

QUESTION BANK

MBA

SEMESTER 3

VOL. III

FOR PRIVATE CIRCULATION

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SECURITY ANALYSIS AND INVESTMENT MANAGEMENT

MS-221

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SECURITY ANALYSIS AND INVESTMENT MANAGEMENT- MS 221
MBA III

UNIT – I

I Multiple Choice Questions:

1. A liquid asset may
 - (a) be converted into cash
 - (b) be converted into cash with little chance of loss
 - (c) not be converted into cash
 - (d) not be converted without loss

2. A negatively sloped yield curve suggests that
 - (a) short-term rates exceed long-term rates, and the Federal Reserve is following a tight monetary policy
 - (b) short-term rates exceed long-term rates, and the Federal Reserve is following an easy monetary policy
 - (c) long-term rates exceed short-term rates, and the Federal Reserve is following a tight monetary policy
 - (d) long-term rates exceed short-term rates, and the Federal Reserve is following an easy monetary policy

3. The market price of a bond depends on the
 - (a) coupon rate, and terms of the indenture
 - (b) coupon rate, and maturity date
 - (c) terms of the indenture, and maturity date
 - (d) coupon rate, terms of the indenture, and maturity date

4. While bond prices fluctuate,
 - (a) yields are constant
 - (b) coupons are constant
 - (c) the spread between yields is constant
 - (d) short-term bond prices fluctuate even more

5. If interest rates rise, the price of preferred stock
 - (a) is not affected
 - (b) rises

- (c) falls
 - (d) may rise or fall
6. Municipal government debt
- (a) pays more interest than corporate debt
 - (b) is often purchased by individuals with high incomes
 - (c) is exempt from estate taxation
 - (d) is not subject to interest rate risk
7. The use of financial leverage by a firm may be measured by the
- (a) ratio of debt to total assets
 - (b) firm's beta coefficient
 - (c) firm's retention of earnings
 - (d) ratio of the price of the firm's stock price to its earnings
8. An example of a depreciable asset is
- (a) Land
 - (b) Cash
 - (c) Accounts receivable
 - (d) Equipment
9. As the debt ratio increases,
- (a) Fewer assets are debt-financed, and the ratio of debt-to-equity increases
 - (b) Fewer assets are debt-financed, and the ratio of debt-to-equity decreases
 - (c) More assets are debt-financed, and the ratio of debt-to-equity increases
 - (d) More assets are debt-financed, and the ratio of debt-to-equity decreases
10. The net asset value of a mutual fund investing in stock rises with
- (a) Higher stock prices
 - (b) Lower equity values
 - (c) An increased number of shares
 - (d) Increased liabilities
11. Which of the following helps determine the relationship between the expected return and risk for individual securities?
- (a) Security market line
 - (b) Capital market line
 - (c) Markowitz model
 - (d) (a) and (b)

12. A call is an option to
- (a) Sell stock at a specified price
 - (b) Buy stock at a specified price
 - (c) Sell stock on a specified date
 - (d) Buy stock on a specified date
13. Which of the following is on the horizontal axis of the Security Market Line?
- (a) Standard deviation
 - (b) Beta
 - (c) Expected return
 - (d) Required return
14. You own a large orange grove and will be harvesting from November through April. To hedge against price risks you should
- (a) sell orange juice contracts with a November delivery
 - (b) buy orange juice contracts with a November delivery
 - (c) sell orange juice contracts with delivery dates between November and April
 - (d) buy orange juice contracts with delivery dates between November and April
15. Financial leverage may increase a corporation's risk because
- (a) operating income may stabilize
 - (b) the firm has fixed obligations to meet
 - (c) more common stock is outstanding
 - (d) dividends must be paid
16. What is the value of a call on the expiration date, if on that date the price of the stock is Rs.25 and the exercise price is Rs.26?
- (a) Rs.-1
 - (b) Rs 0
 - (c) Rs 1
 - (d) Rs 25
17. Equity does NOT include
- (a) cash and paid-in capital
 - (b) common stock and paid-in capital
 - (c) paid-in capital and retained earnings
 - (d) common stock, paid-in capital and retained earnings

18. What is the price of a stock estimated to pay a dividend of Rs.60 next year, if the dividend growth rate is 5% and the appropriate discount rate is 8%?
- (a) Rs.18
 - (b) Rs.19
 - (c) Rs.20
 - (d) Rs.21
19. If you were confident that the price of stock X would drop dramatically within two Months, which of the following investment transactions would yield the highest return on your investment?
- (a) Purchase stock X
 - (b) Sell stock X short
 - (c) Purchase a call on stock X
 - (d) Purchase a put on stock X
20. In a private limited company, the maximum number of members are limited to:
- (a) 20
 - (b) 50
 - (c) 100
 - (d) 200
21. Shares which are not affected by market movements are known as:
- (a) Offensive shares
 - (b) Growth shares
 - (c) Defensive shares
 - (d) Income shares
22. Exposure indicates
- (a) Sensitivity to changes in risk
 - (b) Sensitivity to changes in asset prices
 - (c) Sensitivity to changes in portfolio
 - (d) Sensitivity to changes in assets
23. Which of the following securities is most liquid?
- (a) Money market instruments
 - (b) Capital market instruments
 - (c) Gilt-edged securities
 - (d) Index Futures
 - (e) Stock options

24. Which of the following goals will be considered by the individuals who invest in upcoming companies and wait till the companies to grow and then harvest their profits and move on to other company?
- (a) Short-term high priority goals
 - (b) Money making goals
 - (c) Long-term high priority goals
 - (d) Lower priority goals
 - (e) No goals.
25. A purely passive strategy is defined as
- (a) One that uses only index funds.
 - (b) One that allocates assets in fixed proportions that do not vary with market conditions.
 - (c) One that is mean-variance efficient.
 - (d) Both A and B.
 - (e) All of the above.
26. An industry in the expansion stage of its life cycle is indicated by its
- (a) Low P/E Ratio.
 - (b) High P/E Ratio.
 - (c) High Dividend Pay-Out Ratio
 - (d) High Default
 - (e) High Debt Equity Ratio
27. Which of the following is true of municipal government debt?
- (a) It pays more interest than corporate debt.
 - (b) It is often purchased by individuals with high incomes.
 - (c) It is exempt from estate taxation.
 - (d) It is not subject to interest rate risk.
28. The net asset value of a mutual fund investing in stock rises with
- (a) Higher stock prices
 - (b) Lower equity values
 - (c) An increased number of shares
 - (d) Increased liabilities
29. Equity does NOT include
- (a) Cash and paid-in capital
 - (b) Common stock and paid-in capital

- (c) Paid-in capital and retained earnings
 - (d) Common stock, paid-in capital and retained earnings
30. Which of the following is not among the important categories of real assets?
- (a) Land and house property
 - (b) Art objects
 - (c) Units of UTI
 - (d) Bullion
 - (e) Precious stones
31. Which of the following statements is true of Insured Asset Allocation?
- (a) It is aimed at benefiting from short-term under pricing and over pricing of assets.
 - (b) In this strategy the risk tolerance of the investor are ignored.
 - (c) In this strategy long-term predictions regarding the capital markets are used.
 - (d) In this strategy the asset mix is held constant.
 - (e) It is a strategy aimed at achieving the objectives of the investor without depending on market timing.
32. _____ are a fixed income security.
- (a) Equities
 - (b) Forex
 - (c) Derivatives
 - (d) Bonds
33. Which of the following is/are true if a firm has a required rate of return equal to the ROE?
- I. The amount of earnings retained by the firm does not affect market price or the P/E.
 - II. The firm can increase market price and P/E by increasing the growth rate.
 - III. The P/E ratio is inversely proportional to the ROE of the firm.
- (a) Only (I) above
 - (b) Both (I) and (II) above
 - (c) Both (I) and (III) above
 - (d) Both (II) and (III) above
 - (e) All (I), (II) and (III) above
34. If the Sales is Rs.100 crores, EBIT is Rs.30 crores, PAT is Rs.20 crores and Total Assets is Rs.300 crores, then the return on assets (ROA) is given by
- (a) 6.67%
 - (b) 10%
 - (c) 33.33%

- (d) 23.33%
 - (e) 26.67%
35. Consider these two investment strategies:
Strategy ___ is the dominant strategy because _____.
- (a) 1, it is riskless
 - (b) 1, it has the highest reward/risk ratio
 - (c) 2, its return is at least equal to Strategy 1 and sometimes greater
 - (d) 2, it has the highest reward/risk ratio
 - (e) both strategies are equally preferred
36. Which of the following statements is/are not correct with respect to the 'Constant Mix Strategies' of asset allocation?
- I. Investors adopting these strategies tend to maintain an exposure to stocks that are in constant proportion of their wealth.
 - II. The risk-tolerance level of the investors varies proportionately with the level of their wealth.
 - III. Reversals in stock markets oppose constant mix strategies over the buy and hold strategies.
 - IV. _____
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Only (III) above
 - (d) Both (I) and (II) above
 - (e) Both (II) and (III) above
37. The tracking error of an optimized portfolio can be expressed in terms of the _____ of the portfolio and thus reveal _____.
- (a) return; portfolio performance
 - (b) total risk; portfolio performance
 - (c) beta; portfolio performance
 - (d) beta; benchmark risk
 - (e) relative return; benchmark risk
38. A portfolio comprises of two stocks A and B. Stock A gives a return of 8% and stock B gives a return of 7%. Stock A has a weight of 60% in the portfolio. What is the portfolio return?
- (a) 9%
 - (b) 11%
 - (c) 10%
 - (d) 8%

39. Price movement between two Information Technology stocks would generally have a _____ co-variance.
- (a) zero
 - (b) positive
 - (c) negative
40. The two types of investments that provide the highest and lowest yields in the Ibbotson study of Stocks, Bonds, Bills and Inflation are
- (a) Large company stocks; U.S. treasury bills
 - (b) Large company stocks; Long-term government bonds
 - (c) Small company stocks; U.S. Treasury bills
 - (d) Small company stocks; preferred stock
 - (e) U.S. treasury bills; small company stocks
41. Which of the following is not a form of a financial asset?
- (a) Commercial paper
 - (b) Commodity futures
 - (c) Warrants
 - (d) Personal residence
 - (e) \$5 bill
42. Historically, the real rate of return in the U.S. economy has been
- (a) 1-2%
 - (b) 2-3%
 - (c) 3-4%
 - (d) 4-5%
 - (e) 5-6%
43. Which of the following is not a form of real asset?
- (a) Rare paintings
 - (b) Baseball cards
 - (c) Diamonds
 - (d) Real estate
 - (e) Commodity futures
44. Under the Economic Growth and Tax Reconciliation Act of 2001, when will estate taxes be eliminated?
- (a) 2008

- (b) 2009
 - (c) 2010
 - (d) 2019
 - (e) The estate tax will not be eliminated
45. Program trading decreases market efficiency by exaggerating price discrepancies between the cash and futures markets
- (a) True
 - (b) False
46. Capital Market Line is firstly initiated by
- (a) Mohsin
 - (b) Linter
 - (c) Markowitz
 - (d) William Sharpe
47. Most favourable portfolio is proficient portfolio with the
- (a) lowest risk
 - (b) highest risk
 - (c) highest utility
 - (d) least investment
48. Ambiguity introduced by way by which organization finances its investments is
- (a) country risk
 - (b) liquidity risk
 - (c) financial risk
 - (d) business risk
49. If generally interest rates in nation increase, a corporate bond with a fixed interest rate will usually
- (a) increase in value
 - (b) remain unchanged
 - (c) decrease in value.
 - (d) be returned to corporation.
50. Inferior investment alternatives are identified when:
- (a) $\alpha < 0$.
 - (b) $\beta = 0$.
 - (c) $\beta > 1$.
 - (d) $\beta < 1$.

51. Systematic risk is higher when:
- (a) $\alpha > 0$.
 - (b) $\alpha < 0$.
 - (c) $\alpha > 1$.
 - (d) $\beta > 1$
52. In the stock-price beta estimation for the Coca-Cola Company, the dependent variable is the:
- (a) return on Coca-Cola.
 - (b) price of Coca-Cola stock.
 - (c) return on the S&P 500.
 - (d) value of the S&P 500 Index.
53. If the beta of a stock is 1.8 and the overall market declines 20%, the expected return is:
- (a) -36%
 - (b) -18%.
 - (c) -20%.
 - (d) -28%
54. Total risk for common stocks is:
- (a) the sum of systematic risk and diversifiable risk.
 - (b) measured by beta.
 - (c) the sum of market risk and systematic risk.
 - (d) the sum of diversifiable risk and unsystematic risk
55. The SML depicts the tradeoff between risk and required return for:
- (a) inefficient portfolios.
 - (b) all assets.
 - (c) efficient portfolios.
 - (d) individual securities only.
56. Alpha is:
- (a) the intercept of the SML line.
 - (b) the intercept of the CML line.
 - (c) the actual excess return on a portfolio during one period.
 - (d) a means of identifying superior or inferior portfolio performance
57. In the stock-price beta estimation for the Coca-Cola Company, the independent variable is the:
- (a) value of the S&P 500 Index.

