprenticeship training
- Class room training

Q. What do you mean by Human Resource Development (HRD) and its need and importance.

Ans. Human Resource Development is an organized experience aimed at matching the organizational need for human resource together with career development of

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individuals. It is a process involving a series of learning activities designed to produce behavioral and attitudinal changes in individuals so that they may acquire the desired level of competence to execute their roles.

Need and Importance of HRD

- HRD improves the capabilities.
- HRD improves communication system
- Helps on procuring right people
- Improves employee commitment
- Helps for continuous and all round growth
- Improves team work
- Helps on adaptation of skills

Q. What do you mean by Executive Development?

Ans. Executive or Management Development is a process of learning and apply knowledge, skills and insights to manage the work on their organizations effectively and efficiently. Management Development is a process of relating experience to learning.

Objectives of Executive Development :

- To sustain good performance of Managers.
- To ensure availability of required number of managers with the needed skills.
- To expose the managers to the latest concepts and techniques in their respective areas of specialization.
- To replace elderly executives who have risen from the ranks by highly competent and academically qualified professionals.
- To provide opportunities to executives to satisfy their career aspirations.
- To ensure optimum utilization of managerial resources.

Importance of Executive Development :

Importance :

- Increasing size & Complexity of organizations
- To cope with socio-economic changes
- The rapid rate of technological & social change on society
- Reorganization of social & public responsibilities

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- Management of public utilities
- Shift from owner Manager to Professional Manager
- Labour management relations are becoming increasingly.

Q. Explain the methods techniques of Executive Development.

Ans. Methods :

Off the job techniques

- Lectures
- Case studies
- Group Discussions
- Conferences
- Role playing
- Management grades
- Programme Instructions

On the job techniques

- Coaching
- Understudy
- Position Rotation
- Project Assignment
- Committees
- Multiple Management

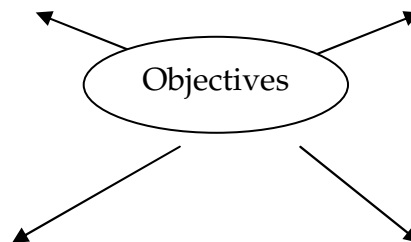
Q. What do you mean by job analysis. Also explain its uses and objectives.

Ans. Job Analysis : Job analysis provides information relating to job in terms of its title, the operations and tasks involved in the job, including their timing, significance, complexity and sequence.

Objectives of Job Analysis :

Simplify the process

Improve productivity



Establish job and time & standards for effective performance

Provide support to other personnel activities.

Uses of job Analysis :

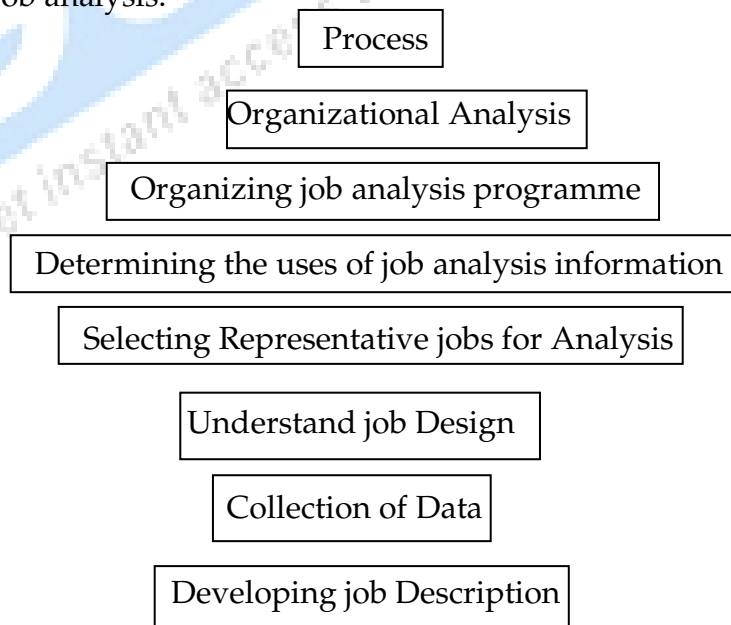
The important benefits from the job Analysis are as follows:

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1. Job Analysis is useful in classifying the jobs.
2. It provides useful information for forecasting manpower requirements.
3. Helps in determining quality of human resources required in an organization and facilitate division of work.
4. It helps in advertising the posts on the basis description and specification.
5. A clear understanding of job requirements help in matching the requirements with the abilities, interests and attitude of people.
6. Job analysis provides valuable information required to identify training needs, to design training programmes and to evaluate trading effectiveness.
7. Employee development programmes such as job rotary, job enlargement.
8. It facilitates in determining performance standards.
9. Improvement in work design and work methods.
10. Job analysis determining the relative worth of different jobs so as to develop appropriate wage and salary structures.
11. It can also contribute to resolve trade disputes and employee grievances.
12. Job analysis reveals unhealthy and hazardous environment condition in various jobs.

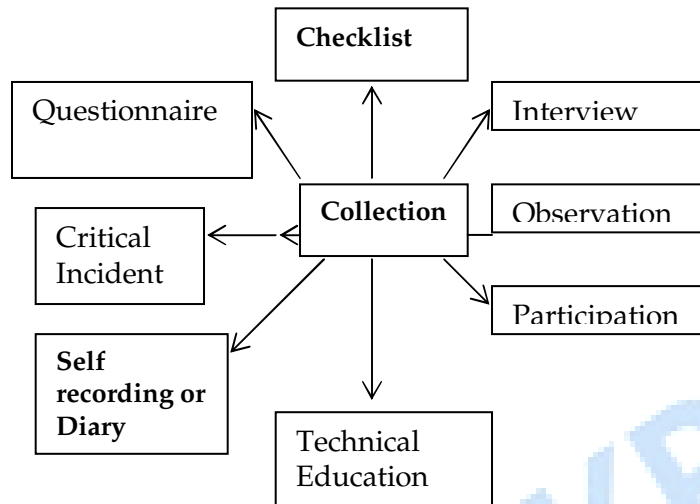
Q. What are the steps involved in job analysis. How will you gather information for job analysis?

Ans. Process of job analysis.



Collection of information for job Analysis:

Following methods may be used to collect information for a job analysis :



Q. Write a short note on job description, job specification, job enlargement and job enrichment.

Ans. Job description :- Job description is a functional description of what the job entails. It is descriptive in nature and defines the purpose and scope of a job. Job description is a written record of the appropriate and authorized contents of a job. It is a factual and organized statement describing the job in terms of the title, location, duties, responsibilities, working conditions, hazards and relationship with other jobs. It tells us what is to be done how it is to be done and why.

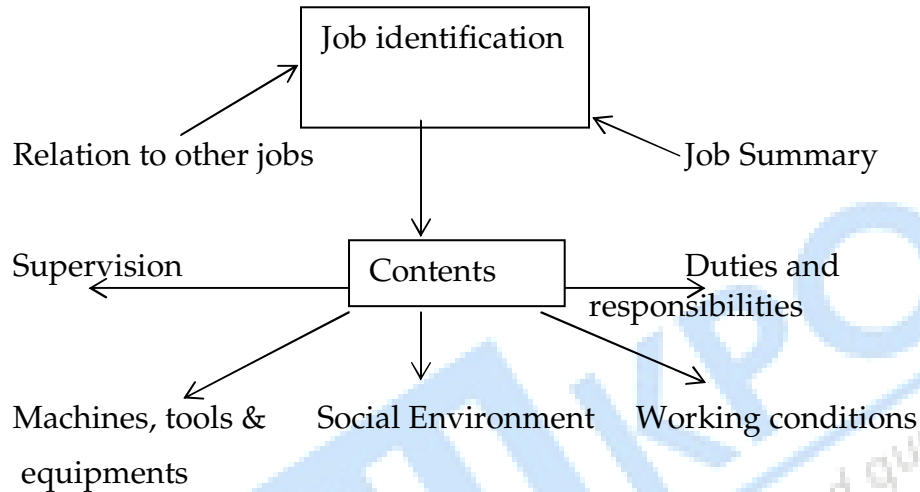
Uses of job Description :-

- i) Job grading and classification
- ii) Placement of new employees on a job orientation towards basis duties & transfers.
- iii) Promotions and transfers.
- iv) Redressal of grievances relating to duties and responsibilities.
- v) Investigations accidents and location faculty work procedure; and duplication
- vi) Work measurement and work improvement
- vii) Defining the limits of authority.
- viii) Health and Fatigue studies.
- ix) Developing performance standards

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- x) Organizational change & development
- xi) Employee counseling vocational guidance.

Contents of job description :-



Job Specification or Man Specification :

Job specification also called man specification is a statement of the minimum acceptable human qualities required for the proper performance of a job.

Utilities of job Specifications: The utilities or the benefits of job specification are as follows:

Utilities : - Job specification tells what kind of a person is required for a given job.

- It serves as a guide in the recruitment and selection processes.
- It is also helpful in training and appraisal of employees.

Job Enlargement and Job Enrichment:

Job Enlargement:

It is the process of increasing the scope of a job by adding more related tasks.

Definition :

In the words of Strauss and Sayler "Job enlargement implies that, instead of assigning one man to each job, a group of men ;can be assigned to a group of jobs and then allowed to decide for themselves how to organize the work. Such changes permit more social contacts and greater control over the work process".

Advantages of job enlargement :

Advantages are as follows :

Job enlargement reduces monotony and boredom by providing the employee a more complete or whole job to do.

Advantages :

It helps to increase interest on work and efficiency.

It is a method of training and developing more versatile employees.

Job Enrichment:

Job enrichment involves designing a job in such a way that it provides the worker greater autonomy for planning and controlling his own performance.

Techniques of Job Enrichment:

The important techniques of job enrichment are as follows :

1. Increasing the scope of a job by adding variety of tasks.
2. Assigning a natural work unit to an employee
3. Allowing the employee to set his own standards or targets.
4. Minimizing controls to provide freedom to the employee.
5. Making an employee directly responsible for his performance.

Techniques

1. Providing the employee control information, so that he may monitor his own performance.
2. Encouraging employees to participate in deciding organizational goals and policies.
3. Introducing new, difficult and creative tasks to the employees.

Job enrichment is thus a very powerful motivational tool.

Q. What do you mean by performance appraisal. Explain the objectives and importance of performance appraisal in human resource management?

Ans. Performance appraisal, the process of deciding how well employees do their jobs has also been called employee rating, employee evaluation, performance review, performance evaluation and results appraisal. Appraisal system measures how well employees are performing their duties and meeting their job responsibilities.

Definition: In the word of **Edwon B.Flippo** “Performance appraisal is the systematic, periodic and an impartial rating of an employee’s excellence in matters pertaining to his present job and his potential for a better job.

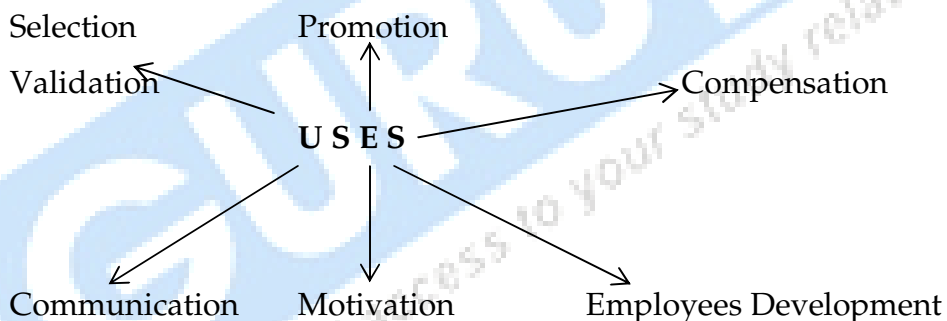
In merit rating, the focus is on judging the caliber of an employee so as to decide salary improvement.

Objectives of Performance Appraisal

1. It helps in determining the wage structure, salary level and compensation package of employee.
2. Analysis the strength and weaknesses.
3. Identify employees who have the potential for future growth and advancement.
4. To provide feedback to the employee.

