

MGT601 SME Management Solved Subjective For Final Term Exam Preparation

2010

Paper # 1:-

18 mcq's

2 questions of 5 marks, 3 questions of 5 marks

Q* technical feasibility(3)

ANS:-

1. Technical Feasibility

It covers the following:

a) Identification of critical technical specifications comprising

a. The functional design of the product.

b. Adaptability to the new customer demand.

c. Durability

d. Reliability of performance.

e. Safety

f. Reasonable utility (i.e. acceptable level of obsolescence)

g. Standardization (i.e. elimination of unnecessary variety)

Q you are a manager of fan company , ur sales volume is low, how do you improve ur sales volume(5)*

ANS: _

1) improvement of product

2) marketing

3) ads in newz papers and professional journals, tv advertisement

4) free samples with ur product

5) low prices

Q market myopia(5)*

ANS:-

Market Myopia:-

A shortsighted approach of concentrating on production rather than on marketability could lead to

avoidable disaster. An entrepreneur may fail to properly assess the market acceptability of his

product. He may not appreciate that no product can become instantaneously profitable or could

have an enduring success. Selection of the right time for introducing the product is important for

its success. If actions are taken too soon or too late, it will result in failure.

Q state the reasons that why SME doesn't flourish in Pakistan(5)*

Paper # 2:-

Total 32 question thy

28 MCQ,s

2 question 5 marks n 2 (2) marks

Q Environment post operative problems(5 marks)*

ANS_

• *Environmental Causes:*

o *Changes in government policy;*

o *Changes in social or political conditions;*

o *Inflationary pressures leading to increases in the input cost.*

Q* The benefits that SME enjoy in environmental issues(5 marks)

ANS:-

- 1) effectiveness of the technology***
- 2) stabilization***
- 3) capabilities to manage***
- 4) generate***
- 5) technological change***

The benifits that SME not enjoy(2 marks)

ANS:-

- 1) ineffectively exploit available
technology options***
- 2) inefficiently utilize the transferred technologies***

Paper # 3:-

Q “A drain having polluted water from one factory may be used to some other industry and suffer bad effects of pollution” This is an example of ‘externality’ what do you understand by term “externality”? Do you think externalities are positive or negative or both. Explain with examples. (3 marks)*

ANS:-

Definition: An externality is an effect of a purchase or use decision by one set of parties on others who did not have a choice and whose interests were not taken into account.

Classic example of a negative externality: pollution, generated by some productive enterprise, and affecting others who had no choice and were probably not taken into account.

Example of a positive externality: Purchase a car of a certain model increases demand and thus availability for mechanics who know that kind of car, which improves the situation for others owning that model.

Q When you plan a new business, you create a contingency fund to guard against unforeseen natural calamities. Write different natural calamities that are constant threat for your business. 3 marks*

ANS:-

Natural calamities such as burglaries, earthquakes, fire etc.

Q* How will you overcome you lack of experience to avoid the failure of you SME venture? 5 marks

ANS:-

The key ingredient-the crucial element-to avoiding the failure of a new business is knowing the business.

Due to inadequate study of SME sector, our entrepreneur failed to sustain their new business. Provide different reasons which may cause the failure of a new business? 5 marks

ANS:-

- 1) Inadequate R&D facilities***
- 2) Lack of skills & experience***
- 3) insufficient information on technological cooperation***

Q* question About entrepreneur?

an entrepreneur is “a person who organizes and manages a business undertaking, assuming the risk for the sake of the profit.” However, there is much more to entrepreneurship than this simple definition.

Author and successful entrepreneur Michael Gerber once wrote, “The entrepreneur is our visionary, the creator in each of us. We’re born with that quality and it defines our lives as we respond to what we see, hear, feel, and

experience.

It is developed, nurtured, and given space to flourish or is squelched, thwarted, without air or stimulation, and dies.”

An entrepreneur’s age, educational background, and previous business-related experience isn’t nearly as important as his or her desire to learn and willingness to bounce back from the obstacles associated with creating a new business endeavor.

Entrepreneurs are passionate about the products and services their businesses sell, but their efforts benefit the economy in other ways as well

Q* describe problems of small industries ?

ANS: PROBLEMS IN SMALL SCALE INDUSTRIES

Classification of the problems

- ⊙ The internal problems.
- ⊙ The external problems.

Internal problems

- ⊙ A) **Planning**:
 - ⊙ a) **Technical feasibility**:-
 - ⊙ - Lack of technical know-how.
 - ⊙ - Locational disadvantage.
 - ⊙ - Outdated production process.
 - ⊙ b) **Economic Viability**:-
 - ⊙ - High cost of inputs.
 - ⊙ - Uneconomic size of the projects.
 - ⊙ - Underestimation of financial requirements.
 - ⊙ - Over estimation of demand.
- ⊙ B) **Implementation**.
- ⊙ C) **Production**.
 - ⊙ a) **Production Management**:
 - ⊙ - Poor quality control.
 - ⊙ - Poor capacity utilization.
 - ⊙ - Poor inventory management.

- ⊙ - Inadequate maintenance.
- ⊙ - High wastage.
- b) **Labour management:-**
 - ⊙ - Inefficient handling of labour problems.
 - ⊙ - Excessive manpower.
 - ⊙ - Lack of trained and skilled labour.
- c) **Marketing management:-**
 - ⊙ - Dependence on a single or small group of customers.
 - ⊙ - Defective pricing policy.
 - ⊙ - Lack of market research.
- d) **Financial management:-**
 - ⊙ - Liberal dividend policy.
 - ⊙ - Inadequate working capital.
- e) **Administrative management:-**
 - ⊙ - Over centralization.
 - ⊙ - Lack of professionalism.
 - ⊙ - Lack of feed-back to management.
 - ⊙ - Incompetent management.

External problems

- ⊙ A) **Infrastructural bottlenecks:-**
 - ⊙ - Irregular supply of raw materials.
 - ⊙ - Transport bottlenecks.
- ⊙ B) **Financial bottlenecks:-**
- ⊙ C) **Government controls and policies:-**
 - ⊙ - Government price controls.
 - ⊙ - Change in government policies.
- ⊙ D) **Market constraints:-**
 - ⊙ - Market saturation.
 - ⊙ - Technological advances rendering one's product obsolete.
- ⊙ E) **Extraneous factors:-**
 - ⊙ - Natural calamities.
 - ⊙ - Political situation.
 - ⊙ - War.
 - ⊙ - Strikes.
 - ⊙ - Multiplicity of labour unions.