- (b) return on the S&P 500.
- (c) return on Coca-Cola.
- (d) price of Coca-Cola stock.

58. The chance of loss due to fluctuations in the stock market is:

- (a) market risk.
- (b) interest rate risk.
- (c) business risk.
- (d) inflation risk.

59. Empirical research concludes that betas for:

- (a) individual securities and large portfolios are unstable.
- (b) individual securities and large portfolios are stable.
- (c) large portfolios are unstable.
- (d) individual securities are unstable.

60. Future on fixed Income securities are known as

- (a) Stock Index futures
- (b) Interest rate futures
- (c) Mutual fund futures
- (d) Stock market futures

61. Serials bonds are

- (a) Large bond issues carrying fixed maturity date
- (b) Small bond issues carrying many maturity dates.
- (c) Small bond issues carrying single maturity date.
- (d) Large bond issues carrying many maturity dates.

62. Indenture is a

- (a) A detailed securities contract
- (b) Abbreviated version of a securities contract
- (c) Abbreviated version of a debt contract
- (d) A detailed bond contract

63. Tax sheltered variable annuity is

- (a) A device for availing tax exemption in an Investment
- (b) A device for avoiding tax payment
- (c) A device deferring the payment of federal income taxes
- (d) A device for earning tax deduction.

64. REITs stand for
- (a) Real estate investment trades
 - (b) Real estate investing trades
 - (c) Real estate investment trusts
 - (d) Real estate investment trusts
- 65 The person within the brokerage office with whom an investor will have the most contact is
- (a) Authorized representative
 - (b) Registered representative
 - (c) Authorized person
 - (d) Registered authority
- 66 The commission received by investment banker is known as
- (a) Additive
 - (b) Differential
 - (c) Difference
 - (d) Increment
- 67 The _____ is the indicated dividend divided by the closing price of the stock.
- (a) Income
 - (b) Share
 - (c) Yield
 - (d) Earning
- 68 _____ refers to the highest priced transaction for an issue on a particular day.
- (a) Close
 - (b) High
 - (c) Large
 - (d) Net change

Ans. (1)(b), (2)(a), (3)(d), (4)(b), (5)(c), (6)(b), (7)(a), (8)(d), (9)(c), (10)(a), (11)(a), (12)(b), (13)(b), (14)(c), (15)(b), (16)(b), (17)(a), (18)(c), (19)(d), (20)(b), (21)(c), (22)(d), (23)(b), (24)(c), (25)(b), (26)(d), (27)(b), (28)(b), (29)(a), (30)(a), (31)(c), (32)(e), (33)(d), (34)(e), (35)(b), (36)(c), (37)(c), (38)(d), (39)(d), (40)(b), (41)(c), (42)(d), (43)(b), (44)(d), (45)(d), (46)(b), (47)(d), (48)(c), (49)(c), (50)(c), (51)(a), (52)(d), (53)(a), (54)(a), (55)(a), (56)(b), (57)(d), (58)(b), (59)(a), (60)(d), (61)(b), (62)(b), (63)(d), (64)(c), (65)(c), (66)(b), (67)(b), (68)(c).

II Short Answer Type Questions:

- 1 Define the term investment.
- 2 Define the term speculation
- 3 Define the term gambling.
- 4 How investment is different from speculation and gambling?
- 5 What do you mean by financial engineering?
- 6 What is money market?
- 7 What do you mean by margin trading?
- 8 What do you mean by impact cost?
- 9 What do you mean by circuit breakers?
- 10 What is Red Herring prospectus?
- 11 What is free float methodology of calculating index?
- 12 What do you mean by Green Shoe Option (GSO)?
- 13 What do you mean by bought deals?
- 14 What do you mean by reverse engineering?
- 15 What is Purchasing Power risk?
- 16 Write a note on private equity.
- 17 Write a note on Zero Coupon Yield Curve
- 18 Explain and contrast the application of Trend valuation equation
- 19 Explain and contrast the application of Trend-current valuation equation
- 20 Explain and contrast the application of ABE valuation equation
- 21 Explain and contrast the application of Random valuation equation in finding the optimal risk-return on an investment
- 22 What do you mean by sweat equity
- 23 Define non-voting shares.
- 24 What do you mean by customized indices
- 25 Explain MSCI emerging market index
- 26 Differentiate between Investment and Speculation.
- 27 What are the risks faced by a Portfolio Manager
- 28 Why does an investor need stock market indices
- 29 What do you mean by Portfolio Management
- 30 Discuss the growth of trading rules, instruments.
- 31 write a note on ULIP and SIP.
- 32 why do investors invest in gold and silver?
- 33 why do investors add real estate in their portfolio?
- 34 Discuss the features of equity investment.
- 35 what are the various forms of post office investments?
36. Distinguish between investing and speculating. Is it possible to incorporate investment and speculation within the same security? Explain.

37. Discuss the various investment alternatives available to an Investor.
38. Explain the scope of investment management.
39. What are the various tools of valuation of securities?
40. Define default risk.

III Long Answer / Practical Questions:

- 1 What do you mean by invest investment decision process? How it is going to help investor in making sound investment decision?
- 2 Explain and differentiate hedging, arbitrage and diversification as strategies of investments.
- 3 Write a note on different participants in financial market. Name the regulatory bodies operating in India?
- 4 What do you mean by merchant bankers? What are different types of merchant bankers?
- 5 What do mean by financial system? Explain the financial system in India. What are the functions of a sound financial system?
- 6 “The emergence of SEBI on the horizon of Indian capital market has heralded an era of protection of investors”. Explain with reference to the guidelines issued by the SEBI in this respect.
- 7 What is OTCEI? What are its features and suitability for Indian capital market?
- 8 What do you mean by listing of securities? Give an account of listing agreement when and how shares can be delisted.
- 9 What do you mean by Systematic Investment Plan (SIP)? How is it different from Systematic Withdrawal Plan (SWP)? How SIP is beneficial to investors?
- 10 How an Exchange Traded Fund (ETF) is created? Explain the mechanism and benefits of investment in an ETF.
- 11 What is risk? How is it different from uncertainty? Define different sources of risks exist in investment in the Indian stock market.
- 12 What are the different approaches to valuation of an equity share? Which of these has the strongest theoretical roots?
- 13 What factors affect PE ratio? Establish the relationship of these factors with PE ratio.
- 14 What is YTM? How is it calculated? What is the importance of YTM?
- 15 What do you mean by credit rating? What are the credit rating agencies operating in India?
- 16 What is the process involved in credit rating of debt instrument? How is credit rating relevant for investors?
- 17 Air mail Ltd. Has just paid a dividend of Rs.2 per share. In view of the rapid growth of the company, the dividend is expected to grow at 20% p.a for next three years. After that the growth process will slow and the earnings are expected to grow only at 7% p.a infinitely. In view of the risk involved in the investment, a return of 22% is considered appropriate. Find out the price an investor should be ready to pay for the shares.

- 18 Explain and testify with the help of example that $P_1 = P_0 (1+g)$ in case of constant growth company.
- 19 The current dividend paid by a company is Rs. 1 which is expected to grow at 12% p.a for next 5 years after which it is expected to grow @ 6% per perpetuity. Find out the value of a share if investors require a minimum return of 10%.
- 20 XYZ Ltd. Recently paid a dividend of Rs. 200 per share and it is a fairly risky company with a cost of equity of 25%. A summary of dividends and earnings per share is given below:

Year	Dividends (Rs.)	Earnings
2008	2.00	4.50
2007	1.80	3.50
2006	1.70	4.00
2005	1.40	3.00
2004	1.30	2.50

- Any new investment by XYZ Ltd is expected to yield a return comparable to the cost of equity. Show two methods of estimating, g , from the above data and use each of these to calculate a share price for XYZ Ltd.
- 21 What roles do the securities markets play in allocating resources within an economy?
- 22 Public offerings of securities can be categorized into seasoned and unseasoned issues. What is the difference between two categories?
- 23 What are the listing requirements of NSE and BSE?
- 24 Explain and differentiate between investment and speculation. How do they differ from gambling? Should an investor play a winner's game or a loser's game while buying securities?
- 25 Critically examine the recent capital market reforms introduced in the wake of global financial crisis.
- 26 Explain the methodology of BSE SENSEX construction.
- 27 Write the pros and cons of screen based trading in India.
- 28 Define a bond and explain different types of bonds available in India.
- 29 What are the advantages to invest in antiques and curios compared to depositing money in bank?
- 30 Explain, with examples, different types of exchange traded funds available in India.
- 31 The Wall Street Journal reported that the yield on common stocks is about 2 percent, whereas a study at the University of Chicago contends that the annual rate of return on common stocks since 1926 has averaged about 10 percent. Reconcile these statements.
- 32 Some financial theorists consider the variance of the distribution of expected rates of return to be a good measure of uncertainty. Discuss the reasoning behind this measure of risk and its purpose.
- 33 Discuss the three components of an investor's required rate of return on an investment.

34. Discuss the two major factors that determine the market nominal risk-free rate (NRFR).
35. Explain which of these factors would be more volatile over the business cycle.
36. Briefly discuss the five fundamental factors that influence the risk premium of an investment.
37. How do the following investments compare in terms of return, risk, marketability, tax shelter, and convenience ; equity shares, bank deposits, public provident fund, residential house and gold?
38. (A) What is I-Lead and Shoulder pattern?
(B) State the main assumptions of Dow Jones theory.
(C) Explain the impact of fluctuations in currency market on stock market with the help of an example.
39. What are the steps taken by SEBI to protect investors in the primary market?
40. Explain the different types of investors in the primary market.
41. Discuss the various methods of floating a new issue.
42. "Primary and secondary markets are complementary but their organisational structures are different". Explain.
43. Explain the functions of the primary market.
44. Explain in detail the decision making involved in an Investment process.
45. Discuss in detail the parameters involved in security analysis.
46. Write a detailed note on valuation of securities.
47. Explain the meaning, nature and scope of security analysis and investment management.
48. Differentiate between interest risk and inflation risk.

UNIT – II

I Multiple Choice Questions:

1. As diversification increases, the total variance of a portfolio approaches _____.
 - (a) 0
 - (b) 1
 - (c) The variance of the market portfolio
 - (d) Infinity
 - (e) None of the above
2. The Security Risk Evaluation book published by Merrill Lynch uses the _____ as a proxy for the market portfolio.
 - (a) Dow Jones Industrial Average
 - (b) Dow Jones Transportation Average
 - (c) S&P 500 Index

- (d) Wilshire 5000
 - (e) None of the above
3. The market portfolio has a beta of
- (a) 0.
 - (b) 1.
 - (c) -1.
 - (d) 0.5.
 - (e) None of the above
4. If a firm's beta was calculated as 0.6 in a regression equation, Merrill Lynch would state the adjusted beta at a number
- (a) Less than 0.6 but greater than zero.
 - (b) Between 0.6 and 1.0.
 - (c) Between 1.0 and 1.6.
 - (d) Greater than 1.6.
 - (e) Zero or less.
5. Rosenberg and Guy found that _____ helped to predict a firm's beta.
- (a) the firm's financial characteristics
 - (b) the firm's industry group
 - (c) firm size
 - (d) both A and B
 - (e) A, B and C all helped to predict betas.
6. A stock has an expected return of 15 percent. The market risk premium is 10 percent and the risk-free rate is 4 percent. What is the stock's beta? (C)
- (a) 0.50
 - (b) 0.75
 - (c) 1.1
 - (d) 1.8
 - (e) 2.0
7. What is the beta of a portfolio that is invested 25 percent in the market portfolio, 25 percent in an asset with twice as much systematic risk as the market portfolio and the rest in a risk-free asset?
- (a) 0.25
 - (b) 0.50
 - (c) 0.75
 - (d) 1.00

- (e) 1.25
8. Which statement is not true regarding the market portfolio?
- (a) It includes all publicly traded financial assets.
 - (b) It lies on the efficient frontier.
 - (c) All securities in the market portfolio are held in proportion to their market values.
 - (d) It is the tangency point between the capital market line and the indifference curve.
 - (e) All of the above are true.
9. Which statement is not true regarding the Capital Market Line (CML)?
- (a) The CML is the line from the risk-free rate through the market portfolio.
 - (b) CML is the best attainable capital allocation line.
 - (c) The CML is also called the security market line.
 - (d) The CML always has a positive slope.
 - (e) The risk measure for the CML is standard deviation.
10. The market risk, beta, of a security is equal to
- (a) the covariance between the security's return and the market return divided by the variance of the market's returns.
 - (b) the covariance between the security and market returns divided by the standard deviation of the market's returns.
 - (c) the variance of the security's returns divided by the covariance between the security and market returns.
 - (d) the variance of the security's returns divided by the variance of the market's returns.
 - (e) none of the above.
11. The Security Market Line (SML) is
- (a) the line that describes the expected return-beta relationship for well-diversified portfolios only.
 - (b) also called the Capital Allocation Line.
 - (c) the line that is tangent to the efficient frontier of all risky assets.
 - (d) the line that represents the expected return-beta relationship.
 - (e) the line that represents the relationship between an individual security's return and the market's return.
12. According to the Capital Asset Pricing Model (CAPM), over priced securities
- (a) have positive betas.
 - (b) have zero alphas.
 - (c) have negative betas.
 - (d) have positive alphas.