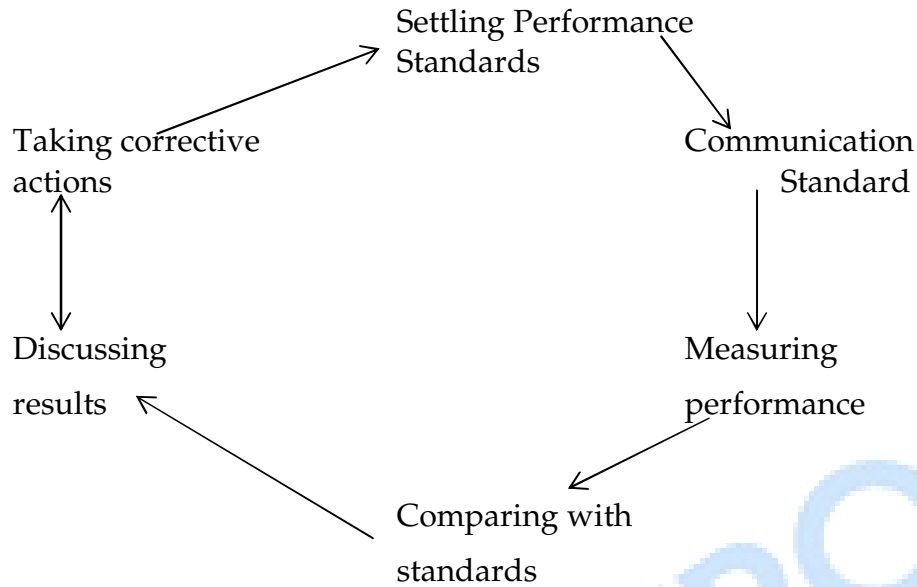
This continuous monitoring of the performance or periodic evaluation is aimed at rating promotional and training policies.

Importance of uses of Performance Appraisal:

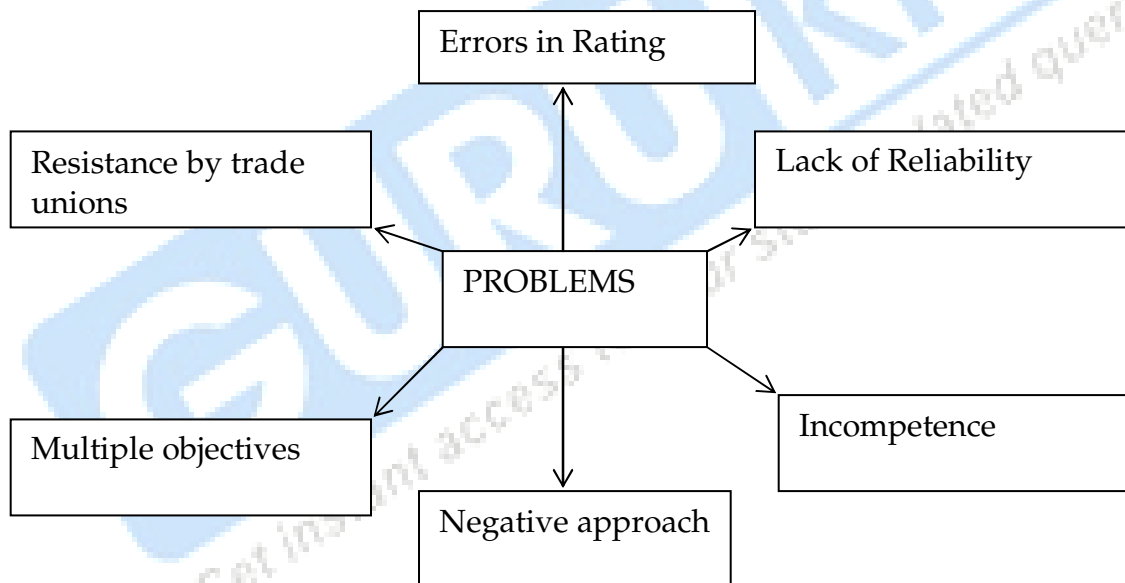


Q. Discuss the process of evaluating employee performance.

Ans. The process of performance appraisal:



Problems or Limitations in Performance Appraisals



Q. Write down the techniques of performance appraisal and merit rating.

Ans.

(A) Traditional Methods:

- i) Confidential report
- ii) Free form or Essay method
- iii) Straight ranking method

(B) Modern Methods

- i) Assessment centre
- ii) Human Resource Accounting
- iii) Appraisal through MBO

- iv) Paired Comparison methods
- v) Graphic rating scales methods
- vi) Checklist method
- vii) Critical Incidents method
- viii) Group Appraisal
- ix) Field review

Q. What do you mean by marketing. Explain its objective?

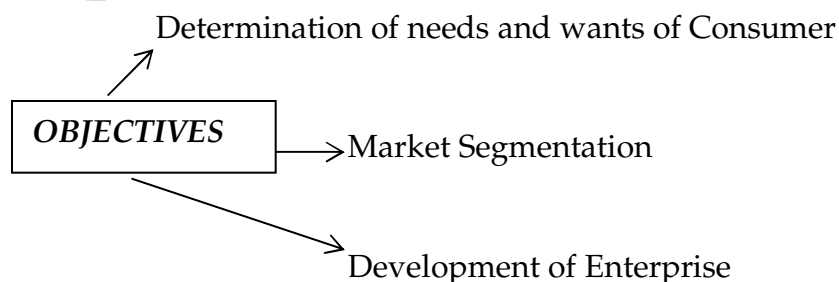
Ans. Marketing: It is the art of identifying and understanding customer's needs, wants; and coming up with a suitable solution that satisfy them and earn sufficient profit for the owners.

Marketing starts with the identification of specific needs of consumer and terminates with satisfaction that needs.

Marketing Management: Marketing management is a managerial activity and includes planning, organizing, directing, motivating and controlling in the field of marketing. It searches the needs and wants of customers, transforms them into goods and services and dedicates these goods and services for consumption.

Definition:

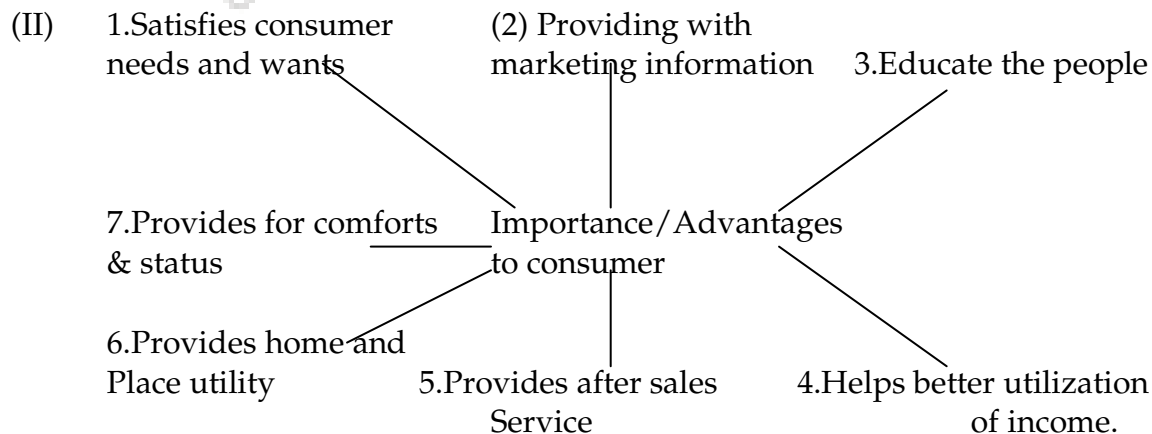
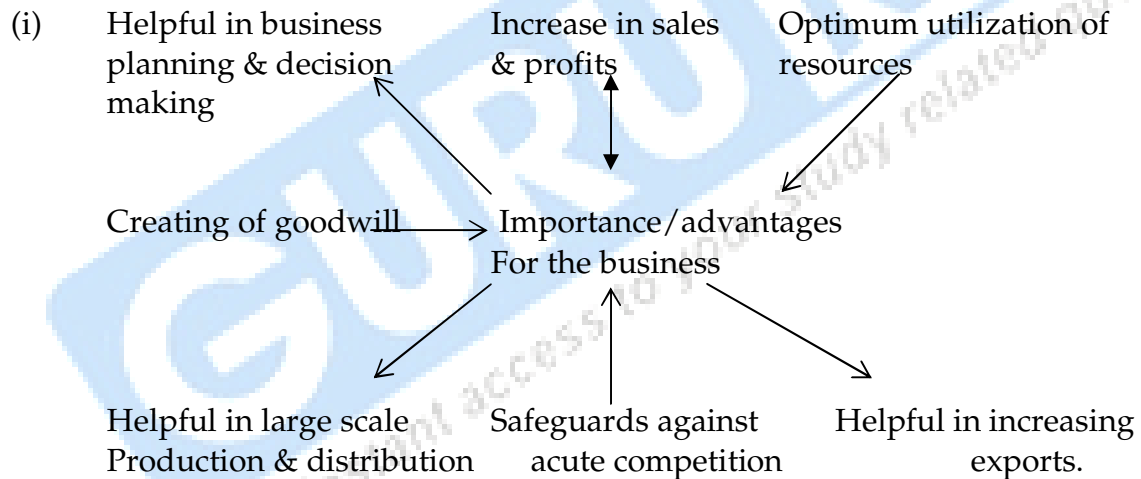
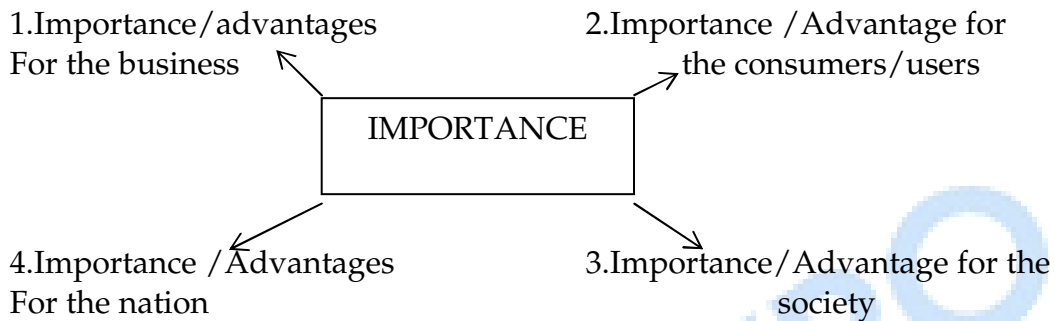
1. In the words of Philip Kotler, "Marketing Management is the analysis, planning implementation and control of programmes designed to bring about desired exchanges with target audiences for the purpose of personal or mutual gain. It relies heavily on the adoption on ward of product, price, promotion and place for achieving response."
2. In the words of Cundiff and Stoll, "Marketing Management is directly concerned with the direction of purposeful activities towards the attainment of marketing goods."

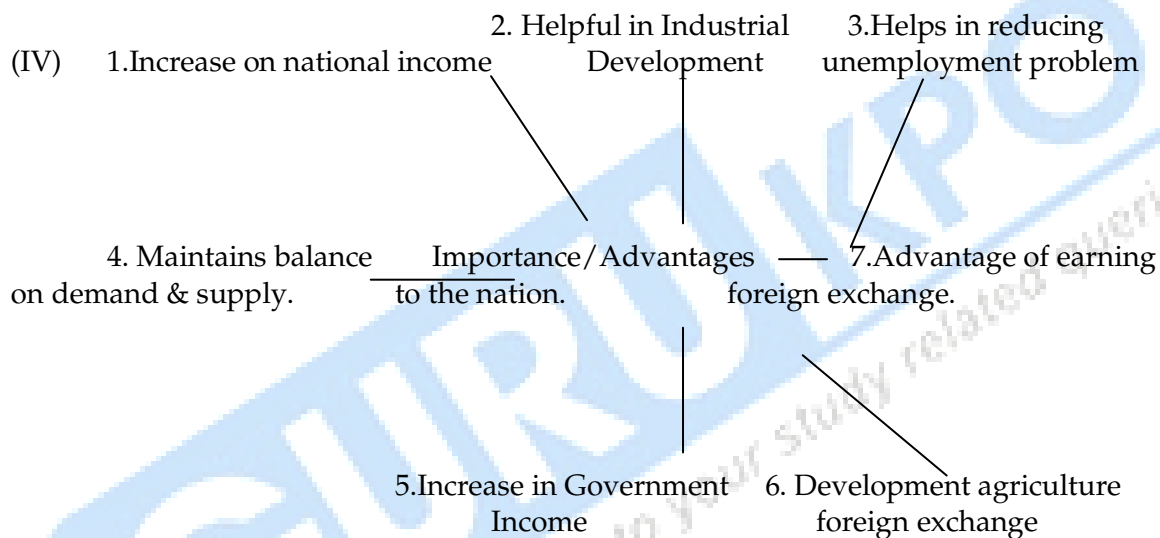
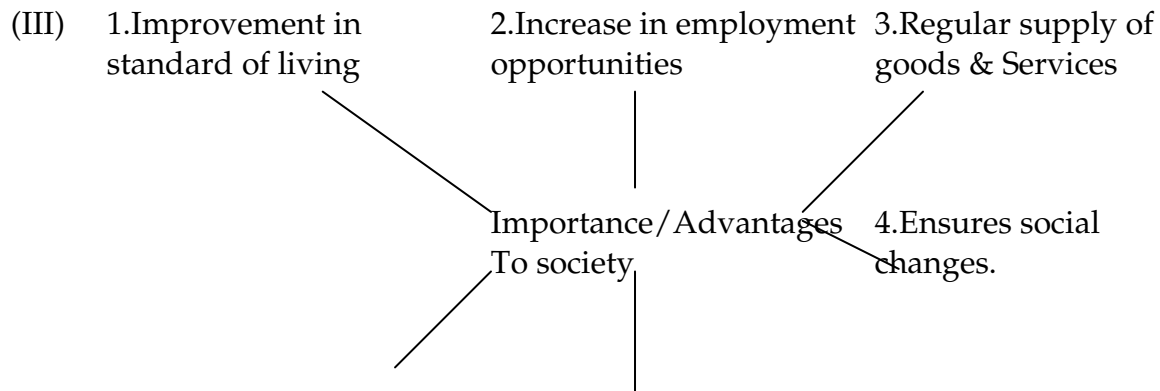


Q. Explain the importance and functions of the Marketing?

Ans. Importance of Marketing/Management:

For convenience of study, the importance of marketing management may be grouped into the following.