- (e) none of the above.
13. In a well diversified portfolio
- (a) market risk is negligible.
 - (b) systematic risk is negligible.
 - (c) unsystematic risk is negligible.
 - (d) nondiversifiable risk is negligible.
 - (e) none of the above.
14. Empirical results regarding betas estimated from historical data indicate that
- (a) betas are constant over time.
 - (b) betas of all securities are always greater than one.
 - (c) betas are always near zero.
 - (d) betas appear to regress toward one over time.
 - (e) betas are always positive.
15. What is the expected return of a zero-beta security?
- (a) The market rate of return.
 - (b) Zero rate of return.
 - (c) A negative rate of return.
 - (d) The risk-free rate.
 - (e) None of the above.
16. Standard deviation and beta both measure risk, but they are different in that
- (a) beta measures both systematic and unsystematic risk.
 - (b) beta measures only systematic risk while standard deviation is a measure of total risk.
 - (c) beta measures only unsystematic risk while standard deviation is a measure of total risk.
 - (d) beta measures both systematic and unsystematic risk while standard deviation measures only systematic risk.
 - (e) beta measures total risk while standard deviation measures only nonsystematic risk.
17. If investors do not know their investment horizons for certain
- (a) the CAPM is no longer valid.
 - (b) the CAPM underlying assumptions are not violated.
 - (c) the implications of the CAPM are not violated as long as investors' liquidity needs are not priced.
 - (d) the implications of the CAPM are no longer useful.
 - (e) none of the above is true.

18. One of the assumptions of the CAPM is that investors exhibit myopic behavior. What does this mean?
- (a) They plan for one identical holding period.
 - (b) They are price-takers who can't affect market prices through their trades.
 - (c) They are mean-variance optimizers.
 - (d) They have the same economic view of the world.
 - (e) They pay no taxes or transactions costs.
19. Passive management is a process of holding a well diversified portfolio for
- (a) Short term with buy and hold approach
 - (b) Long term with buy and hold approach
 - (c) Short term with buy and sell approach
 - (d) Long term with buy and sell approach
20. Aggressive portfolio consists of bonds: stock in the ratio of
- (a) 60:40
 - (b) 70:30
 - (c) 40:60
 - (d) 50:50
21. Expected value is the:
- (a) Inverse of the standard deviation
 - (b) Correlation between security's risk and return
 - (a) Weighted average of all possible outcomes
 - (c) Same as the discrete probability distribution
22. Which of the following statement(s) is/are true?
- I. A unique characteristic line is plotted for each security to determine the beta.
 - II. For a characteristic line, the X-axis represents betas for different securities.
 - III. The slope of the characteristic line is the difference between the market returns and risk-free returns.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Only (III) above
 - (d) Both (I) and (II) above
 - (e) Both (II) and (III) above

23. Which of the following statements is true?
- A stock with a beta of 2 will always have a higher return than that a stock with a beta of 1
 - Testing CAPM is done ex-post while CAPM measures required rate of returns
 - The beta of a portfolio is the beta of the individual stocks multiplied by the standard deviation of each stock
 - Generally speaking stocks with higher betas tend to have lower total risk
 - All of the above.
24. Which of the following statements is false about the Security Market Lines (SML)?
- SML represents normal trade-off between return and risk
 - The vertical distance of the security's plot on the graph from the SML is called the security's alpha
 - SML is same as the characteristic line for any security
 - Ex-post SMLs are used to evaluate the performance of portfolio managers
 - The slope of the characteristic line is the beta for the particular security involved
25. According to the Capital Asset Pricing Model (CAPM), the expected return of a well-diversified portfolio with a beta of 1.0 and positive ex-ante alpha (α) is
- The risk-free rate, r_f
 - $\beta (r_m - r_f) + r_f$
 - Between r_f and r_m
 - The expected return on the market, r_m
 - $r_f + \alpha$
26. Which of the following assumptions is common between the pricing models of CAPM and APT?
- A single period investment horizon
 - The investors can freely borrow and lend at risk-free rate
 - The investors select portfolios based on expected mean and variance of return
 - There are no taxes
 - Investors have homogeneous expectations and are expected-utility-of-wealth maximizers.
27. Which of the following statements is/are true with respect Capital Market Line (CML)?
- It is the line passing from risk-free rate through market portfolio.
 - The slope of CML is called market price of risk.
 - CML fails to express equilibrium pricing relationship between expected return and standard deviation for all efficient portfolios lying along the line.
- Only (I) above

- (b) Only (II) above
- (c) Only (III) above
- (d) Both (I) and (II) above
- (e) Both (I) and (III) above

28. Which of the statements is/are false regarding Arbitrage Pricing Theory (APT)?

- I. APT assumes that return on any asset can be expressed as a linear function of a set of market factors or indexes.
 - II. The arbitrage price line indicates relation between unsystematic risk and the expected return of an asset.
 - III. While deriving the APT model, APT assumes that the error term can be reduced to zero through appropriate diversification.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Only (III) above
 - (d) Both (I) and (II) above
 - (e) Both (I) and (III) above.

29. If the risk free rate of return (R_f) is 7%, expected return on the market [$E(R_m)$] is 15%, and the return on stock X is 16%, the beta for the stock X using CAPM is

- (a) 0.85
- (b) 1.00
- (c) 1.14
- (d) 1.26
- (e) 1.33

30. At the prevailing environment, the Capital Market Line (CML) equation for a portfolio is given as $E(r_i)\% = 8 + 0.36 \cdot i$

The ex-ante SML equation for the same portfolio i is $E(r_i)\% = 8 + 5.50 \cdot i$

Therefore, the variance of market portfolio is approximately

- (a) $30(\%)^2$
- (b) $64(\%)^2$
- (c) $126(\%)^2$
- (d) $233(\%)^2$
- (e) $244(\%)^2$

31. A company's _____ provide the most accurate information to its management and shareholders about its operations.

- (a) advertisements
- (b) financial statements

- (c) products
 - (d) vision statement
32. A _____ provides an account of the total revenue generated by a firm during a period (usually a financial year, or a quarter)
- (a) Accounting analysis statement
 - (b) financial re-engineering statement
 - (c) promotional expenses statement
 - (d) profit& loss statement
33. The balance sheet of a company is a snapshot of the _____ of the firm at a point in time.
- (a) the sources and applications of funds of the company.
 - (b) expenditure structure
 - (c) profit structure
 - (d) income structure
34. Which of the following accounting statements form the backbone of financial analysis of a company?
- (a) The income statement (profit & loss),
 - (b) The balance sheet
 - (c) Statement of cash flows
 - (d) All of the above
35. _____ measures the percentage of net income not paid to the shareholders in the form of dividends.
- (a) Withholding ratio
 - (b) Retention ratio
 - (c) Preservation ratio
 - (d) Maintenance ratio
36. Which of the following statements is false with respect to different features of an efficient market?
- (a) Information arbitrage efficiency is said to exist, if the participants do not have any scope to reap abnormal profits using information that is of common knowledge
 - (b) Fundamental valuation efficiency is said to exist, if the price of an asset is neither undervalued nor overvalued
 - (c) Full insurance efficiency is said to exist, if participants can adopt hedging as an effective tool against possible risk in future
 - (d) Operational efficiency is said to exist, if the operating costs are minimum possible to participants, but still provides a fair return to the intermediaries for their services

- (e) Allocation efficiency is said to exist, if the market channelizes resources into projects where the marginal efficiency of capital adjusted for risk differences is lowest.

37. If security prices exhibits semi-strong form of efficiency, one will not gain if he

- (a) Depicts the prices in the form of charts to identify pattern which will beat the market.
- (a) Buys stock of a company which has declared a bonus issue or has gone for a stock split
- (b) Refers to insiders' advice
- (c) All of the above
- (d) Both (a) and (b) above.

38. Particulars Falcon International Triumph International

Average Return (%) 10 8

Average Volatility (%) 12 15

For the portfolio to yield lower risk than the individual stocks, the correlation coefficient of stocks should be

- (a) Less than 1.25
- (b) Less than 0.85
- (c) Less than 0.80
- (d) More than 0.83
- (e) Cannot be commented.

39. Which of the following statements is/are true with respect to feasible set of portfolio?

- I. Feasible set is also known as opportunity set.
 - II. It represents all the portfolios that could be formed from group of N securities.
 - III. Feasible set is also called efficient set
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Only (III) above
 - (d) Both (I) and (II) above
 - (e) Both (II) and (III) above

40. Fund managers generally want which of following objectives to be optimal?

- I. Stability of principle.
 - II. Income.
 - III. Growth of income.
 - IV. Capital appreciation.
- (a) Both (I) and (II) above
 - (b) Both (I) and (III) above
 - (c) Both (II) and (III) above
 - (d) Both (III) and (IV) above

- (e) All (I), (II), (III) and (IV) above
41. Which of the following is not one of the considerations in setting investment objectives?
- (a) Risk versus safety of principal
 - (b) Maximize wealth versus minimize expenses
 - (c) Current income versus capital appreciation
 - (d) Short versus long-term orientation
 - (e) Taxes
42. One of the reasons a short-term trader has difficulty in beating the market is because of
- (a) Risk
 - (b) Lack of information
 - (c) Large institutional investors
 - (d) Commissions
43. The holding period to qualify for a long-term capital gains is
- (a) At least 6 months
 - (b) At least 12 months
 - (c) At least 18 months
 - (d) At most 18 months
 - (e) 12 months and a day
44. Common stock dividends are now taxed at a maximum rate of
- (a) 10 percent
 - (b) 15 percent
 - (c) 20 percent
 - (d) 30 percent
 - (e) 38.8 percent
45. Higher bond prices generally signal expectations of
- (a) Higher inflation
 - (b) Lower inflation
 - (c) Rising stock prices
 - (d) Higher risk premiums
 - (e) None of the above
46. A stock that pays low or no cash dividends is
- (a) EBay
 - (b) Duke Power

- (c) AT&T
- (d) All of the above

47. Deposits in an IRA are

- (a) Allowed to grow tax free until withdrawal
- (b) Deducted from current income tax due
- (c) Deducted from current income to reduce income tax due
- (d) A and C

48. An investment requires a total return that comprises

- (a) A real rate of return and compensation for inflation
- (b) A real rate of return, compensation for inflation, and a risk premium
- (c) Compensation for inflation and a risk premium
- (d) A real rate of return, compensation for inflation, a risk premium, and compensation for time and effort devoted to researching alternative investments
- (e) None of the above

49. The investor of a high-yielding utility can expect

- (a) Slow growth in earnings
- (b) Slow growth in the stock price
- (c) Slow growth in the stock price with a fast growth in earnings
- (d) Fast growth in the stock price with a fast growth in earnings
- (e) Both a and b

50. Because most investors are risk averse

- (a) The riskier the investment, the more the investor will pay for it
- (b) The riskier the investment, the less compensation the investor requires
- (c) Only financial institutions invest in risky assets
- (d) They will require a higher rate of return for a riskier investment

51. An efficient market reflects:

- (a) past, current and inferred information.
- (b) future information.
- (c) past and current information.
- (d) current and inferred information.

52. In which form of the efficient market hypothesis do security prices reflect only past stock price and volume information?

- (a) weak form.
- (b) semistrong form.

- (c) strong form.
 - (d) none of the above.
53. Which of the following is not a test of semi-strong form efficiency?
- (a) stock splits.
 - (b) accounting changes.
 - (c) dividend announcements.
 - (d) insider transactions.
54. An efficient market does not require that:
- (a) stock prices incorporate all information.
 - (b) all known information be reflected in prices.
 - (c) the adjustments occur very quickly.
 - (d) each adjustment be perfect.
55. "Filter rules" do not tend to be profitable because of:
- (a) transaction costs.
 - (b) market volatility.
 - (c) trends in stock prices.
 - (d) the fact that no rules outperform a buy-and-hold strategy, even for short periods.
56. The random walk hypothesis posits that:
- (a) historical returns follow a random walk.
 - (b) historical prices follow a random walk.
 - (c) firm size follows a random walk.
 - (d) short-run investment returns are inherently unpredictable.
57. Positive abnormal returns for corporate insiders constitute a violation of:
- (a) weak form efficiency.
 - (b) semi-strong form efficiency.
 - (c) strong-form efficiency.
 - (d) none of these.
58. On the day following big "up days," the DJIA tends to:
- (a) rise substantially.
 - (b) fall precipitously.
 - (c) rise moderately.
 - (d) none of the above.