Functions of Marketing / Marketing Department :

Functions of Marketing

Merchandising	Physical Distribution	Auxiliary Function
1. Production planning & development	1. Transporting	1. Market Research
2. Standardization & Grading.	2. Storing	2. Packaging
3. Buying & Assembling		3. Branding
4. Selling		4. Pricing
		5. Promotion
		6. Financing
		7. Risk Bearing
		8. Marketing information

Fore more detail:- <http://www.gurukpo.com>

Q. What is a product? Write a short note on Product Planning, Product Development & New Product Development?

Ans. Product:- A product is anything that can be offered to a market for attention, acquisition, use or consumption and that might satisfy a want or need (Philip Kotler).

In recent years, marketers have broadened the concept of a product beyond tangible products and services, namely organization, persons places and ideas.

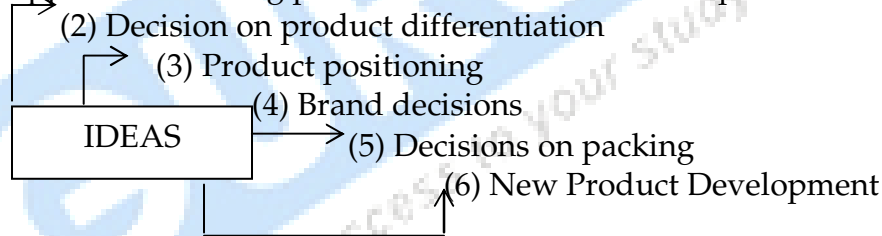
Product Planning :

Product planning involves a systematic analysis of company policy and product lines (optimum length and depth) in relation to consumer needs, desorbs, preferences etc. Franklin Root has summed up the essence of product planning as “Find out what people’s want, then try to give it to them”.

The products being offered on the market must have some special features and advantages which will motivate prospective buyers to buy in preference to other products or services.

Basic Idea behind product Planning:

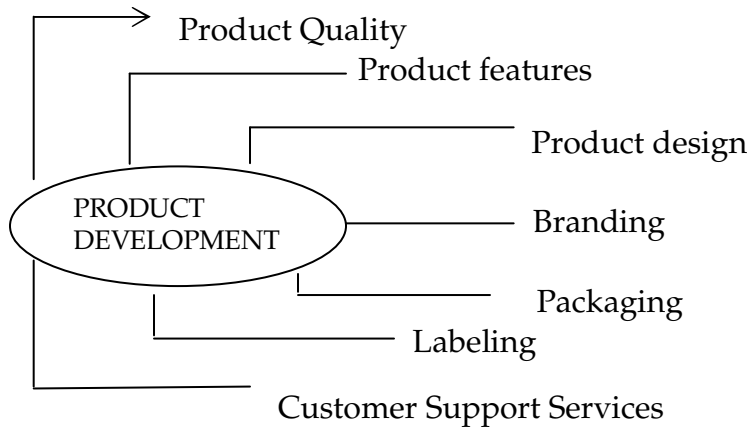
(i) Appraisal of exiting product Lines and Individual products.



Product Development:

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

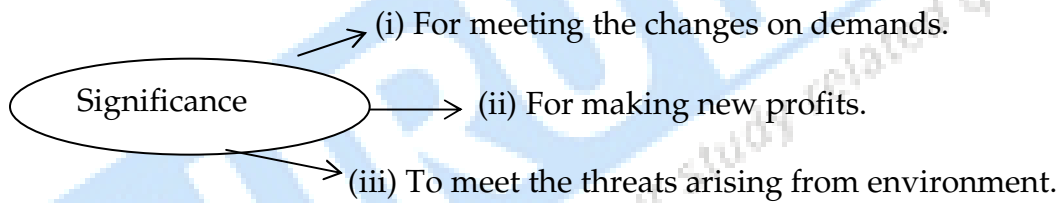
The product development involves all those activities which are described below:



New Product Development:-

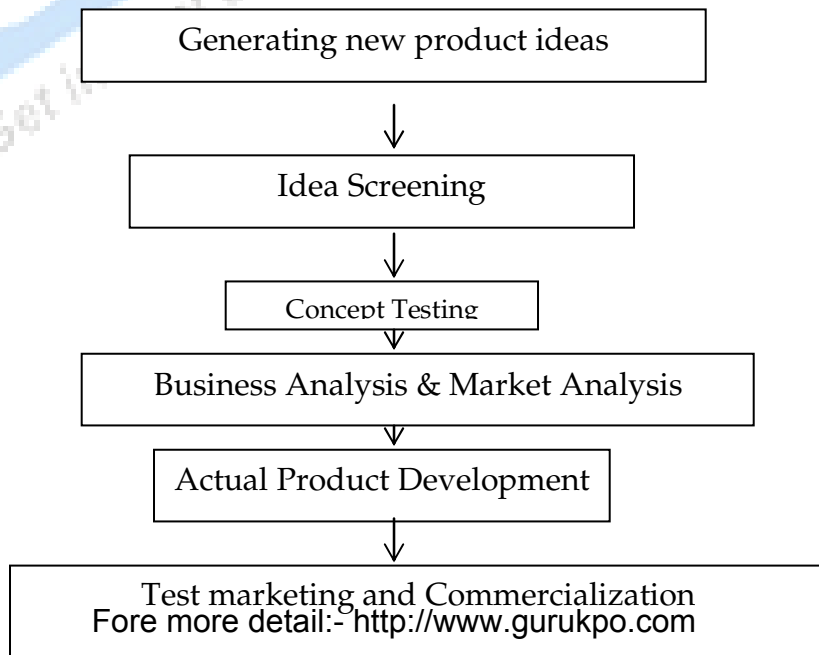
New Product Development is one of the most important components of product policy and product management. A progressive firm must always consider new product development as a cardinal element of its product policy.

Significance of New Product Development :



Q. What are the stages involved in product development?

Ans. Stages in product Development.



Q. What do you mean by marketing research? Explain its objectives, importance and scope of marketing research?

Ans. Marketing Research is concerned with the systematic and objective collection analysis and evaluation of information about specific aspects of marketing problems on order to help Management to make effective decision.

Definition :- According to Cundiff and Still, "Marketing research is the systematic gathering recording of analyzing of data about marketing problems inwards the end of providing information useful in marketing decision-making."

Objectives of Marketing Research

- To define the characteristics of the market for specific products.
- To study the size of the market and market demands.
- To study the nature and types of products already existing in the market.
- To study the territorial sales products.
- To study the competitors' brands and their protection under regulation provisions.
- To study the economic factors affecting sales including the need for consumer credit.
- To study the consumer behavior and bungling motives.
- To study the Geographical structure of the market.
- To study the comparative effectiveness of distribution channel.
- To study the company's expected share in the market.

Importance :

Effective decision making

Marketing strategy

Helps to understand the brand preferences in fashion etc.

Helps to understand consumer buying behavior and buying motives.

Ascertaining company's share in the market.

Modification and diversification products.

Helps in understanding the product's life style.

Understanding the competitors activities

Identifying new markets to enter into or withdraw a product.

Determining the promotional tools.

Helps in determining their best distribution channel.

Helps in identifying the best consumer services.

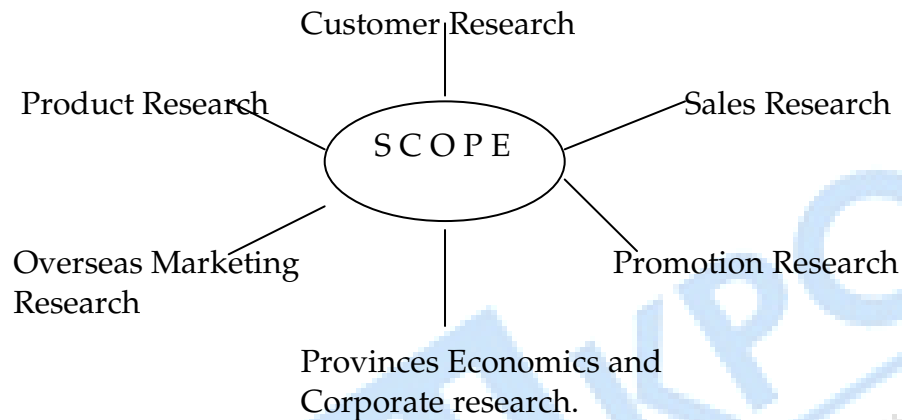
For more detail:- <http://www.gurukpo.com>

Helps in identifying the need to credit sales or making available finance to buyers of product.

Helps to study the competitors' strategy.

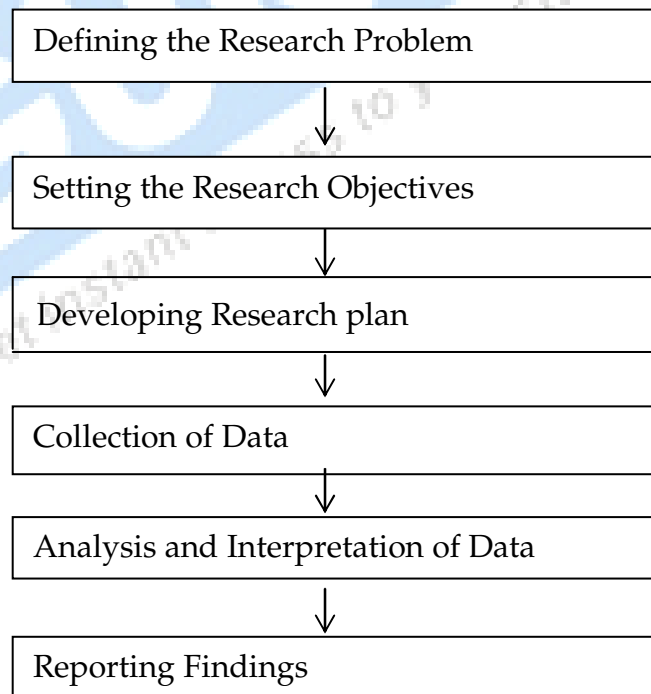
Scope of Marketing Research :

The scope of marketing research is wider and overall aspects of marketing.



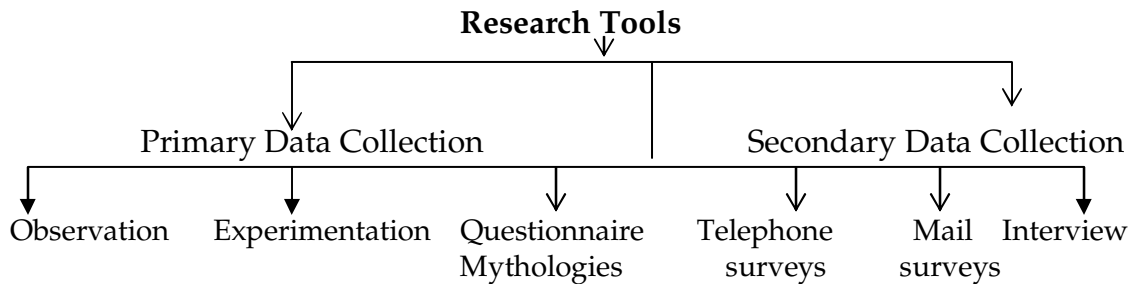
Q. Write down the steps involved in marketing research?

Ans. Process of Marketing Research:

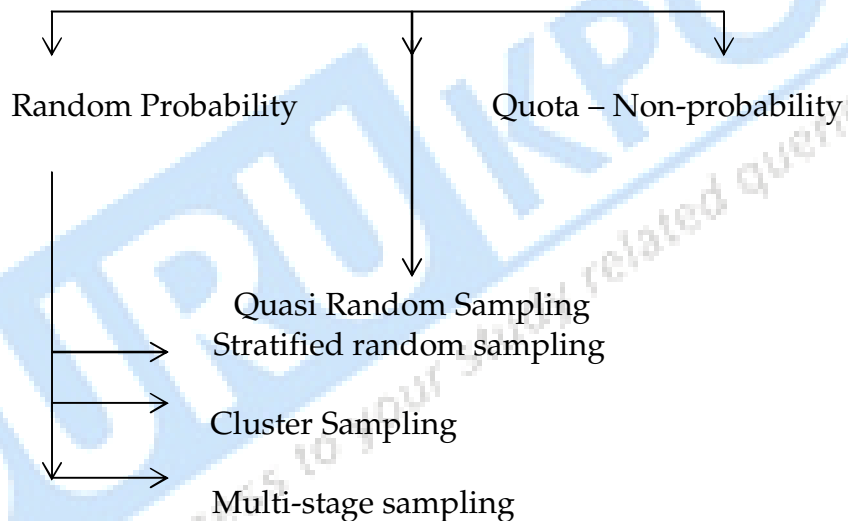


Q. What are the different tools used for marketing research?

Ans.



Sampling Methodology



Q. What do you mean by marketing channel? Also explain its role and importance of distinction channels.

Ans. The number of trading organizations through which ownership or 'title' to goods or products is transferred from the seller to the ultimate user or consumer is called a Marketing channel.

In Distribution channels, intermediaries buy the large quantities from the producers and break them down into small quantities and broader assortments wanted by consumers. This way they help in matching supply and demand.

Role and Importance of Distribution channels: The role and importance of distribution channels are as under:

Role and Importance:

Provide distribution efficiency to the manufacturers.

Offer the products in assortments that are usable by and acceptable to the users.

Promote the vital input of salesmanship.

Help in merchandising

Help implement the price mechanism.

Look after the physical distribution functions and the financing functions.

Promote transfer of technology and act as change agents.

Q. Describe the functions of Distribution channels. Also types of distribution channels.

Ans. Functions of Distribution Channels:

Information function

Promotion function

Contact function

Matching function

Negotiation function

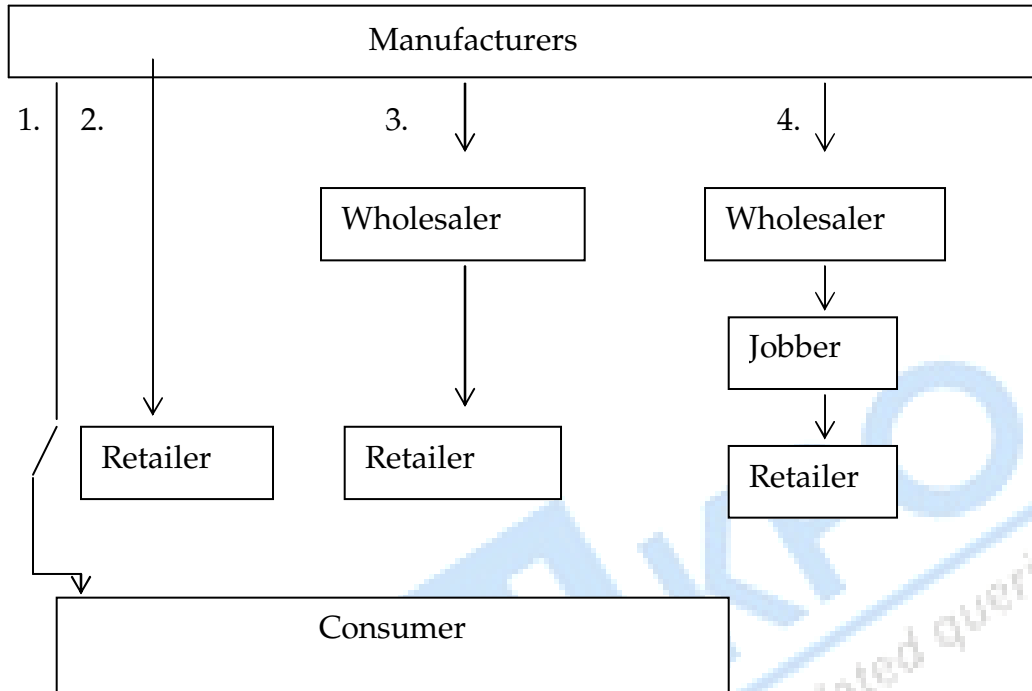
Physical function

Enhancing function

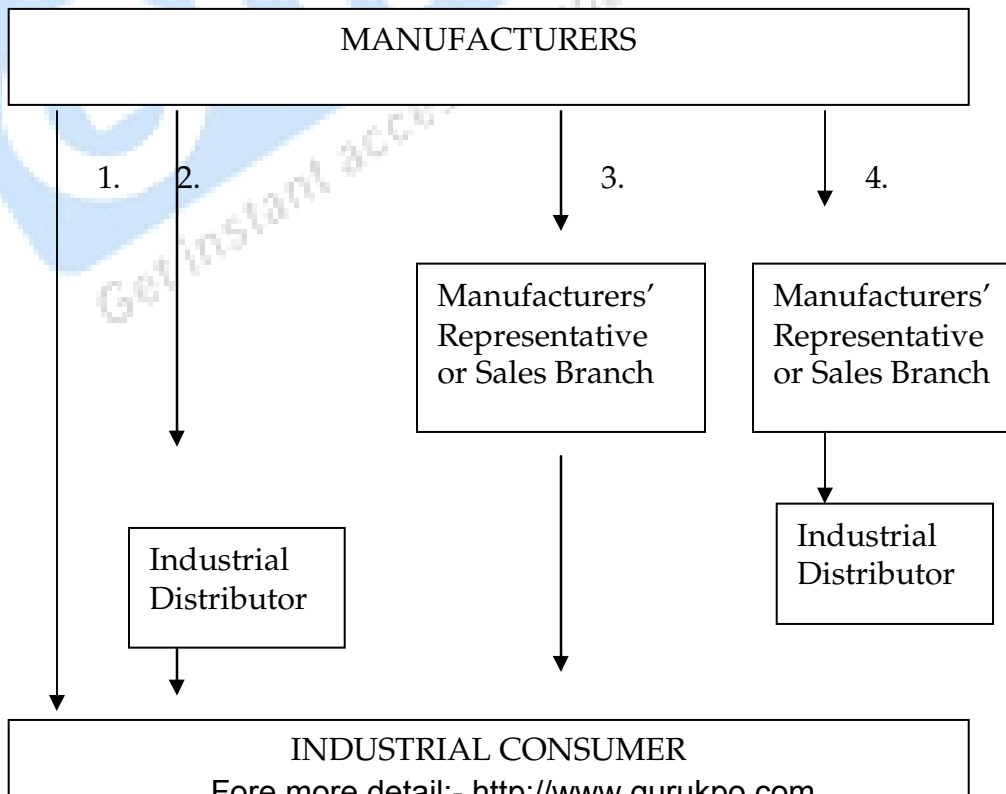
Risk bearing function

Utility creation function

Types of Distribution Channels:



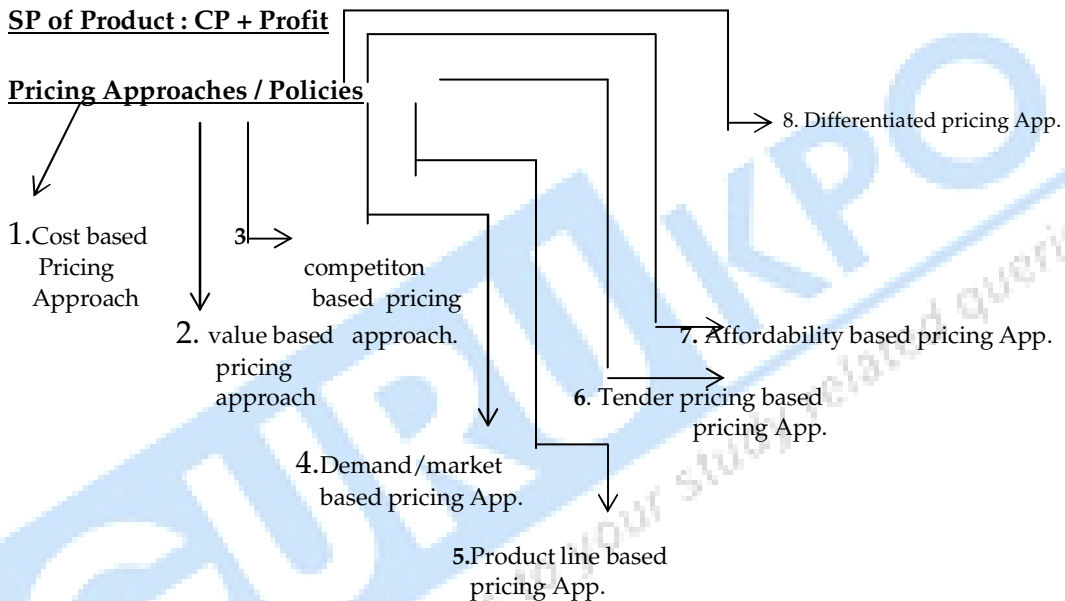
Consumer Marketing Channels (A)



CONSUMER MARKETING CHANNELS (B)

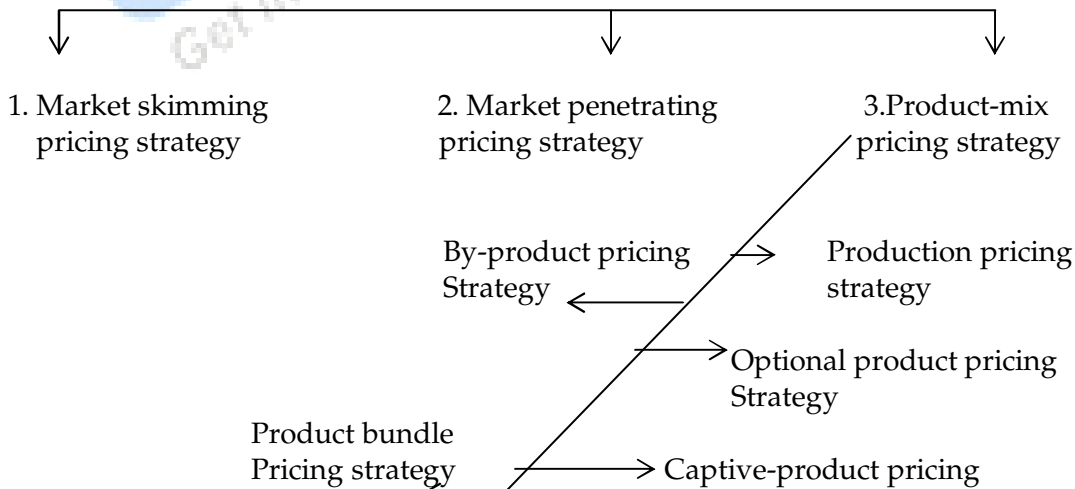
Q. What do you mean by Price Concept? Also mention the different type of pricing policies and strategies used by company?

Ans. Price Concept : In narrow sense, price is the amount of money charged for a product or service. Bill is the sum of all the values that consumers exchange for the benefits of having or using the product or service.