59. Stock market value can deviate from its fundamental value because of strong:
- (a) earnings news.
 - (b) investor mood.
 - (c) semi-strong form efficiency.
 - (d) data-snooping.
- 60 Stock fraud perpetrators sometimes dupe respected community (or group) leaders and these leaders unwittingly cause community members to be victimized too. This scheme is called:
- (a) leader-led fraud.
 - (b) a cold call.
 - (c) affinity fraud.
 - (d) a Ponzi scheme.
61. _____ market encompasses all securities not traded on national organized exchanges.
- (a) Primary
 - (b) Money
 - (c) Capital
 - (d) Over the counter
62. Which of the following is not a part of systematic risk
- (a) Economic changes
 - (b) Management capability
 - (c) Political changes
 - (d) Sociological changes
63. Primarily Inflation gives rise to
- (a) Market risk
 - (b) Purchasing power risk
 - (c) Business risk
 - (d) Financial risk
64. Unsystematic risk is known as
- (a) Non diversifiable risk
 - (b) Total risk
 - (c) Market risk
 - (d) Diversifiable risk
65. characteristic line is associated with
- (a) Standard deviation

- (b) Beta
- (c) Variance
- (d) Portfolio

66. Graphical presentation of CAPM is known as

- (a) Capital asset line
- (b) Pricing line
- (c) Assets pricing line
- (d) Security market line

67. _____ is defined as the n th root of the product resulting from multiplying a series of returns together.

- (a) Arithmetic mean
- (b) Geometric mean
- (c) Harmonic mean
- (d) None of the above

68. An order to buy or sell at the most advantageous price obtainable after the order is represented in the trading crowd.

- (a) Scale order
- (b) Sell 'plus' order
- (c) Market order
- (d) Day order.

69. _____ refers to capitalize on downward movement in stock prices.

- (a) Long selling
- (b) small selling
- (c) Large selling
- (d) Short selling

70. _____ is a device to overcome the uncertainty connected with a stop order.

- (a) Stop limit order
- (b) Stay limit order
- (c) Halt limit order
- (d) End limit order

71. _____ is a function of the operating conditions faced by a firm and the variability these conditions inject into operating income and expected dividends.

- (a) Market risk
- (b) Business risk

- (c) Interest rate risk
- (d) Systematic risk

Ans. (1)(c), (2)(c), (3)(b), (4)(b), (5)(e), (6)(c), (7)(c), (8)(d), (9)(c), (10)(a), (11)(d), (12)(c), (13)(c), (14)(d), (15)(d), (16)(b), (17)(c), (18)(a), (19)(b), (20)(c), (21)(c), (22)(a), (23)(b), (24)(c), (25)(e), (26)(e), (27)(d), (28)(b), (29)(c), (30)(d), (31)(b), (32)(d), (33)(a), (34)(d), (35)(b), (36)(e), (37)(e), (38)(c), (39)(d), (40)(e), (41)(b), (42)(d), (43)(b), (44)(b), (45)(b), (46)(a), (47)(d), (48)(b), (49)(e), (50)(d), (51)(a), (52)(b), (53)(d), (54)(d), (55) (a), (56)(d), (57)(c), (58)(d), (59)(b), (60) (c), (61)(d), (62)(b), (63)(b), (64)(d), (65)(b), (66)(d), (67)(b), (68)(c), (69)(d), (70)(a), (71)(d).

II Short Answer Type Questions:

- 1 What do you mean by systematic risk?
- 2 What is portfolio beta?
- 3 What is project beta?
- 4 What is levered beta?
- 5 What is unlevered beta?
- 6 What are the components of total risk?
- 7 What is difference between volatility and variability?
- 8 What do you mean by active portfolio management strategy?
- 9 Who has given the formula for reward to variability?
- 10 Who has given the formula for reward to volatility?
- 11 What is zero beta?
- 12 What do you mean by adjusted beta?
- 13 What do you mean by ex-ante return?
- 14 What do you mean by ex-post return?
- 15 Compare and contrast the CML with SML.
- 16 Define interest rate risk.
- 17 Differentiate risk and exposure.
- 18 Define social risk and its impact on stock markets.
- 19 Explain how a price-weighted series and a market-value-weighted series adjust for stock splits.
- 20 Explain how to compute a market-value-weighted series.
- 21 Why is it contended that bond market indexes are more difficult to construct and maintain than stock market indexes?
- 22 Discuss leverage and its effect on the CML.
- 23 Discuss why the investment and financing decisions are separate when you have a CML

24. Given the CML, discuss and justify the relevant measure of risk for an individual security.
25. The big brother Crop. Has a required rate return of 15% and its current dividend is RS.2.50 per share. If the current price of the big brother stock is rs 53 per share what is the growth of rate of dividend.
26. Explain the whitbeck- Kisor model.
27. Discuss the role of P/E ratio in making the sell and buy decision.
28. The share of ABC Company is currently selling for Rs.65 per share dividend per share has grown from Rs2 to the current level of rs.5 over the past 10 years, and this dividend growth is expected to continue in the future. What is the required rate of return of ABC Company?
29. Find out the yield to maturity on an 8% five-year bond selling at Rs. 105?
25. Explain the concept of security market line in investment decisions.
26. Highlights the role of market risk in the analysis of total risk in a portfolio?
27. Explain the kind of risk measured by Beta.
28. Differentiate between systematic and unsystematic risk.
29. Enumerate the various techniques of risk measurement.
30. How beta is superior to various other techniques of risk measurement?

III Long Answer / Practical Questions:

1. Discuss the differences between the capital market line and the security market line.
2. Discuss the assumptions of the capital asset pricing model, and how these assumptions relate to the "real world" investment decision process.
3. Discuss how the CAPM might be used in capital budgeting decisions and utility rate decisions.
4. "Investing in levered companies is profitable during boom period and avoiding it during recession is more wise"- Elucidate.
5. What are the statistical tools used to measure the risk of the securities return? Explain.
6. How would you minimize the various risk exposures?
7. Cite recent examples of political or economic events that have affected the Indian stock market and the stock of the industry of your choice.
8. The return of security A and B are given below

Probability	Security A	Security B
0.5	4	0
0.4	2	3
0.1	0	3

Give the security of your preference. The security has to be selected on this basis of risk and return.
9. Following data give the market return and the Sun company scrip's return for a particular period.

Index return (R _m)	Scrip Return (R _i)
--------------------------------	--------------------------------

0.5	0.3
0.6	0.6
0.5	0.4
0.6	0.5
0.8	0.6
0.5	0.3
0.8	0.7
0.4	0.5
0.7	0.6

- (a) What is the Beta value of Sun company scrip?
- (b) If the market return is 2, what would be the scrip return?
- 10 Why should investor adopt formula plans?
- 11 How does constant rupee plan differ from constant ratio plan?
- 12 Two companies are identical in all respects except capital structure. One company AB Ltd has a debt equity ratio of 1:4 and its equity has a Beta value of 1.1. the other company XY Ltd has a debt equity ration of 3:4. Income tax is 30%. Estimate Beta value of XY Ltd., given the above.
- 13 Rudra Ltd. has a debt equity ratio of .80:1. its present cost of debt funds is 14% and it has a marginal tax rate of 60%. The company is proposing to diversify to a new field of adhesives. There exists another company Om Ltd. which is a representative company in adhesives. Om Ltd. has a debt-equity ratio .25 a beta of 1.15 and tax rate of 40%.
- Calculate the systematic risk involved for Rudra Ltd. if the company enters into the business of adhesives. You may assume that CAPM holds and Rudra Ltd. employs same amount of leverage.
- In case, risk free rate at present is 10 per cent and expected return on market portfolio is 15% what return Rudra Ltd. requires for the new business if it uses a CAPM approach.
- 14 Compaq Ltd is planning for a diversification project in white goods sector. Its current equity beta is 1.2, whereas the white goods sector has 1.6. Gearing of white goods sector is 30% debts, 70% equity. If expected market return is 25%, risk free debt is 10% and taxation rate is 30% and also that corporate debt is assumed to be risk-free, compute suitable discount rate under the following situations:
- (i) Project financed by equity only
- (ii) 30% debt and 70% equity
- (iii) 40% debt and 60% equity
- Discount rate is to be adjusted to reflect level of systematic business risk and financial risk of the project.
- 15 XYZ Limited pays no taxes and is entirely financed by equity shares. The equity share has a beta of 0.6, a price-earning of 12.5 and is priced to offer an expected return of 20 per

- cent. XYZ Ltd now decides to buy back half of the equity shares by borrowing an equal amount. If the debt yields a risk free return of 10%, calculate:
- (iv) The beta of the equity shares after buy back
 - (v) The required return and risk premium on the equity shares before the buyback.
 - (vi) The required return and risk premium on the equity shares after the buyback.
- 16 What do you mean by Beta factor? What does it study? Explain with the help of an example the calculation of beta.
 - 17 What do you mean by portfolio evaluation? What are the factors of portfolio performance evaluation?
 - 18 What is Security Market Line? How is it different from Capital Market Line?
 - 19 Explain how the Capital Asset Pricing Model can be used to identify the mispricing of assets?
 - 20 What do you mean by Fama decomposition? How does it help in evaluation of performance of a portfolio?
 - 21 The standard deviation of expected returns was suggested as a good measure of risk. Discuss some of the arguments for using standard deviation as a risk measure.
 - 22 Use the following data to calculate the variance and standard deviation for a portfolio containing stock 1 and 2:
 $P1, 2 = 0.75$ $SD1 = 10$ $SD2 = 20$ $W1 = 2/3$ $W2 = 1/3$
 - 23 Compare and contrast the CML with SML. Given CML, discuss and justify the relevant measure of risk for an individual security.
 - 24 “When beta is dead where the corpse is”. Justify
 - 25 Critically evaluate the impact of US sub-prime crisis on Indian stock market.
 - 26 Do you think a change in political equations in a country’s government could impact the investment returns? Substantiate your answer with valid reasons.
 - 27 The September 11 attack on the world trade centre in New York pulled down the stock market across the world. What type of exposure the stock markets were having, and how would do you justify the fall?
 - 28 Define financial leverage and discuss effect of leverage on CML.
 - 29 Stock X and Y have an expected return of 15% and 10%. If the index return is 12% and risk-free return is 6.5%, what would be the beta of each stock? Which stock has higher risk? If the risk-free interest rate changes to 7%, what would be the change in risk perception of these stocks?
 - 30 Assume that you expect the economy’s rate of inflation to be 3 percent, giving an RFR of 6 percent and a market return (RM) of 12 percent.
 - (a) Draw the SML under these assumptions.
 - (b) Subsequently, you expect the rate of inflation to increase from 3 percent to 6 percent. What effect would this have on the RFR and the RM? Draw another SML on the graph from Part a.

- (c) Draw an SML on the same graph to reflect an RFR of 9 percent and an RM of 17 percent. How does this SML differ from that derived in Part b? Explain what has transpired.
- 31 You expect an RFR of 10 percent and the market return (RM) of 14 percent. Compute the expected (required) return for the following stocks, and plot them on an SML graph.
- 32 Based on five years of monthly data, you derive the following information for the companies listed:
- Compute the beta coefficient for each stock.
 - Assuming a risk-free rate of 8 percent and an expected return for the market portfolio of 15 percent, compute the expected (required) return for all the stocks and plot them on the SML.
 - Plot the following estimated returns for the next year on the SML and indicate which stocks are undervalued or overvalued.
 - Intel—20 percent
 - Ford—15 percent
 - Anheuser Busch—19 percent
 - Merck—10 percent
- 33 Calculate the expected (required) return for each of the following stocks when the risk-free rate is 0.08 and you expect the market return to be 0.14.
- 34 The following are the historic returns for the Chelle Computer Company:
Based on this information, compute the following:
- The correlation coefficient between Chelle Computer and the General Index.
 - The standard deviation for the company and the index.
 - The beta for the Chelle Computer Company.
- 35
- Consider two stocks P and Q.
 - The returns on the two stocks are perfectly negatively correlated. What is the expected return of a portfolio constructed to drive the standard deviation of portfolio return to zero?
 - 'CML is a special case of SML". Explain and state the relationship between the two lines.
- 36 What is an efficient market? Discuss the different levels of market efficiency. Is Indian stock market efficient?
37. What is meant by duration? Explain the relationship between duration and price change?
38. "Stocks are considered to be risky but bonds are not". This is not fully correct. Elucidate.
39. Explain the importance of the estimation of beta and co-efficient of determination.
40. How does SEBI regulate the primary market?
41. How does SEBI protect investors in the new issue market?
42. Compare the traditional and modern approaches to security analysis to portfolio management.
43. Explain the relevance of simulation analysis in analysing the risk in an investment project.
44. Explain the concept of Risk in a traditional as well as contemporary sense.
45. Differentiate between geared and ungeared beta.

46. Explain the concept of sensitivity analysis.

UNIT – III

I Test Your Skills:

(a) Multiple Choice Questions

1. A top down analysis of a firm starts with _____.
 - (a) the relative value of the firm
 - (b) the absolute value of the firm
 - (c) the domestic economy
 - (d) the global economy
 - (e) the industry outlook

2. An example of a highly cyclical industry is _____.
 - (a) the automobile industry
 - (b) the tobacco industry
 - (c) the food industry
 - (d) A and B
 - (e) B and C

3. The most widely used monetary tool is _____.
 - (a) altering the discount rate
 - (b) altering the reserve requirements
 - (c) open market operations
 - (d) altering marginal tax rates
 - (e) none of the above

4. The "real", or inflation-adjusted, exchange rate, is
 - (a) the balance of trade.
 - (b) the budget deficit.
 - (c) the purchasing power ratio.
 - (d) unimportant to the U. S economy.
 - (e) none of the above.

5. The "normal" range of price-earnings ratios for the S&P500 Index is
 - (a) between 2 and 10.
 - (b) between 5 and 15.

- (c) less than 8.
 - (d) between 12 and 25
 - (e) greater than 20.
6. A peak is _____.
- (a) a transition from an expansion in the business cycle to the start of a contraction
 - (b) a transition from a contraction in the business cycle to the start of an expansion
 - (c) a depression that lasts more than three years.
 - (d) only something used by farmers to feed pigs and not an investment term
 - (e) none of the above
7. Conventional theories presume that investors _____ and behavioral finance presumes that they _____.
- (a) are irrational; are irrational
 - (b) are rational; may not be rational
 - (c) are rational; are rational
 - (d) may not be rational; may not be rational
 - (e) may not be rational; are rational
8. Information processing errors consist of
- I. forecasting errors
 - II. overconfidence
 - III. conservatism
 - IV. framing
- (a) I and II
 - (b) I and III
 - (c) III and IV
 - (d) IV only
 - (e) I, II and III
9. _____ was the grandfather of technical analysis.
- (a) Harry Markowitz
 - (b) William Sharpe
 - (c) Charles Dow
 - (d) Benjamin Graham
 - (e) none of the above

10. The goal of the Dow theory is to
- (a) identify head and shoulder patterns.
 - (b) identify breakaway points.
 - (c) identify resistance levels.
 - (d) identify support levels.
 - (e) identify long-term trends.
11. A long-term movement of prices, lasting from several months to years is called _____.
- (a) a minor trend
 - (b) a primary trend
 - (c) an intermediate trend
 - (d) trend analysis
 - (e) B and D
12. Two popular moving average periods are
- (a) 90-day and 52 week
 - (b) 180-day and three year
 - (c) 180-day two year
 - (d) 200-day and 53 week
 - (e) 200-day and two year
13. The most extreme form(s) of the Efficient Market Hypothesis (EMH) is
- (a) Weak form
 - (b) Semi-Strong form
 - (c) Super Strong form
 - (d) Near Strong form
 - (e) Semi-Weak form
14. Which of the following statements pertaining to the Efficient Market Hypothesis (EMH) is/are true?
- (a) Successive short run absolute price changes are independent
 - (b) Successive short run absolute price changes are dependent
 - (c) Market comprises of rational investors
 - (d) Weak Form of EMH is also known as random walk model
 - (e) All of (a), (c) and (d) above
15. According to the Efficient Market Hypothesis (EMH)
- I. Stocks with smaller beta will be consistently overpriced.
 - II. Stocks with higher beta will be consistently underpriced.

- III. Positive alphas on stocks will not remain for a longer period.
- (a) Only (I) above
 - (b) Only (III) above
 - (c) Both (I) and (II) above
 - (d) Both (II) and (III) above
 - (e) All (I), (II) and (III) above
16. Which of the following statements is false with respect to different features of an efficient market?
- (a) Information arbitrage efficiency is said to exist, if the participants do not have any scope to reap abnormal profits using information that is of common knowledge
 - (b) Fundamental valuation efficiency is said to exist, if the price of an asset is neither undervalued nor overvalued
 - (c) Full insurance efficiency is said to exist, if participants can adopt hedging as an effective tool against possible risk in future
 - (d) Operational efficiency is said to exist, if the operating costs are minimum possible to participants, but still provides a fair return to the intermediaries for their services
 - (e) Allocation efficiency is said to exist, if the market channelizes resources into projects where the marginal efficiency of capital adjusted for risk differences is lowest
17. If security prices exhibits semi-strong form of efficiency, one will not gain if he
- (a) Depicts the prices in the form of charts to identify pattern which will beat the market.
 - (b) Buys stock of a company which has declared a bonus issue or has gone for a stock split
 - (c) Refers to insiders' advice
 - (d) All of the above
 - (e) Both (a) and (b) above.
18. Which one of the following is the exponential factor for a 100-day Exponential Moving Average?
- (a) 0.01
 - (b) 0.2
 - (c) 0.02
 - (d) 0.002
 - (e) 20

19. Which of the following patterns is the most reliable and widely used for indicating trend reversal?
- (a) Gap Analysis
 - (b) Stochastics
 - (c) Moving Averages
 - (d) Rectangles
 - (e) Head and Shoulders
20. A stock with a relative strength of 3.0 will have a relative strength index of
- (a) 125
 - (b) 66.67
 - (c) 75
 - (d) 26
 - (e) 97
21. _____ would mean that no investor would be able to outperform the market with trading strategies based on publicly available information.
- (a) Semi strong form efficiency
 - (b) Weak-form efficiency
 - (c) Strong form efficiency
22. The need to have an understanding about the ability of the market to imbibe information into the prices has led to countless attempts to study and characterize the levels of efficiency of different segments of the financial markets.
- (a) True
 - (b) False
23. If the market is _____, the period after a favorable (unfavorable) event would not generate returns beyond (less than) what is suggested by an equilibrium model such as CAPM
- (a) Semi strong form efficiency
 - (b) Weak-form efficiency
 - (c) Strong form efficiency
24. Markets are inefficient when prices of securities assimilate and reflect information about them.
- (a) True
 - (b) False

25. Stock returns are generally expected to be independent across weekdays, but a number of studies have found returns on Monday to be lower than in the rest of the week. This departure from market efficiency is also sometimes called the _____ effect.
- (a) Monday-Friday
 - (b) Weekday
 - (c) Monday
 - (d) Weekend
26. Fundamental analysis focuses on predicting the future price of a security and Technical analysis on estimating the intrinsic value of a security.
- (a) False
 - (b) True
27. Under _____ EMH investors cannot earn abnormal/superior profits on securities on a consistent basis.
- (a) Weak-form efficient
 - (b) Strong form efficient
 - (c) Semi-strong form efficient
28. Which are the popular types of orders placed through an online trading account?
- (a) Limit orders
 - (b) Market orders
 - (c) Stop loss order
 - (d) All of the above
29. What are the features of line charts?
- (a) It connects closing prices from one period to the next
 - (b) It connects low prices from one period to the next
 - (c) It connects high prices from one period to the next
 - (d) None of the above
30. What is the art of technical analysis?
- (a) To identify trend changes at an early stage and maintain investment posture till the trend has reversed
 - (b) To know the type of security to invest in.
 - (c) To know the under and over priced shares.
 - (d) None of the above

31. A _____ provides an account of the total revenue generated by a firm during a period (usually a financial year, or a quarter)
- (a) Accounting analysis statement
 - (b) financial re-engineering statement
 - (c) promotional expenses statement
 - (d) profit& loss statement
32. The balance sheet of a company is a snapshot of the _____ of the firm at a point in time.
- (a) the sources and applications of funds of the company.
 - (b) expenditure structure
 - (c) profit structure
 - (d) income structure
33. What is Bottom-Up approach also known as?
- (a) Company-industry-economy approach
 - (b) Economy -industry-Company approach
 - (c) Industry-economy-Company approach
 - (d) Company -economy-industry approach
34. _____ ratio is the ratio of net profit to the sales.
- (a) Net Profit
 - (b) Gross profit
 - (c) Operating profit
 - (d) Expense
35. A security is said to be _____ if its current market price is over its intrinsic value.
- (a) Under priced
 - (b) Over priced
 - (c) Rightly priced
36. The objective of fundamental analysis for a security in a market is to identify either it is:
- (a) Under priced
 - (b) Over priced
 - (c) Both under priced and over priced
 - (d) None of the above

37. _____ measures the percentage of net income not paid to the shareholders in the form of dividends.
- (a) Withholding ratio
 - (b) Retention ratio
 - (c) Preservation ratio
 - (d) Maintenance ratio
38. Which of the following patterns is the most reliable and widely used for indicating trend reversal?
- (a) Gap Analysis
 - (b) Stochastics
 - (c) Moving Averages
 - (d) Rectangles
 - (e) Head and Shoulders
39. Prices of stocks usually move in trends.
- (a) False
 - (b) True
40. _____ would mean that no investor would be able to outperform the market with trading strategies based on publicly available information.
- (a) Semi strong form efficiency
 - (b) Weak-form efficiency
 - (c) Strong form efficiency
41. The ability of the investor to convert an investment into cash in a short period of time is called
- (a) Short-term orientation
 - (b) Low investment risk
 - (c) Liquidity
 - (d) Capital appreciation
 - (e) None of the above
42. Wealthy investors may prefer the favorable tax treatment of investments such as
- (a) Corporate bonds
 - (b) Municipal bonds
 - (c) Common stock
 - (d) Preferred stock

43. What is the rate of return on a share of common stock that increased in value from \$40 to \$50?
- (a) 5%
 - (b) 10%
 - (c) 20%
 - (d) 25%
 - (e) None of the above
44. What would the rate of return for a stock that increased in value from \$60 per share to \$63 per share and paid a \$3.00 dividend?
- (a) 12%
 - (b) 11%
 - (c) 10%
 - (d) 1.5%
 - (e) 5%
45. An investment in common stock carries a higher return than a bank certificate of deposit. The difference in returns is called
- (a) The risk-free rate
 - (b) The real rate of return
 - (c) The risk premium
 - (d) The beta
 - (e) None of the above
46. What are the components in determining the real rate of return?
- (a) The risk premium
 - (b) The inflation factor
 - (c) The required rate of return
 - (d) Both a) and b) above
 - (e) Neither a) nor b)
47. What is the risk-free rate in an environment where the real rate is 3% and inflation is running at 3%? Use either method found in chapter one.
- (a) 14.5% or just 14%
 - (b) 10.21% or just 10%
 - (c) 6.09% or just 6%
 - (d) 9.09% or just 9%
 - (e) 0%

48. Which of the following investments would theoretically always carry the highest risk premium?
- (a) U.S. treasury bill
 - (b) Common stock
 - (c) Preferred stock
 - (d) Corporate bond
 - (e) Any one of the above
49. _____, because of increasing replacement value and scarcity, perform best in periods of high inflation.
- (a) Real assets
 - (b) Common stock
 - (c) Preferred stock
 - (d) Financial assets
 - (e) More than one of the above
50. The two components that make up the risk-free rate are
- (a) Real rate of return and capital gains
 - (b) Risk-free assets and capital gains
 - (c) Real rate of return and the inflation factor
 - (d) Real assets and the inflation factor
 - (e) Capital gains and the inflation factor
51. Which of the following terms represents an upper price limit for a stock, based on the quantity of willing sellers?
- (a) Support.
 - (b) Channel.
 - (c) Trendline.
 - (d) Resistance.
52. The daily high price is represented on a candlestick chart by the:
- (a) channel.
 - (b) trendline.
 - (c) shadow.
 - (d) real body.
53. The daily opening price is represented on a candlestick chart by the:
- (a) channel.
 - (b) real body.

- (c) trendline.
 - (d) shadow.
54. Which of the following do technical analysts believe is a lower bound on a stock's price?
- (a) Moving average.
 - (b) Shadow.
 - (c) Resistance.
 - (d) Trendline.
 - (e) Support.
55. Which of the following is a sentiment indicator?
- (a) Odd-lot trading.
 - (b) Advance-decline line.
 - (c) Trendline.
 - (d) Relative strength ratio.
56. Which of the following is a breadth indicator?
- (a) Advance-decline line.
 - (b) Put/call ratio.
 - (c) Odd-lot trading.
 - (d) Channel.
57. On which of the following does a hammer sometimes appear?
- (a) Moving average chart.
 - (b) Point-and-figure chart.
 - (c) Candlestick chart.
 - (d) Bar chart.
58. The number of stocks hitting new 52-week highs is a(n):
- (a) intermediate trend indicator.
 - (b) breadth indicator.
 - (c) sentiment indicator.
 - (d) primary trend indicator.
59. Which type of chart includes daily high price, low price, opening price, and closing price?
- (a) Bar chart.
 - (b) Candlestick chart.
 - (c) Point-and-figure chart.
 - (d) Moving average chart.