Pricing Strategies :

The important pricing strategies includes the following :



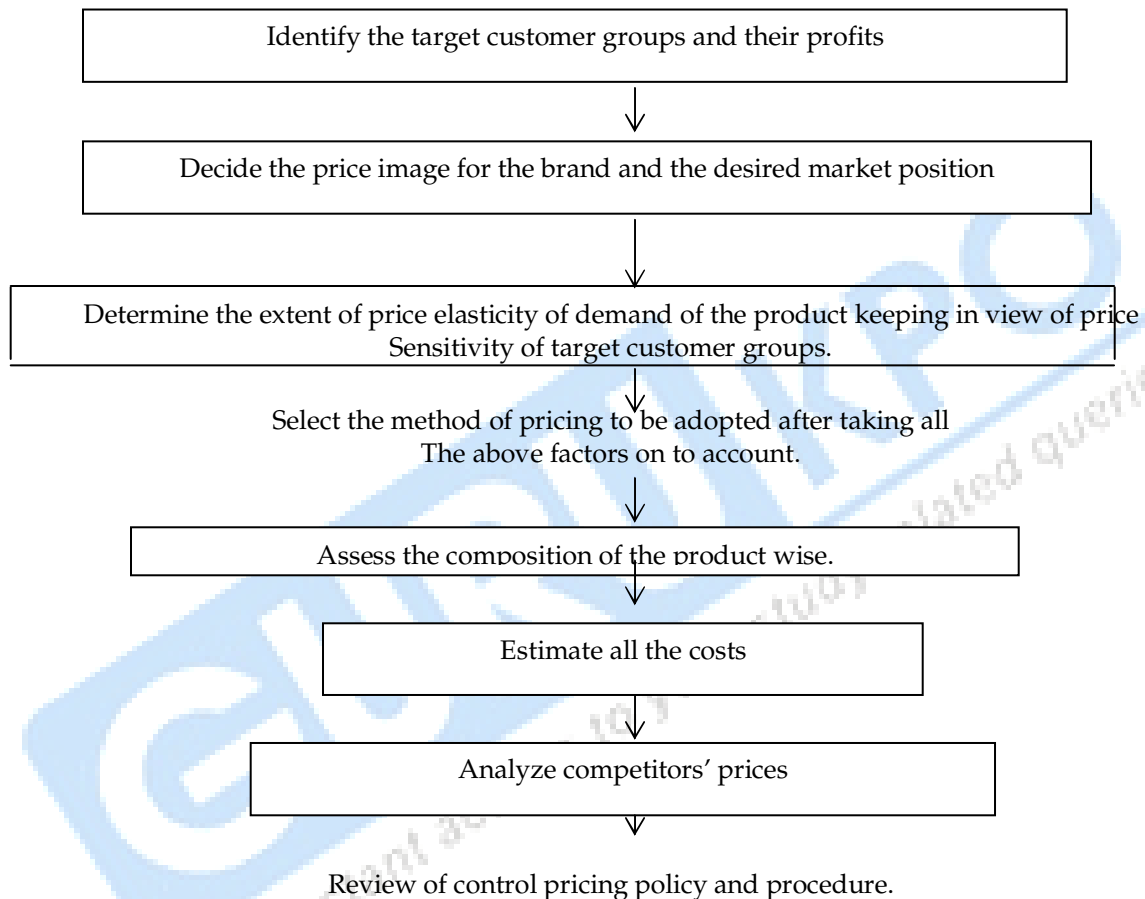
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The two broad strategy alternatives available in new product pricing are :-

1. Market skimming pricing strategy.
2. Market penetrating pricing strategy

Q. What are the steps used in pricing process/procedure?

Ans. Pricing Process/Procedure.



Q. What do you mean by Finance and Financial Management. Explain the objectives and importance and function of financial management?

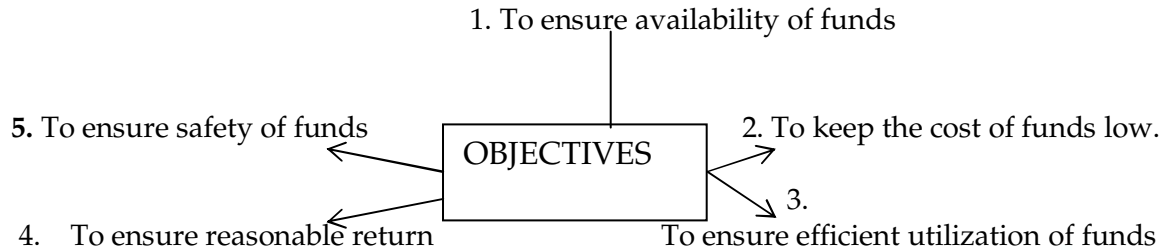
Ans. The term 'Finance' refers to money or funds available to a firm. 'Financial Management of Funds'. It may be defined as planning, organizing, directing and controlling of financial activities in a business enterprise. Financial Management is responsible for estimation of financial resources, their procurement and their application in a manner on which they help the enterprise grow according to well-defined objectives.

Definition : In the words of J.F. Bradley, "Financial Management is the area of business management devoted to a judicious use of capital and a careful

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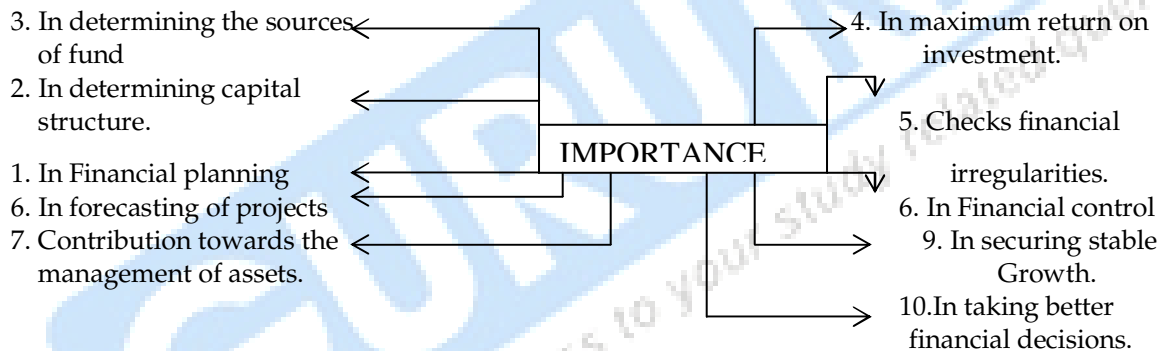
selection of sources of capital in order to enable a business form to move on the direction of reaching its goals.

Objectives of Financial Management :

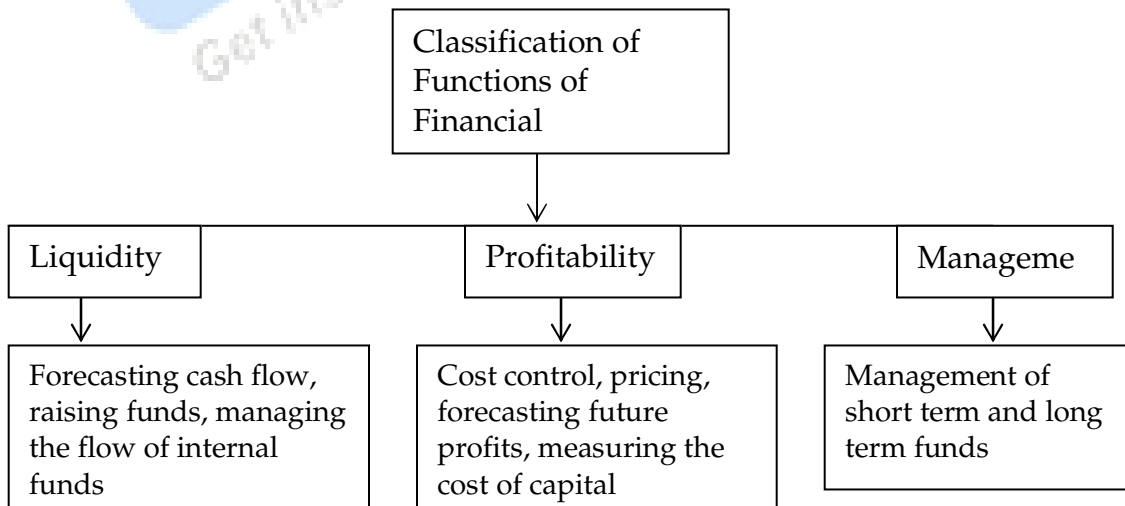


Importance of Financial Management

The importance of Financial Management can be ascertained from the following benefits :



Scope and Functions of Financial Management :



Functions of Financial Manager/Department

Financial Manager is the chief Executive of Finance department. He occupies key position on the team of top management officials. He is overall in charge of all the functions of Finance department i.e. planning, organizing and controlling. The functions of Financial Manager or Controller have been defined in different ways by different authorities. According to James C Vandorne, a Financial Manager performs two categories of functions of such as :

- i) Efficient and effective management of funds
- ii) Procuring of funds, John J. Hampton
- iii) Managing Funds
- iv) Managing Assets
- v) Liquidity functions
- vi) Profitability functions

On the basis of foregoing description, the functions of Finance Manager or Department can be grouped on to three main categories, namely.

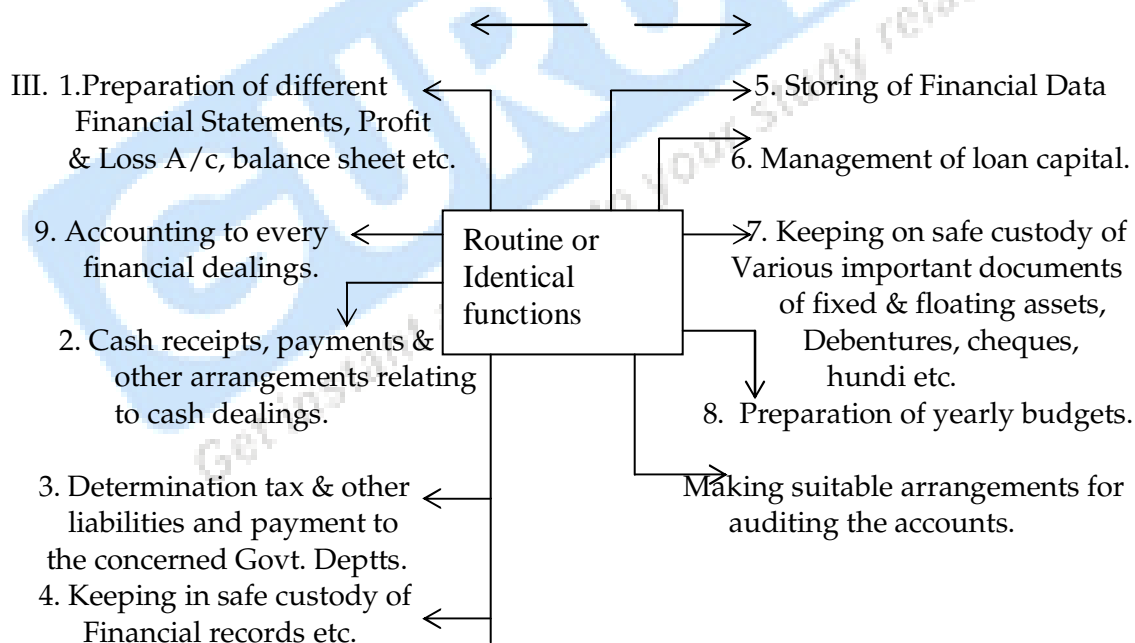
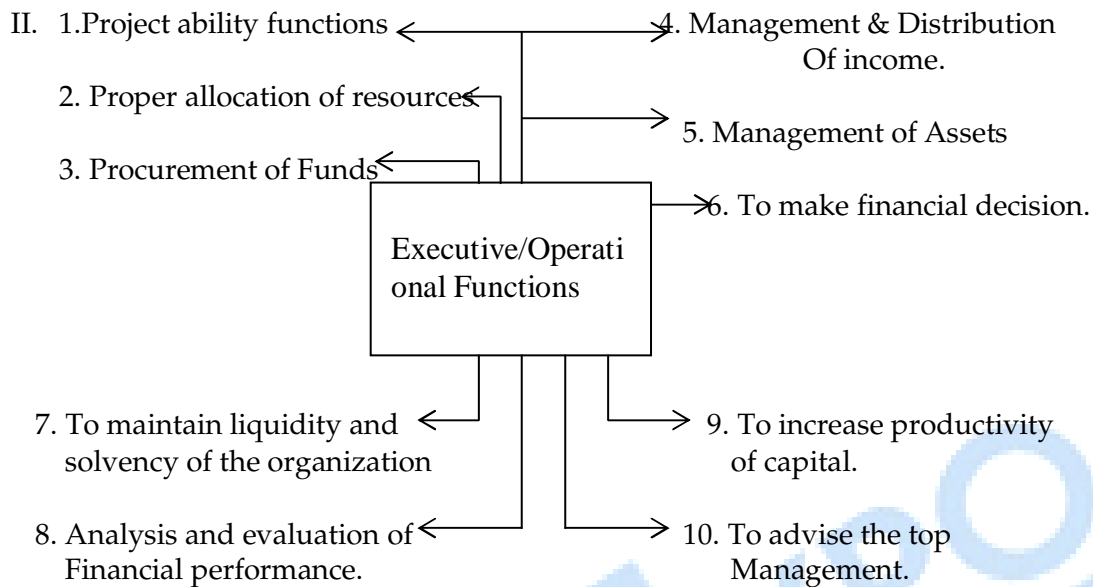
1. Administrative functions &
2. Executive/Operational Functions and
3. Routine or incidental functions

- I. 1. Financial Forecasting
2. Financial Planning

Administrative Functions

3. Organization of Financial activities.
5. Financial control

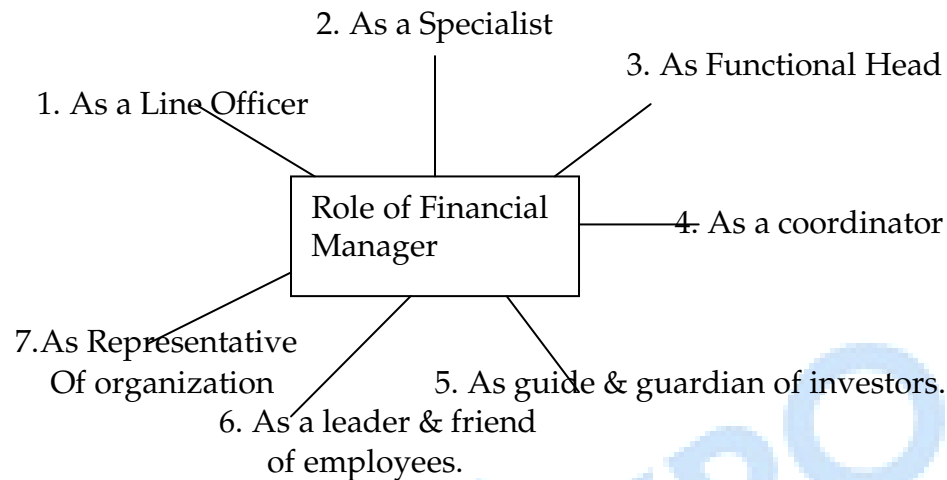
4. Coordination with other department.