60. Which of the following contains the real body?
- Point-and-figure chart.
 - Bar chart.
 - Moving average chart.
 - Candlestick chart.
61. If you believe in the _____ form of the EMH, you believe that stock prices reflect all relevant information including historical stock prices and current public information about the firm, but not information that is available only to insiders.
- Semi strong
 - strong
 - weak
 - semi strong, strong, and weak
62. When Maurice Kendall examined the patterns of stock returns in 1953 he concluded that the stock market was _____. Now, these random price movements are believed to be _____.
- inefficient; the effect of a well-functioning market
 - efficient; the effect of an inefficient market
 - inefficient; the effect of an inefficient market
 - efficient; the effect of a well-functioning market
 - irrational; even more irrational than before
63. A hybrid strategy is one where the investor
- uses both fundamental and technical analysis to select stocks.
 - selects the stocks of companies that specialize in alternative fuels.
 - selects some actively-managed mutual funds on their own and uses an investment advisor to select other actively-managed funds.
 - maintains a passive core and augments the position with an actively managed portfolio.
64. The difference between a random walk and a submartingale is the expected price change in a random walk is _____ and the expected price change for a submartingale is _____.
- positive; zero
 - positive; positive
 - positive; negative
 - zero; positive
 - zero; zero

65. If you believe in the _____ form of the EMH, you believe that stock prices only reflect all information that can be derived by examining market trading data such as the history of past stock prices, trading volume or short interest.
- (a) semistrong
 - (b) strong
 - (c) weak
 - (d) semistrong, strong, and weak
66. If you believe in the _____ form of the EMH, you believe that stock prices reflect all available information, including information that is available only to insiders.
- (a) semistrong
 - (b) strong
 - (c) weak
 - (d) semistrong, strong, and weak
67. _____ focus more on past price movements of a firm's stock than on the underlying determinants of future profitability.
- (a) Credit analysts
 - (b) Fundamental analysts
 - (c) Systems analysts
 - (d) Technical analysts
 - (e) Credit analysts, Fundamental analysts, Systems analysts, and Technical analysts
68. _____ above which it is difficult for the market to rise.
- (a) A book value is a value
 - (b) A resistance level is a value
 - (c) A support level is a value
 - (d) A book value and a resistance level are values
 - (e) A book value and a support level are values
69. _____ below which it is difficult for the market to fall.
- (a) An intrinsic value is a value
 - (b) A resistance level is a value
 - (c) A support level is a value
 - (d) An intrinsic value and a resistance level are values
 - (e) A resistance level and a support level are values

70. On November 22, 2009 the stock price of WalMart was \$39.50 and the retailer stock index was 600.30. On November 25, 2009 the stock price of WalMart was \$40.25 and the retailer stock index was 605.20. Consider the ratio of WalMart to the retailer index on November 22 and November 25. WalMart is _____ the retail industry and technical analysts who follow relative strength would advise _____ the stock.
- (a) outperforming, buying
 - (b) outperforming, selling
 - (c) underperforming, buying
 - (d) underperforming, selling
 - (e) equally performing, neither buying nor selling
- 71 Studies of stock price reactions to news are called
- (a) reaction studies.
 - (b) event studies.
 - (c) drift studies.
 - (d) both reaction studies and drift studies.
 - (e) both event studies and drift studies.

Ans. (1)(d), (2)(a), (3)(c), (4)(c), (5)(d), (6)(a), (7)(b), (8)(e), (9)(c), (10)(e), (11)(b), (12)(d), (13)(c), (14)(e), (15)(b), (16)(e), (17)(e), (18)(c), (19)(e), (20)(c), (21)(a), (22)(a), (23)(a), (24)(b), (25)(d), (26)(a), (27)(c), (28)(d), (29)(a), (30)(a), (31)(d), (32)(a), (33)(a), (34)(a), (35)(b), (36)(c), (37)(b), (38)(e), (39)(b), (40)(a), (41)(c), (42)(b), (43)(d), (44)(c), (45)(c), (46)(e), (47)(c), (48)(b), (49)(a), (50)(c), (51)(d), (52)(c), (53)(b), (54)(e), (55)(a), (56)(a), (57)(c), (58)(b), (59)(b), (60)(d), 61(a), 62(a), 63(d), 64(d), 65(c), 66(b), 67(d), 68(b), 69(c), 70(b), 71(b).

II Short Answer Type Questions:

- 1 What is Top down approach?
- 2 Differentiate between industry life cycle and business life cycle
- 3 What is primary trend and secondary trend
- 4 What is PE ratio? How to calculate it?
- 5 What do you mean Hammer candle?
- 6 What do you mean by double tops and bottom?
- 7 What is EMA?
- 8 Differentiate systematic and unsystematic risk.
- 9 What is EMH approach to stock market?
- 10 What is Shaven bottle candle?
- 11 What is Economic Value Added?

- 12 What do you mean by Random Walk
- 13 What is Relative Strength Index?
- 14 What is ROC?
- 15 Explain Bollinger Bands.
- 16 Explain the term stochastic
- 17 What is meant by the term abnormal rate of return?
- 18 Briefly explain two major roles or responsibilities of portfolio managers in an efficient market environment.
- 19 What is bottom down approach?
- 20 What is the purpose of computing a moving-average line for a stock?
- 21 Why is it not feasible to use the dividend discount model in the valuation of true growth companies?
- 22 Explain Elliott Wave Theory.
- 23 Explain the Dow theory with the help of diagrams.
- 24 How can an individual investor be benefited from fundamental and technical analysis?
- 25 How ROC and RSI can be used by an investor to predict share price movement?
- 26 What is meant by support level for a share or for a market index?
27. Discuss the various forms of market efficiency.
28. What is an event study? It is a test of what form of market efficiency?
29. Why might the degree of market efficiency differ across various markets? State three reasons why this might occur?
30. With regard to market efficiency, what is meant by the term "anomaly"?

III Long Answer / Practical Questions:

- 1 What do you understand by security analysis? Describe the basic approaches to security analysis.
- 2 Describe briefly the relevance and essence of fundamental analysis for an individual investor. How he can be benefited from these?
- 3 'Industry life cycle presents the current position of an industry and helps in identifying entry and exit timing for investors'. Explain and examine.
- 4 What are techniques of economic analysis? How is the economic analysis useful for investment decision?
- 5 Explain the technical analysis. How is it different from fundamental analysis?
- 6 Describe briefly the relevance and essence of fundamental analysis and technical analysis for an individual investor. How he can be benefited from these?
- 7 What is Exponential Moving Average? How is it different from Simple Moving Average?
- 8 Under the efficient market hypothesis, what is the assumption about the processing of new information and what effect does this have on the share prices?

- 9 What are the major sources of information used in fundamental and technical analysis?
- 10 How does information get into prices? If market prices reflect all information, we only need to look at prices. But if everyone looks only at the prices (nothing else), how could prices reflect any information?
- 11 What do you mean by risk premium? How does it affect the total return expected from an investment?
- 12 ABC Ltd has a debt equity ratio of .5, a profit margin of 3%, a DP ratio of 40% and capital intensity ratio of 1. Find out its SGR. In case, it wants to achieve a SGR of 10% by improving profit margins, how much profit margin should it attain?
- 13 Explain systematic risk and unsystematic risk in detail with example.
- 14 An investor is evaluating two investment options. Both have equal returns but the probabilities of occurring these returns in two proposals are different. The returns and probabilities are:

Return Prob X Prob Y

13% .1 .1

16% .2 .4

22% .3 .3

25% .4 .2

- 15 Find out the expected return from both proposals. Also evaluate the risk of these returns. An investment is currently available for Rs. 40. The revenue return and the year-end price of this investment depend upon the economic conditions. Three such conditions are likely with equal probabilities. The return and year-end prices are expected as follows:

Condition	Return	Year-end price
Boom	Rs.2.00	Rs. 50
Normal	1.00	43
Recession	0.50	34

- Find out the expected value of return for one year period and the standard deviation of the return.
- 16 Explain the concept of risk and return in the context of a portfolio.
- 17 Which technical analysis indicator works the best for determining the strength of a trend and which settings?
- 18 Explain Dow Jones theory of technical analysis.
- 19 Explain market movements with the help of different candle charts.
- 20 Briefly describe the essence of fundamental approach. Are future market prices predictable based on past price behavior?
- 21 Critically examine SEBI's initiatives to increase the market efficiency for: (i) primary

- markets (ii) secondary markets and (iii) investor's awareness.
- 22 When Tsunami hit Indian shores, Nifty or SENSEX did not fall, but when that happened in Japan, Nikkei and most of the Asian market including Indian indices fell. Critically examine the reasons for this phenomenon.
- 23 Briefly explain the concept of the efficient market hypothesis (EMH) and each of its three forms—weak, semistrong, and strong—and briefly discuss the degree to which existing empirical evidence supports each of the three forms of the EMH.
- 24 Technical analysts believe that investors can use past price changes to predict future price changes. How do they justify this belief?
- 25 Discuss some disadvantages of technical analysis
- 26 Describe the Dow Theory and its three components. Which component is most important? What is the reason for an intermediate reversal?
- 27 Discuss why you would want to use EVA return on capital rather than absolute EVA to compare two companies or to evaluate a firm's performance over time.
- 28 Lauren Industries has an 18 percent annual growth rate compared to the market rate of 8 percent. If the market multiple is 18, determine P/E ratios for Lauren Industries, assuming its beta is 1.0 and you feel it can maintain its superior growth rate for
- (a) the next 10 years.
- (b) the next 5 years
- 29 What is Industry Life cycle? How can the competitiveness of an industry be analysed?
- 30 "Knowing, Analyzing and Understanding the current state of affairs in the economy is useful and essential for analyzing the investment in securities". Explain in the light of this statement, the relevance of economic analysis.
- 31 What do you mean by fundamental analysis? State the rationale, procedure and limitations of this analysis.
- 32 What are the techniques of economic analysis? How is the economic analysis useful for investment decision?
- 33 "Fundamental analysis is useful in the long run while technical analysis in the short-run". Discuss.
34. What are the tools of evidence for market efficiency?
35. Give criticism for technical analysis.
36. What are the techniques of technical analysis?
37. Explain in details the key indicators of industry analysis.
38. You have invested Rs 50,000, 30% of which is invested in Company A, which has an expected rate of return of 15% and 70% of which is invested in Company B, with an expected return of 12%. What is the return on portfolio? What is the expected %age rate of return?

(Ans: (i) Total return Rs 6450 (company A+B = 2250 + 4200), (ii) 12.90 %)

UNIT - IV

I Test Your Skills:

(a) Multiple Choice Questions

1. In the Treynor-Black model
 - (a) Portfolio weight are sensitive to large alpha values which can lead to infeasible long or short position for many portfolio managers.
 - (b) Portfolio weight are not sensitive to large alpha values which can lead to infeasible long or short position for many portfolio managers.
 - (c) Portfolio weight are sensitive to large alpha values which can lead to the optimal portfolio for most portfolio managers.
 - (d) Portfolio weight are not sensitive to large alpha values which can lead to the optimal portfolio for most portfolio managers.
 - (e) None of the above.

2. Benchmark portfolio risk is defined as
 - (a) the return difference between the portfolio and the benchmark
 - (b) the variance of the return of the benchmark portfolio
 - (c) the variance of the return difference between the portfolio and the benchmark
 - (d) the variance of the return of the actively-managed portfolio
 - (e) none of the above.

3. _____ can be used to measure forecast quality and guide in the proper adjustment of forecasts.
 - (a) Regression analysis
 - (b) Exponential smoothing
 - (c) ARIMA
 - (d) Moving average models
 - (e) GAUSS

4. Even low-quality forecasts have proven to be valuable because R-squares of only _____ in regressions of analysts' forecasts can be used to substantially improve portfolio performance.
 - (a) 0.656

- (b) 0.452
 - (c) 0.258
 - (d) 0.153
 - (e) 0.001
5. The _____ model allows the private views of the portfolio manager to be incorporated with market data in the optimization procedure.
- (a) Black-Litterman
 - (b) Treynor-Black
 - (c) Treynor-Mazuy
 - (d) Black-Scholes
 - (e) none of the above.
6. The Black-Litterman model and Treynor-Black model are
- (a) nice in theory but practically useless in modern portfolio management.
 - (b) complementary tools that should be used in portfolio management.
 - (c) contradictory models can not be use together; therefore, portfolio managers must choose which one suits their needs.
 - (d) not useful due to their complexity.
 - (e) none of the above.
7. Alpha forecasts must be _____ to account for less-than-perfect forecasting quality. When alpha forecasts are _____ to account for forecast imprecision, the resulting portfolio position becomes _____.
- (a) shrunk, shrunk, far less moderate
 - (b) shrunk, shrunk, far more moderate
 - (c) grossed up, grossed up, far less moderate
 - (d) grossed up, grossed up, far more moderate
 - (e) none of the above
8. Tracking error is defined as
- (a) the difference between the returns on the overall risky portfolio versus the benchmark return.
 - (b) the variance of the return of the benchmark portfolio
 - (c) the variance of the return difference between the portfolio and the benchmark
 - (d) the variance of the return of the actively-managed portfolio
 - (e) none of the above.