Q. What are the Roles of Financial Manager in the Organization?

Ans. Role of Financial Manager or Controller :

The role of Financial Manager in the organization structure is enumerated below :-



Q. What do you understand by the term Financial Planning and explain its role in Financial Management.

Ans. Financial Planning refers to the process of determining the objectives, policies, procedures, programmes and budgets to deal with the financial activities of an enterprise.

Definition :

According to Walker and Banghor "Financial Planning pertains only to the functions of finance B includes the determination of the form's financial policies and developing financial procedures.

Role of Financial Planning in Financial Management:

The important role of financial planning can be explained as below:

1.It brings efficiency in Management and Business Operations :

Finance is required for all the activities of a business enterprise. Financial planning by ensuring the availability of required finance at required time brings efficiency management and business operations.

2. It facilitates the expansion and growth of business:

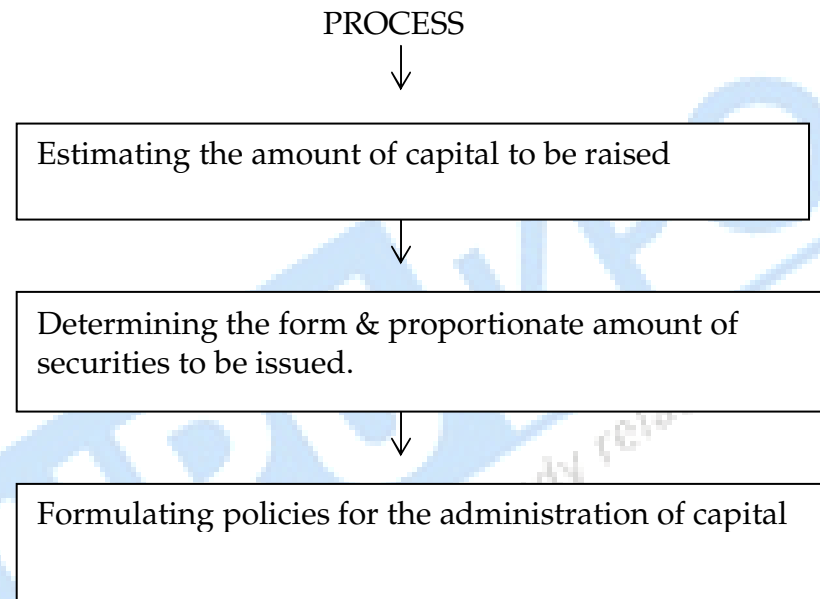
Financial planning by considering all the present and future plans and programmes of enterprise ensures regular floor of funds for business activities which is very essential for the growth and expansion of an enterprise.

3. It brings economy and co-ordination in business Activities :

Financial planning helps on preventing all the wastages allocating available funds in the best possible manner and taking most valuable capital decisions. Thus, it brings economy and co-ordination in business activities.

Q. Write down the steps used in financial planning process.

Ans. Financial Planning Process :



Q. What are the limitations of Financial Planning?

Ans. Limitations of Financial Planning :

1. Since reliable data and information are the backbone of successful financial planning, such information may not be available or procurable, poor information may cause poor judgments.
2. Another limitation of financial planning is high expectations and quick implementation.
3. Formulating a good financial plan covers several years, but reliability of forecasting decreases with the passing of time.
4. Another limitation is the management's inability to forecast future conditions due to failure of improving the forecasting techniques.

Q. What do you understand by the term 'Capital Structure' and what are its important features? What are the features of an appropriate capital structure?

Ans. Capital Structure: It refers to the composition or make up of long term sources of funds such as equity shares, preference shares, debentures and long term loans. All these types of finances have to be on the right proportion on order to ensure an optimum capital structure. Basically there are two types of long term funds.

- (i) Owner's Capital
- (ii) Borrowed capital

Definition: According to Robert H. Wesswel, "Capital structure refers to funds employed in a business enterprise..

Important features of optimum capital structure.

The important features are as follows:

1. Optimum mix of Sources of Finance
2. Minimum cost of capital
3. Minimum Financial risk
4. Maximum returns of investment.
5. Effective financial control
6. Flexibility to adjust with charge
7. Balanced capitalization

Features of an appropriate capital structure:

According to Johnson R.L. a sound or appropriate capital structure should have the following features.

Profitability – Features:

- Control
- Solvency
- Conservation
- Flexibility

Q. What are the factors determining capital structure?

Ans. Factors determining capital structure are as follows:

1. Trading on Equity
2. Nature of Enterprise

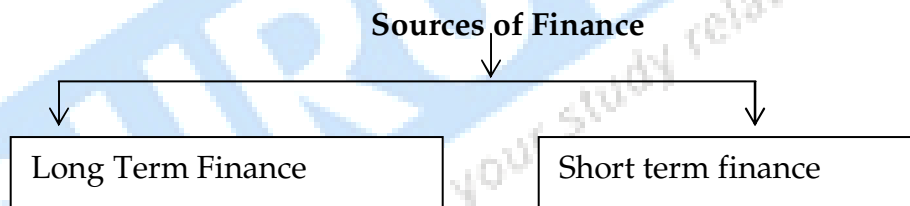
3. Object of Finance
4. control on Management
5. Attitude of the investment market
6. General level of interest rates
7. Business cycle
8. Government Taxation policy
9. Period of Finance

Q. What is the source of Finance? Also explain working capital and its sources.

Ans. The financial requirements of a business may be long term finance, should term finance. Long term finance is required to be invested in the business for a long period on permanent assets, short term finance is required to meet day to day operating expenses and for holding stocks of raw materials (working capital).

Sources of Finance

Sources of Finance are as follows:



Issue of Shares and Debentures Trade credit
 Terms loans Accrued expenses
 Loans from Financial institutions Deferred Income
 Retained profits Barrowings from banks.
 Public deposits

Working Capital:-

Funds available for a period of one year are less is called short term finance. In India, short term finance is used in finance working capital.

Sources of working capital finance:

- 1) Trade credit
- 2) Accrued expenses
- 3) Borrowings from banks

Q. Define Production Management. Discuss its importance and functions.

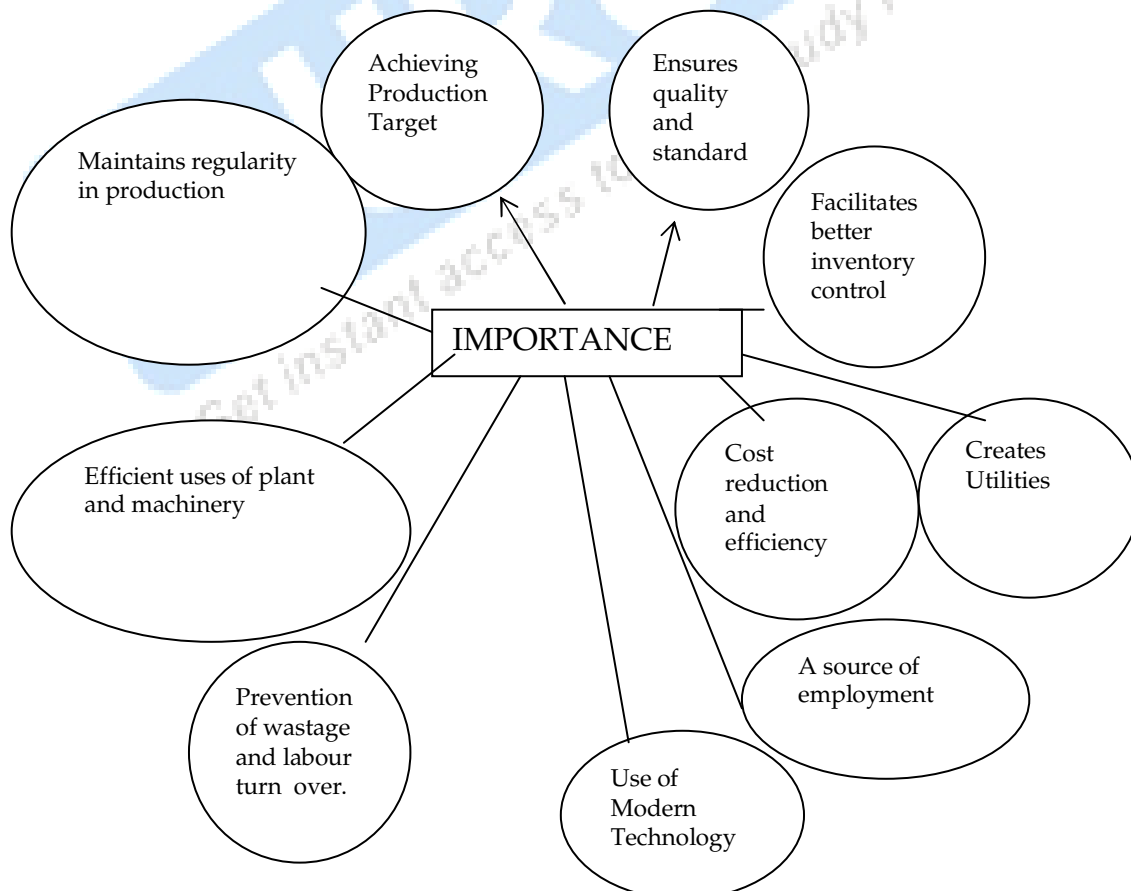
Ans. Production:- The term production is wide in its scope. It includes manufacturing process also by which raw material are transferred into finished goods for final consumption.

According to **Carl Heyal** "Production is the process of transforming components into finished goods for sale."

Production Management Meaning:-Production Management refers to a process of production planning, organizing, coordinating and controlling the operations, so that the goods and services are produced in accordance with the production schedule and specifications at a minimum cost.

In the wards of **E.F.L Brech**, "Production management then becomes the process of effectively alarming and regulating the operations of that point of an enterprise which is responsible for the actual transformation of materials into finished product.

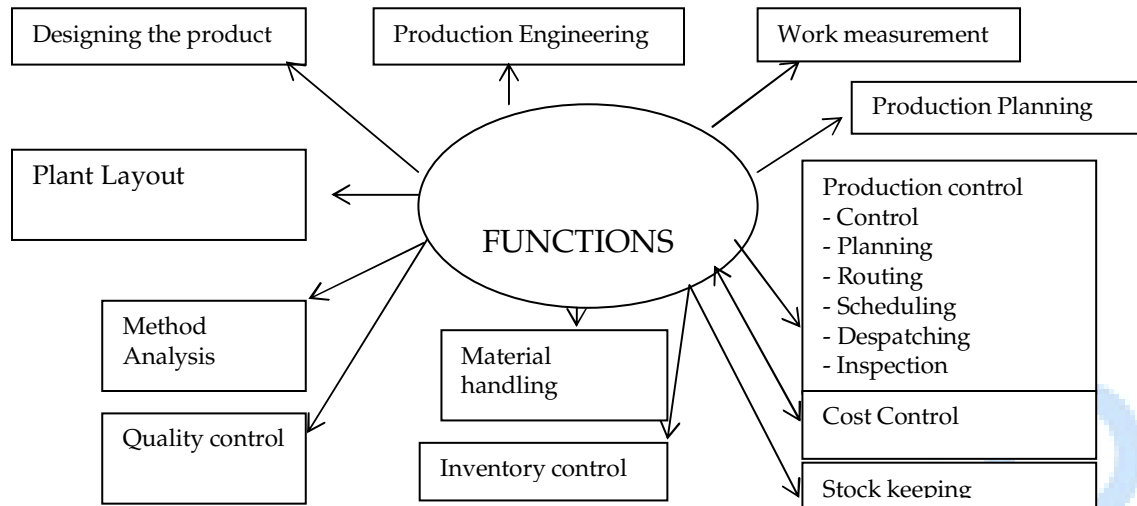
Importance of Production Management :- The importance of production management can be discussed under the following points :



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Functions of Production Management:

Some important functions of production management are as follows:



Q. What do you mean by production planning? Discuss its objectives.

Ans. It is a process of coordinated activities whether the production management determines what shall be produced, when it shall be produced and where it shall be produced and assembled.

In the words of **Bethal, Atwaten, Smith and Stackman**, "Production planning is a series of related and co-Ordinated activities performed by not one but a number of departmental groups, each activity being to systemize in advance.

In the words of **B.P.L Brech**, "Production planning which decides and issue schedules for when work is to be done and covers materials and stock records. Preparation of long and short term manufacturing programmes, shop and machines loading and progress chasing."

Objectives of Production Planning :

Objectives : Determine the production of goods and services :

- Produce ;the goods and services to the quality, size, design price range etc.
- Study the machines, equipment and tools etc. required.
- Determine number and quality level of worker to be appointed.
- Study all the methods of production process or technique.
- Study the requirement of buildings, stores, production rooms, godown etc. and maping planning for them
- Make planning in such a way so that large scale production could be possible at minimum costs.
- Plan for commencing production as early as possible.

- Maintain coordination with other department and maintain balance between the functions of different departments.
- Plan in such a way that effective use of plant and machinery.
- Make possible the customers orders completed in time.
- Make efforts to bring down the labour costs.

Q. Discuss production planning process?

Ans. What is/are the purposes for the existence of our organization? What are the priorities in these purpose?

What are the internal strengths and weakness

What are the present and future opportunities? What are the threats to the organization?

Set realizable, quantifiable targets with respect to time.

Plan for the marketing of production land/or services.

Consideration of constraints in the plan. Is the plan realizable : No

YES

Plan production operations facilities, manpower ;and materials.

Constraints in the plan: Is the plan realizable? NO

YES

Financial Plan

Constraints in the plan: Is the plan realizable ? NO

YES

Implementation of Plan.

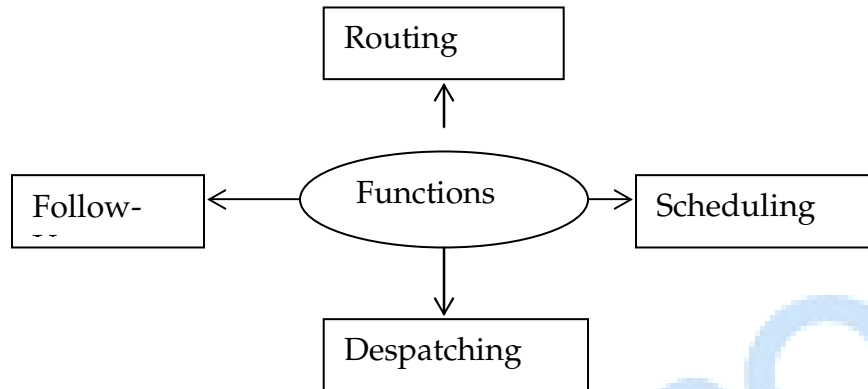
Q. Define production control? Describe its importance?

Ans. Production control is the process of planning production in advance of operations, establishing the exact route of each individual item or part thereof.

In the words of **Bethel and others**: "Production control regulates the orderly flow of materials in the manufacturing process from the raw state to the finished product. It tapes the influx of sales orders, boils them down into production orders and feeds them to the plant at a rate and in a sequence that enables the plant to digest them most readily and within a minimum of internal disorders."

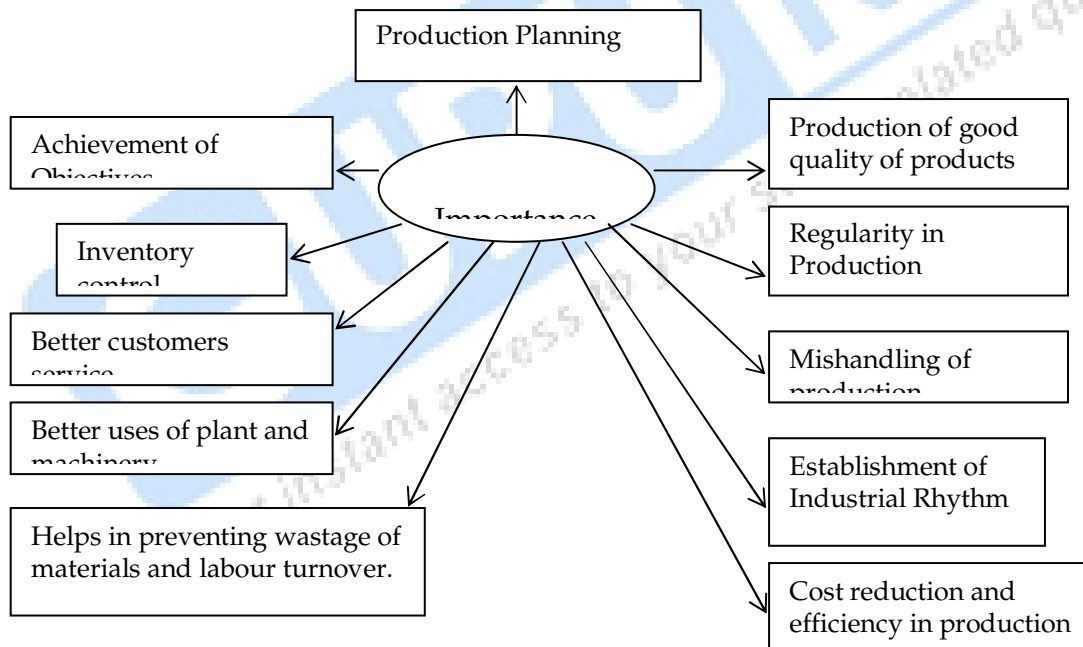
FUNCTIONS OF PRODUCTION CONTROL AND PRODUCTION PLANNING.

The functions of production planning and control are:



Importance or advantages of Production Control:

Production control provides the following advantages:



Q. What do you mean by Quality Control? Also explain its objectives and importance.

Ans. Quality Control: In its broad sense, quality control is the mechanism by which products are made to measure up to specifications determined from customer demands transformed into sales, engineering and manufacturing requirements. It is concerned with making things right rather than discovering and rejecting those made wrong.

In other words, the procedure for meeting the Industrial quality Val is termed as 'Quality control'.

In the words of Stanley Oliver, "In its broadest sense, quality control is a technique which enables products to measure up to customer's specifications.

Objectives of Quality control:

- i) To determine the standard of items.
- ii) To arrange production of goods according to standard.
- iii) To check deviations of my quality of goods produced.
- iv) To determine the tolerance wants in case of deviations from quality.
- v) To evaluate the production process, to check quality
- vi) To present suggestions for improvement on production process.
- vii) To increase customer satisfaction through improvement on quality.

Need & Importance of Quality Control:

The importance of quality control is given below:

- Increase in Sales
- Minimizes cost of production
- Improves production effectiveness
- Fulfillment of social responsibility
- Complies with Government rules & standards
- Increase in goodwill of the firm
- Consumer satisfaction

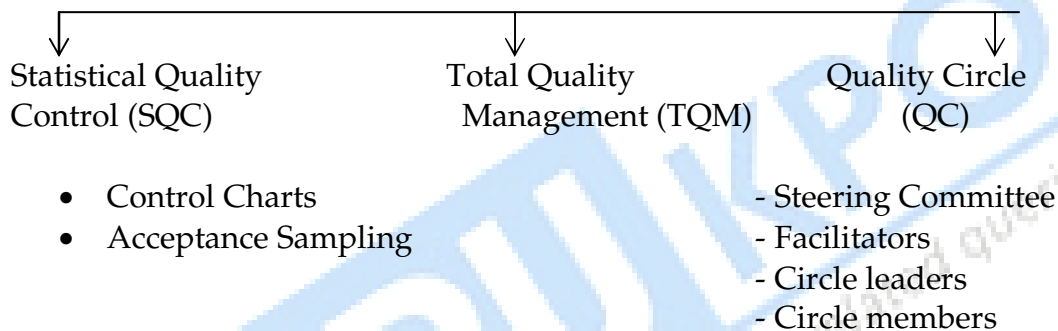
Q. Write down the steps and techniques of quality control?

Ans. Steps or techniques of Quality control.

- Raw material control
- Standards and specification
- Control over production operations

- Testing the suitability of machines and equipment
- Proper location of inspection points
- Decision as to the amount of inspection
- Control of accuracy of inspection
- Development of quality conscious
- Application of statistical methods
- Maintenance of quality control records

QUALITY CONTROL TECHNIQUES



Write a short note on Products Designing & Product Research.

Ans. Really speaking, product designing is a step on market research, changing markets, new technologies other factors are always creating new trends in the design of products.

Certain factors affect product design strategy. These factors mainly include the following:

- i) Narrowing product Lines
- ii) Product simplification

Narrowing Product Lines:

Product Design Strategy:

The product design strategy involves the following techniques:

- i) Product standardization
- ii) Modular design
- iii) Product Reliability
- iv) Redundancy
- v) Design by computers

vi) Designing services

Product Research:

Research has produced the scientific knowledge that was behind the development of television, jet aero planes, electronic computers, wonder drugs, Insecticides, nuclear power plants and thousands of other things.

New discoveries and innovations are harder to come by, even though occasionally there is new major scientific break through which creates whole new products which have substantial impacts on existing products, possibly making them absolute overnight. But, even in these cases, competition usually holds projects down to nominal accounts. Out of reach, yet, because of competition, the makers of these products have earned only nominal profits.

Sources of Research Ideas : Although research provides the base from which new innovative applications can be developed, innovative ideas come from many sources rather than just from researchers. Marketing people see the need for something their customers want. Production people see opportunities to improve methods and processor. Everyone in an organization is a potential source of ideas.

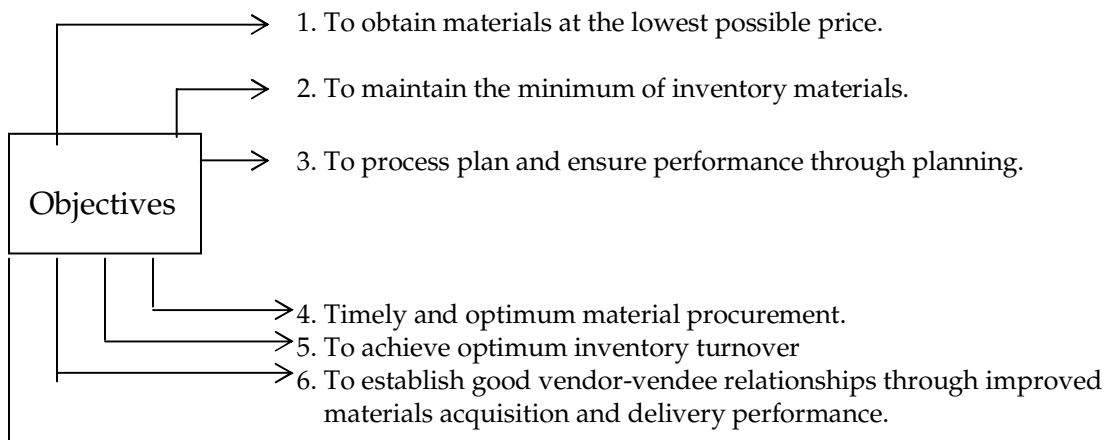
In order to try to tap this source of ideas, many firms try to generate a creative environment for their people. They tell them about technical advances and ask for ideas about how they can be incorporated into products and services.

Q. What do you mean by Materials Management and also explain its objectives.

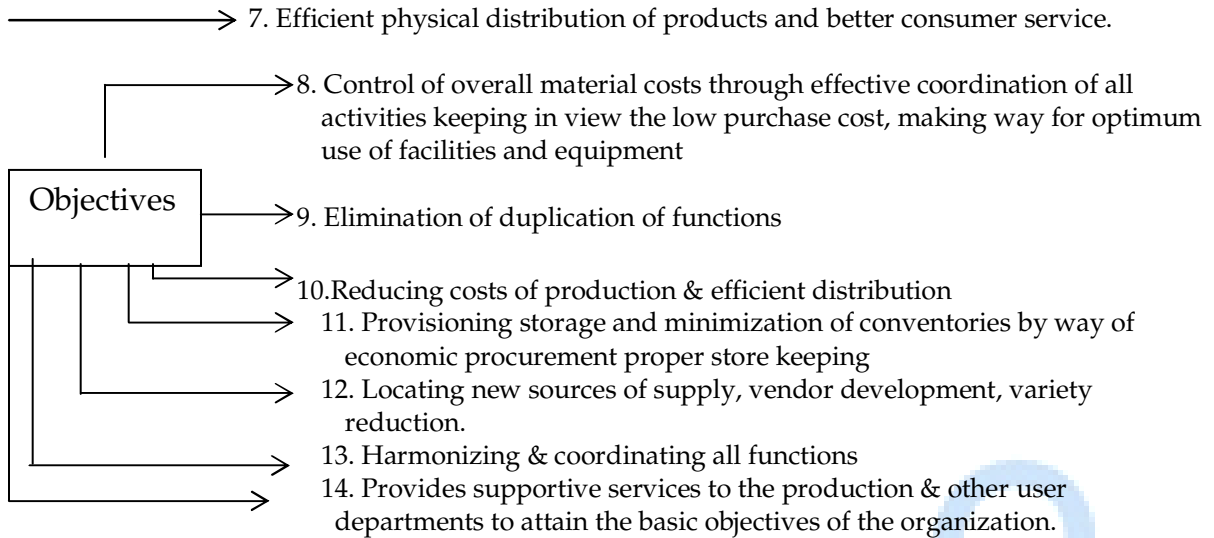
Ans. Materials management refers to the movement of production materials from the stage of their acquisition to the stage of their consumption.