9. The tracking error of an optimized portfolio can be expressed in terms of the _____ of the portfolio and thus reveal _____.

- (a) return; portfolio performance
- (b) total risk; portfolio performance
- (c) beta; portfolio performance
- (d) beta; benchmark risk
- (e) relative return; benchmark risk

10. If a portfolio manager consistently obtains a high Sharpe measure, the manager's forecasting ability _____.

- (a) is above average
- (b) is average
- (c) is below average
- (d) does not exist.
- (e) cannot be determined based on the Sharpe measure

11. Active portfolio management consists of _____.

- (a) market timing
- (b) security analysis
- (c) indexing
- (d) A and B
- (e) none of the above

12. The critical variable in the determination of the success of the active portfolio is _____.

- (a) alpha/systematic risk
- (b) alpha/nonsystematic risk
- (c) gamma/systematic risk
- (d) gamma/nonsystematic risk
- (e) none of the above

13. Active portfolio managers try to construct a risky portfolio with _____.

- (a) a higher Sharpe measure than a passive strategy
- (b) a lower Sharpe measure than a passive strategy
- (c) the same Sharpe measure as a passive strategy
- (d) very few securities
- (e) none of the above

14. The beta of an active portfolio is 1.20. The standard deviation of the returns on the market index is 20%. The nonsystematic variance of the active portfolio is 1%. The standard deviation of the returns on the active portfolio is _____.

- (a) 3.84%
- (b) 5.84%
- (c) 19.60%
- (d) 24.17%
- (e) 26.0%

15. A purely passive strategy is defined as

- (a) one that uses only index funds.
- (b) one that allocates assets in fixed proportions that do not vary with market conditions.
- (c) one that is mean-variance efficient.
- (d) both A and B.
- (e) all of the above.

16. According to the index model, covariances among security pairs are

- (a) Due to the influence of a single common factor represented by the market index return
- (b) Extremely difficult to calculate
- (c) Related to industry-specific events
- (d) Usually positive
- (e) A and D

17. The intercept calculated by Merrill Lynch in the regression equations is equal to

- (a) α in the CAPM
- (b) $\alpha + r_f (1 + \beta)$
- (c) $\alpha + r_f (1 - \beta)$
- (d) $1 - \alpha$
- (e) none of the above

18. Analysts may use regression analysis to estimate the index model for a stock. When doing so, the slope of the regression line is an estimate of _____.

- (a) the α of the asset
- (b) the β of the asset
- (c) the σ of the asset
- (d) the δ of the asset

(e) none of the above

19. In a factor model, the return on a stock in a particular period will be related to _____.

- (a) firm-specific events
- (b) macroeconomic events
- (c) the error term
- (d) both A and B
- (e) neither A nor B

20. Merrill Lynch estimates the index model for a stock using regression analysis involving total returns. They estimated the intercept in the regression equation at 6% and the β at 0.5. The risk-free rate of return is 12%. The true β of the stock is _____.

- (a) 0%
- (b) 3%
- (c) 6%
- (d) 9%
- (e) none of the above

21. Depending upon the investor's preferences and the market opportunities an investor's portfolio is the portfolio that

- I. Maximizes her expected utility.
 - II. Maximizes her risk.
 - III. Minimizes both her risk and return.
 - IV. Maximizes her expected profit.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Only (III) above
 - (d) Only (IV) above
 - (e) Both (I) and (III) above.

22. Particulars Falcon International Triumph International

Average Return (%) 10 8

Average Volatility (%) 12 15

For the portfolio to yield lower risk than the individual stocks, the correlation coefficient of stocks should be

- (a) Less than 1.25
- (b) Less than 0.85
- (c) Less than 0.80
- (d) More than 0.83

(e) Cannot be commented.

23. An Investor can form a portfolio that lies to the right of the optimal risky portfolio on asset allocation line by

- I. Lend some money at the risk free rate and invest the remainder in the optimal risky portfolio.
 - II. Borrow some money at the risk free rate and invest in the optimal risky portfolio
 - III. Such a portfolio cannot be formed
 - IV. Invest only in risky assets
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Only (III) above
 - (d) Only (IV) above
 - (e) Both (II) and (IV) above.

24. Analysis carried out on the performance of a fund for last year is compiled as under:

Total selectivity 2.50%

Net selectivity 1.53%

□□ of portfolio 0.90

Return on market index 13.00%

Standard deviation of market returns 13.50%

Risk free return, R_f 8.00%

The total risk (□i) of portfolio is

- (a) 11.1%
- (b) 12.2%
- (c) 13.8%
- (d) 14.8%
- (e) Data not sufficient

25. Mr. Zaffar has following scrips in his portfolio:

Scrip	Beta	Proportion of investment (%)
Reliance	.83	.25
Infosys	.8	.25
Reymond	1.4	.35
IndiaBulls	1.2	.15

If the risk free rate is 6% and return on the market is 16%, what will be the expected return on his portfolio?

- (a) 12.54%
- (b) 13.28%

- (c) 14.12%
- (d) 15.36%
- (e) 16.80%

26. Which of the following is/are disadvantage(s) of indexing of bond portfolio?

- I. Advisory fee schedule is high
 - II. In past, returns earned by most active fund managers has much exceeded those of index portfolio
 - III. Loss of opportunity for incremental returns.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Only (III) above
 - (d) Both (II) and (III) above
 - (e) Both (I) and (III) above.

27. Which of the following statements regarding portfolio revisions is/are incorrect?

- (a) For effective implementation of constant Dollar value plan, it is necessary to estimate the possibility and extent of downward fluctuation of the aggressive portfolio
- (b) Constant ratio plan becomes less aggressive in sales when the stock price rise
- (c) During a sustained rise or fall of stock prices the constant ratio plan gives higher profit than other two formula plans.
- (d) Variable ratio plan stock portfolio becomes more aggressive when stock prices rise and vice versa.
- (e) None of the above.

28. Active portfolio managers try to construct a risky portfolio with _____.

- (a) A higher Sharpe measure than a passive strategy
- (b) A lower Sharpe measure than a passive strategy
- (c) The same Sharpe measure as a passive strategy
- (d) Very few securities
- (e) None of the above

29. The beta of an active portfolio is 1.20. The standard deviation of the returns on the market index is 20%. The nonsystematic variance of the active portfolio is 1%. The standard deviation of the returns on the active portfolio is _____.

- (a) 3.84%
- (b) 5.84%

- (c) 19.60%
 - (d) 24.17%
 - (e) 26.0%
30. The alpha of an active portfolio is 1%. The expected return on the market index is 16%. The variance of the return on the market portfolio is 4%. The nonsystematic variance of the active portfolio is 1%. The risk-free rate of return is 8%. The beta of the active portfolio is 1.05. The optimal proportion to invest in the active portfolio is _____.
- (a) 48.7%
 - (b) 50.0%
 - (c) 51.3%
 - (d) 100.0%
 - (e) None of the above
31. A portfolio comprises of two stocks A and B. Stock A gives a return of 8% and stock B gives a return of 7%. Stock A has a weight of 60% in the portfolio. What is the portfolio return?
- (a) 9%
 - (b) 11%
 - (c) 10%
 - (d) 8%
32. Which of the following is on the horizontal axis of the Security Market Line?
- (a) Standard deviation
 - (b) Beta
 - (c) Expected return
 - (d) Required return
33. Price movement between two Steel company stocks would generally have a _____ covariance
- (a) Positive
 - (b) Negative
 - (c) Zero

34. The CAPM is founded on the following two assumptions (1) in the equilibrium every mean variance investor holds the same market portfolio and (2) the only risk the investor faces is the beta

- (a) True
- (b) False

35 . If a Portfolio manager consistently obtains a high Sharpe's measure, the portfolio manager has exhibited

- (a) Above average forecasting ability
- (b) Above average selection ability
- (c) The market supports market efficiency in strong form
- (d) Nothing could be concluded as it may be due to chance
- (e) Both (a) and (b) above.

36. The critical variable in the determination of the success of the active portfolio is

- (a) Jensen's Alpha / Non-Systematic Risk
- (b) Jensen's Alpha / Systematic Risk
- (c) Gamma / Non-Systematic Risk
- (d) Gamma / Systematic Risk
- (e) Indexing tactics.

37. Ms. Kiran wrote a European call option on a stock. The premium was Rs.5 per share and the market price and exercise price of the share were Rs.39 and Rs.45 respectively. If on expiry date, the price of the share was Rs. 42, the profit/loss to Ms. Kiran was

- (a) Rs.3
- (b) -Rs.4
- (c) -Rs.5
- (d) Rs.4

38. Other things being same, the price of American call option on a stock is positively correlated with the following factors, except

- (a) The exercise price
- (b) The time to expiration
- (c) The stock volatility
- (d) The stock price
- (e) None of the above

39. What is a call?
- (a) An option to sell stock at a specified price
 - (b) An option to buy stock at a specified price
 - (c) An option to sell stock on a specified date
 - (d) An option to buy stock on a specified date
40. The intrinsic value of an out-of-the-money call option is
- (a) The Call Premium
 - (b) The stock price minus the exercise price
 - (c) Negative
 - (d) The strike price
 - (e) Zero
41. The commitment of current funds in anticipation of receiving a larger future flow of funds is called
- (a) A financial asset
 - (b) A real asset
 - (c) An investment
 - (d) Gambling
 - (e) None of the above
42. A(n) _____ is a legally documented claim on an asset, while a _____ is an actual, tangible asset which may be seen, felt, held, or collected.
- (a) Real asset; financial asset
 - (b) Financial asset; real asset
 - (c) Indirect equity claim; direct equity claim
 - (d) Direct equity claim; indirect equity claim
 - (e) None of the above
43. When ranking security returns, the data shows that the annualized returns are as follows, ranked from highest return to lowest return.
- (a) Large stocks, small stocks, long-term corporate bonds, long-term government bonds, treasury bills
 - (b) Small stocks, large stocks, long-term corporate bonds, long-term government bonds, treasury bills
 - (c) Small stocks, large stocks, treasury bills, long-term government bonds, long-term corporate bonds

- (d) Treasury bills, long-term government bonds, long-term corporate bonds, large stocks, small stocks
 - (e) Large stocks, small stocks, long-term government bonds, long-term corporate bonds, treasurybills.
44. When ranking the riskiness of securities using the standard deviation, the highest risk security to the lowest risk security is as follows:
- (a) Small stocks, large stocks, long-term government bonds, U.S. treasury bills
 - (b) Long-term government bonds, small stocks, large stocks, U.S. treasury bills
 - (c) Large stocks, small stocks, long-term government bonds, U.S. treasury bills
 - (d) Small stocks, long-term government bonds, large stocks, U.S. treasury bills
 - (e) U.S. treasury bills, long-term government bonds, large stocks, small stocks
45. Which of the following statements is the most accurate concerning security returns over The eight decades since the 1920's?
- (a) Returns on large common stocks were very stable
 - (b) Returns on long-term corporate bonds were very stable
 - (c) Returns on long-term corporate bonds were very stable
 - (d) Returns on treasury bills were very consistent from period to period
 - (e) All securities exhibited very unstable returns over the eight decades in question.
46. A direct equity claim arises through investment in
- (a) Bonds and other debt instruments
 - (b) Common stocks, warrants and options
 - (c) Preferred stock and commodity futures
 - (d) Mutual funds
 - (e) None of the above
47. Investment in a mutual fund results in
- (a) An indirect equity claim
 - (b) A direct equity claim
 - (c) A creditor claim
 - (d) None of the above.
48. What factors must be considered in choosing between investment alternatives?
- (a) Risk and liquidity
 - (b) Interest or dividends vs. capital gains
 - (c) Time frame for managing funds and evaluating performance and tax effects
 - (d) Safety of principle

- (e) All of the above
49. The ability of the investor to convert an investment into cash in a short period of time is called
- (a) Short-term orientation
 - (b) Low investment risk
 - (c) Liquidity
 - (d) Capital appreciation
 - (e) None of the above
50. Wealthy investors may prefer the favorable tax treatment of investments such as
- (a) Corporate bonds
 - (b) Municipal bonds
 - (c) Common stock
 - (d) Preferred stock
51. Which of the following examples involves objective probabilities?
- (a) Common stock rates of return.
 - (b) Coin-flipping experiment.
 - (c) Bond rates of return.
 - (d) Both the first and second answer.
 - (e) Both the first and third answer.
52. The expected return is determined by:
- (a) probabilities.
 - (b) rates of return on an asset.
 - (c) correlations.
 - (d) both a and b.
 - (e) the first, second and third answer.
53. If the future were known with certainty, which of the following statements would be wrong?
- (a) There is no dependency with other assets.
 - (b) The risk premium is zero.
 - (c) The mean return equals the riskless interest rate.
 - (d) The variance is greater than zero.
 - (e) All financial assets yield the same rate of return.
54. Which of the following statements about arbitrage is correct?
- (a) A risk averter will arbitrage because profits can be made with no risk and no investment.