According to **A.K.Datta**, "Materials management can be said to be that process of management which coordinates, supervises and executes the tasks associated with the flow of materials to through and out of an organization in an integrated fashion.

Objectives of Material Management:

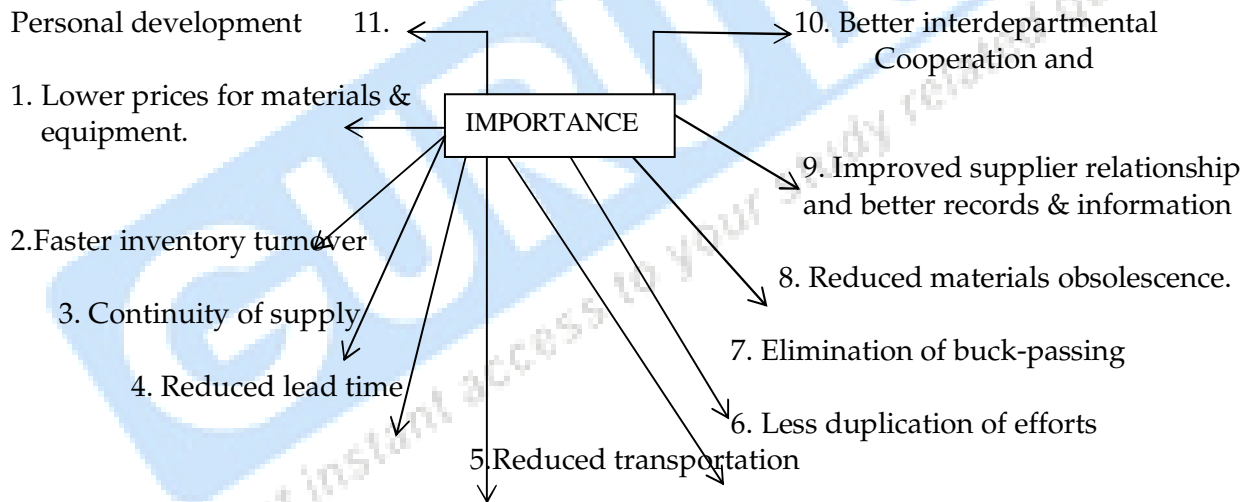


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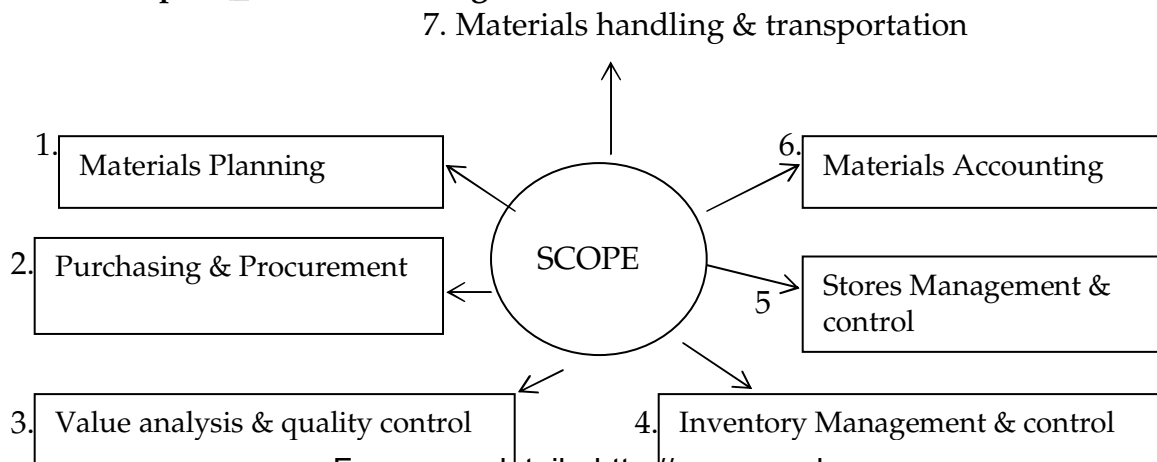


Q. What are the importance and scope of material management?

Ans. Importance of Material Management is as follows:



Scope of Materials Management:



Q. What do you mean by Inventory? Also explain the objective4s of inventory.

Ans. Inventory: Inventories are stock of materials of any kind stored for future use, mainly in the production process.

1. According to **B.D. Khare** "The term inventory includes material raw in process, finished packaging, spares and others stocked in order to meet an unexpected demand or distribution in the future.

Inventories are maintained basically for the operational smoothness which they can affect by successive stages of production, whereas the monetary value of inventory serves as a guide to indicate the size of investment made to achieve this operational convenience.

Objectives or need for inventories:

The objectives of inventories include the following:

1. The raw materials inventories are needed in the production process for conversion into semi-finished goods.
2. In some industries where materials are processed in lots or batches, it is desirable from economic consideration, to keep inventories in sufficient quantities.
3. To a considerable extent, the need for finished goods inventories becomes necessary due to the nature of product, nature of customers demand, and the nature of manufacturing process.
4. In general, inventory facilitates transit and handling.
5. Inventories permit the procurement of raw materials on economic lot sizes as well as processing of these materials into finished goods on the most economical quantities.
6. Another purpose of holding inventories is to reduce material handling costs.
7. Another reason for holding inventories is to obtain a reasonable utilization of people and equipment.
8. Finally, inventories are held to facilitate product display and service to customers, hatching on production in order to take advantage of longer production runs and provide flexibility on production scheduling.

Q.2 What are the different types of Inventories?

Ans. Types:

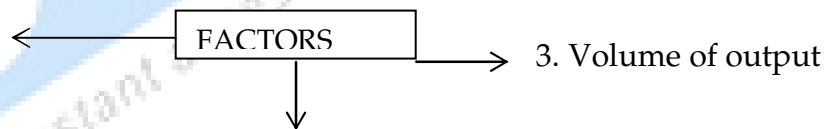
- Raw materials and production inventories.
- In process inventories
- MRO Inventories
- Finished Goods Inventories
- Movement or Transit Inventories
- Lot-size inventories
- Fluctuation inventories
- Anticipation inventories

Q.3 What do you mean by Inventory planning and control. Also write down the factors influencing inventory planning and controls.

Ans. Inventory management involves the development and administration of policies, systems, and procedures which will minimize total costs relative to inventory decisions and related functions such as customer service, requirements, production scheduling, purchasing, traffic etc.

Inventory Control, on the other hand, is defined on a narrower sense than inventory management and pertains primarily to the administration of established policies, systems and procedures.

1. Type of Product



2. Type of manufacture

Q.4 Write down the advantages of inventory planning and control and also write down the process of Inventory Planning & Control?

Ans. Advantages:

1. Inventory control ensures an adequate supply of materials stores etc, minimizes stock outs and shortages and avoids costly interruptions in operations.
2. It keeps down investment in inventories, inventory carrying costs and obsolescence losses to the minimum.
3. It facilitates purchasing economies through the measurement of requirement on the basis of recorded experience.

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4. It eliminates duplication in ordering or in replenishing stocks by centralizing the source from which purchase requisitions enumerates.
5. It permits a better utilization of available stocks by facilitating inter-department transfers within a company.
6. It provides a check accounting activities by providing a means for allocating materials costs to products departments or other operating accounts.
7. It enables management to make cost and consumption comparisons between operations and periods.
8. It serves as a means for the location and disposition of inactive and obsolete items of stores.
9. Perpetual inventory values provide a consistent and reliable basis for preparatory financial statements.

Process of Inventory Planning & Control

1. Determination of optimum inventory levels.
2. Determination of the degree of control.
3. Planning and design of the degree of control.
 - Fixed order quantity system
 - Fixed order period system
4. Planning of the inventory control organization
5. Two-bin techniques max-Minimum Tech, Economic order quantity, ABC Analysis.

Q. What do you mean by Safety Stock?

Ans. In many practical situation it can be observed that neither the consumption rate of materials is constant throughout the year, nor in the lead time. It means that the time interval between placing an order and final replenishment is constant. To face such situation of uncertainties, an extra stock is maintained by the stores to meet the demands. This extra stock is termed as safety stock.

Q. What do you mean by Vendor Development?

Ans. Vendor Development: Vendor Development is a continuous process and may start from the collection of names and addresses from the DGS&D, trade journals and also from other trade directives such as Directory of small scale industries etc. After collecting the following details, a list of prospective

vendors may be drawn up for evaluation. The following information may be needed.

- Forms of organization
- Manufacturing capability
- Technical skill and testing facilities
- Financial capacity
- Location & infrastructural facilities
- Past performance and after sales service
- vendor-vendee relations

Vendor-Vendee Relations

One of the basic objectives of materials management is to activate and maintain good relationship with supplies. Many manufacturing firms have been unwillingly compelled to manufacture their own needs owing to some bad relationship cropping up with their former sources of supplies. Since corporate plans are drawn up on the premise that materials and supplies will be forthcoming at right quality and quantity, it is all the more essential that good vendor-vendee relationship exists. No matter how carefully purchasing plans are made. These are dependent on outside sources of supplies. Only suppliers' cooperation and goodwill can make them effective. In case of emergencies and also in cases where actual material needs deviate substantially from anticipated initial requirements, a good vendor-vendee relation pay handsome dividends. Moreover, on shortages of many basic raw materials, monco-inpliance and even unfriendly attitude, on the part of the suppliers may seriously jeopardize production plans.

In practice, even suppliers with a proven track record, sometimes do fail to keep delivery promises and do not always meet the quality requirement due to many reasons. Some of them may be attributed to the supplier's negligence but in many cases, this may be due to situations beyond the control of the suppliers. It may be because of some unforeseen manufacturing difficulties on the manufacturing plant of the supplies, or labour trouble transportation difficulties and a host of other constraints. It may also be due to mismanagement of the suppliers' plant.

However, the purchasing department probably has more outside contacts with firms and individuals than any other department except sales.

As such, the buyer has the chance to enhance the reputation and goodwill of number companies especially by way of cultivating and maintaining good vendor-vendee relationship.

Q. Write a brief note on DGS&D purchase.

Ans. Purchase of Stores through DGS&D:

Purchase of stores through DGS&D is made by submitting on "indent" in the prescribed form. The indenter, however, has an authority to take purchases on his own in respect of demands upto Rs.25,000/- in value. The DOS&D does not entertain a demand less than this value of Rs.25,000/- but in the following circumstances, the Directorate does so.

If a rate or running contract for the stores in question is in existence and the value of the individual item exceeds Rs.1000/-,

If the stores requirements cannot be obtained conveniently by the indenter, in such cases, however, the indenter has to give the details of the efforts made by him for the purpose.

Form of Indents

The indents to be submitted to the directorate are to be prepared in triplicate and submitted on standard indent form as follows:

- (i) For civil indenters (a) Form DGSD-85
- (ii) For Defence services demands (b) Form DOSD-86
- For supplementary demands
- Defence Services (c) Form DGSD-138

Direct Demanding Officers (DDOs)

Any individual indenter, who has the responsibility of the purchase section concerned may be declared a Direct Demanding Officer against the rate contract.

The DDO is authorized to place an indent directly for the items under the rate contract with the DGS&D. The criterion for inclusion on the list of DDOs is to have a large quantity and recurring demands for particular stores and a request for inclusion on the list is made by the indenter. The list is routed through the coordination suppliers Section, which after finalization, recommends the inclusion and the pay and accounts officers are informed accordingly.

Fees for services rendered

Since the DGS&D is a service department, no charges are claimed for service rendered by this Central Purchasing Organization from the non commercial civil departments of the government of India. However, in respect of supplies made with effect from April 1, 1986, the departmental charges from the following are being charged.

Commercial departments of the Central Government

State Government

Defence Services

Quasi-public bodies

Overseas indenters, payment procedure against DGS&D contracts.

Payment procedure against DGS&D contracts

Trade and industry which are registered and are regular suppliers receive advance payments to the extent of 90 to 95% as the case may be immediately after dispatch of the sores to the consignee. Generally, the suppliers bills are to be paid by the Pay And Accounts Officer, within 14 to 21 days of their presentation if they are found otherwise in order.

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Send your requisition at
info@biyanicolleges.org