- (b) A risk averter will never arbitrage because of the risk involved.
 - (c) Arbitrage opportunity arises when profits can be made with low level of risk.
 - (d) Arbitrage opportunities continue to exist in equilibrium.
 - (e) A risk seeker loves to arbitrage because he or she is willing to pay a premium to buy risky assets.
55. Which of the following statements about the mean-variance criterion is correct?
- (a) Investors select assets that provide the highest rate of return.
 - (b) Investors select assets that provide the highest variance for the same or higher expected return.
 - (c) Investors select assets that provide the lowest variance for the same or higher expected return.
 - (d) The mean return equals the riskless interest.
 - (e) The risk premium is zero.
56. Which of the following is not a characteristic of a risk averter?
- (a) A risk averter will not buy lottery tickets because the expected payoffs are less than the cost of the tickets.
 - (b) A risk averter will be ready to pay a higher price for an asset whose variance increases.
 - (c) A risk averter always prefers a certain investment over an uncertain investment if the expected returns on the two investments are identical.
 - (d) To be induced to take risk, a risk averter must be offered a risk premium.
 - (e) Both a and c
57. Which of the following statements is incorrect?
- (a) The variance is the square root of the standard deviation.
 - (b) All assets would have the same rate of return if the future were known with certainty.
 - (c) The risk of the investment is the uncertainty concerning the expected return.
 - (d) The geometric mean cannot be larger than the arithmetic mean.
 - (e) When the actual probabilities are known, as in coin-flipping experiment, these probabilities are called objective probabilities.
58. Arbitrage trading strategy implies that:
- (a) profits are made by investing in riskless securities.
 - (b) large profits are made by undertaking high risk investments.
 - (c) profits are made with no risk and no investment.
 - (d) arbitrage opportunities will continue to exist in equilibrium.
 - (e) profits are made by trading low risk investments.

59. Which of the following is a measure of the dispersion of returns around the mean?
- (a) Variance.
 - (b) Risk premium.
 - (c) Correlation.
 - (d) Expected return.
 - (e) Covariance.
60. Investors who completely ignore an asset's variance and only consider the asset's expected return are called:
- (a) value-seeking investors.
 - (b) growth-oriented investors.
 - (c) risk-neutral investors.
 - (d) risk averters.
 - (e) risk seekers.
61. Underlying all investments is the tradeoff between
- (a) Expected return and actual return
 - (b) Low risk and high risk
 - (c) Actual return and high risk
 - (d) Expected return and risk.
62. Which of the following investment areas is heavily tied to work using mathematical and statistical models?
- (a) Security analysis
 - (b) Portfolio management
 - (c) Institutional investing
 - (d) Retirement planning.
63. This type of risk is avoidable through proper diversification.
- (a) portfolio risk
 - (b) systematic risk
 - (c) unsystematic risk
 - (d) total risk
64. Liquidity risk
- (a) The risk that investment bankers normally face
 - (b) Lower for small OTCEI stocks than for large NSE stocks
 - (c) The risk associated with secondary market transactions
 - (d) The risk increases whenever interest rates increase

65. If interest rates are expected to rise, you would expect
- (a) Bond prices to fall more than stock prices
 - (b) Bond prices to rise more than stock prices
 - (c) Stock prices to fall more than bond prices
 - (d) Stock prices to rise and bond prices to fall
66. The one-period rate of return from a stock or bond which may or may not be realized can be described by using the term
- (a) Holding-period return.
 - (b) Yield.
 - (c) Random variable
 - (d) Market return
67. If the dispersion around a security's return is larger
- (a) The expected return is smaller
 - (b) The standard deviation is smaller
 - (c) The stock's price is higher
 - (d) The security's risk is higher
68. Who popularized the dividend discount model, which is sometimes referred to by his name?
- (a) Myron Gordon
 - (b) Frederick Macaulay
 - (c) Harry Markowitz
 - (d) Marshall Blume
69. A group of mutual funds with a common management are known as:
- (a) Fund syndicates.
 - (b) Fund conglomerates
 - (c) Fund families.
 - (d) Fund complexes
70. Markowitz's main contribution to portfolio theory is
- (a) That risk is the same for each type of financial asset
 - (b) That risk is a function of credit, liquidity and market Factors

- (c) Risk is not quantifiable
- (d) Insight about the relative importance of variances and co variances in determining portfolio risk

Ans. (1)(a), (2)(c), (3)(a), (4)(e), (5)(a), (6)(b), (7)(b), (8)(a), (9)(d), (10)(a), (11)(d), (12)(b), (13)(a), (14)(e), (15)(d), (16)(e), (17)(c), (18)(b), (19)(d), (20)(a), (21)(a), (22)(c), (23)(b), (24)(d), (25)(e), (26)(c), (27)(d), (28)(a), (29)(e), (30)(c), (31)(b), (32)(b), (33)(a), (34)(a), (35)(e), (36)(a), (37)(d), (38)(a), (39)(b), (40)(e), (41)(c), (42)(b), (43)(b), (44)(a), (45)(e), (46)(b), (47)(a), (48)(d), (49)(c), (50)(b), (51)(b), (52)(d), (53)(d), (54)(a), (55)(c), (56)(b), (57)(a), (58)(c), (59)(a), (60)(c), 61(a), 62(a), 63(c), 64(d), 65(a), 66(a), 67(a), 68(a), 69(c), 70(b)

II Short Answer Type Questions:

- 1 What do you mean by portfolio?
- 2 What is efficient frontier?
- 3 What do you mean by optimal portfolio?
- 4 What is represented by CML?
- 5 What is represented by SML?
- 6 What do you mean by error term in single index model?
- 7 What do you mean by Alfa in single index model?
- 8 Give one assumption of APT model.
- 9 Give two main assumptions of HM model.
- 10 What is risk free rate of return in CAPM?
- 11 What is the difference between the time series and cross sectional CAPM?
- 12 List the four essential steps to obtaining an asset allocation.
- 13 Explain how the efficient frontier is determined using the Markowitz approach. Use a two-security approach.
- 14 Briefly explain two major roles or responsibilities of portfolio managers in an efficient market environment
- 15 Why do most investors hold diversified portfolios?
- 16 What is covariance, and why is it important in portfolio theory?
- 17 Explain the shape of the efficient frontier.
- 18 How does the goal of a passive equity portfolio manager differ from the goal of an active manager?
- 19 Write short note on Diversification.
- 20 Explain the concepts of risk and return in the context of portfolio.
- 21 Explain the role of correlation coefficient in the construction of a portfolio.
- 22 What is Capital Market Line? How is it derived?
- 23 Explain, with the help of an example, the Single Index Model.

24. What are the different approaches towards investment decision in relation to better trade of between risk and return?
25. Why investment theory talks about an Optimal Portfolio?
26. What are the different types of Bond Portfolio Management Strategies?
27. Explain Indexing Strategy of Passive portfolio management.
28. Write short note on Quadratic Optimization.

III Long Answer / Practical Questions:

1. What do you mean by portfolio management? What are the elements of portfolio management?
2. Examine the role of correlation coefficient in the construction of a portfolio.
3. “As the number of securities in a portfolio increases, the relevance of each security decreases.” Examine the role of covariance in this respect.
4. Explain, with the help of an example, the Single Index Model.
5. Explain the risk return relationship formulated by HM model. How the efficient portfolio is built as per HM model?
6. Explain what do you mean by introduction of risk free lending and borrowing in arriving at CML?
7. What is Arbitrage Pricing Theory? How does it explain the expected return of a security?
8. What do you mean by Fadecomposition? How does it help in evaluation of performance of a portfolio?
9. Under what conditions the shape or slope of SML may change? Examine graphically.
10. Differentiate between Sharpe’s ratio and Treynor’s ratio.
11. Staple Ltd is interested to build a portfolio having a return of 16%. The risk free rate of interest is 10%. The expected return of the market portfolio is 18% with standard deviation of 5%. Find out the weights of the market portfolio and risk-free securities in the portfolio of Staple Ltd. What will be the risk of that portfolio?
12. The following information is available in respect of security X and Y:

Security	Beta	Expected Return
X	1.8	22%
Y	1.6	20.40%

If risk-free rate is 7%, are these securities correctly priced? What the risk free rate has to be if they are correctly priced?
13. X Ltd and Y Ltd have following risk and return estimates:

$R_x = 20\%$, $R_y = 22\%$

Standard deviation (x) = 18%

Standard deviation (y) = 15%

Correlation Coefficient, $r_{xy} = -1$

Calculate the proportion of investment in X Ltd. and Y Ltd to minimize the risk of portfolio.

14. An investor has constructed a portfolio consisting of equal amounts of securities A, B and C. The expected returns and the standard deviations of these securities are:

Security	Expected Return	Standard Deviation
A	25%	30%
B	22%	26%
C	20%	24%

Correlation coefficients between AB, BC, and AC are -.5, .4 and .6 respectively. Find out risk and return of the portfolio.

15. A Ltd. has an expected return of 22% and standard deviation of 40%. B Ltd has expected return of 24% and standard deviation of 38%. A Ltd has a beta of 0.86 and B Ltd has a beta of 1.24. The correlation coefficient between their returns is .72. The standard deviation of the market return is 20%. Suggest:
- (a) Is investing in B Ltd better than A Ltd?
 - (b) If you invest 30% in B and 70% in A, what is your expected rate of return and standard deviation?
 - (c) What is market portfolio rate of return and risk free rate?
 - (d) What is beta of portfolio if weights of A Ltd and B Ltd are 70% and 30%?
16. Apply CAPM model on the cluster of 10 NSE/BSE listed companies for estimating the returns and explain the relevance of this model in the current market scenario. Also, explain the limitation of this model.
17. Apply Single Index Model on the cluster of 10 NSE/BSE listed companies for estimating the returns and explain the relevance of this model in the current market scenario. Also, explain the limitation of this model.
18. Apply Arbitrage Pricing Model on the cluster of 10 NSE/BSE listed companies for estimating the returns and explain the relevance of this model in the current market scenario. Also, explain the limitation of this model.
19. Construct a imaginary portfolio by using Harry Markowitz Model and also state the limitation of this model.
20. Single Index model is an improvement over Markowitz model. Explain.
21. Explain how the existence of unlimited borrowing and lending opportunities allows one to change the form of the efficient frontier.

22. Explain how the existence of differential taxes would change the risk-return relationship of the capital asset pricing model.
23. Outline a strategy that investors might follow if taxes do in fact influence the pricing of the stocks.
24. When would risk-return relationship of the APT be equivalent to that of the security market line?
25. Briefly explain the kind of risk-return trade-off one would anticipate when moving from passive to more active strategies.
26. What is the difference between a time-series derived beta and cross-sectional beta?
27. Explain how adding or subtracting cash can change the beta of a portfolio.
28. Explain the notion of extra-market correlation.
29. Define hedge ratio. Explain the computation and use of hedge ratio.
30. “Degree of slope of utility curves indicates the degree of risk aversion”. Do you agree with this statement? Substantiate your answer with examples
31. Assume that you and a business associate develop an efficient frontier for a set of investments. Why might the two of you select different portfolios on the frontier?
32. Explain various techniques considered active equity portfolio management strategies.
33. Describe several techniques for constructing a passive portfolio.
34. Why have passive portfolio management strategies increased in use over time?
35. Describe the difference between a price momentum strategy and an earnings momentum strategy.
36. (a) Discuss the economic functions served by derivatives.
(b) What is the meaning of efficient frontier as per Markowitz model?
37. “Portfolio Risk may be reduced without sacrificing returns if securities are combined correctly.” Explain in the light of Markowitz diversification.
38. Why do investors prefer diversified portfolio? Which kind of risk can be reduced through diversification? How?
39. “Diversification is positively related with number of securities in portfolio”. Explain and elucidate.
40. Portfolio risk can be reduced to zero if securities are combined correctly.” Verify.
41. What do we mean by FAMA decomposition? How does it help in evaluation of performance of a portfolio?
42. What are the different evaluation techniques used for measuring the performance of the portfolio?
43. “Fundamental analysis using EIC framework provides better solution in selection of stocks into the portfolio” – substantiate your opinion.
44. Wipro provides you following information, calculate expected rate of return of portfolio:

Expected market return	15 %
Risk free rate of return	9 %
Standard deviation of an asset	2.4 %

Market standard deviation	2.0 %
Correlation co efficient of portfolio with market	0.9

(Ans: Expected rate of return: 15.48 %)

QUESTION BANK

INDUSTRIAL RELATIONS AND LABOR LAWS

MS 233

QUESTION BANK
INDUSTRIAL RELATIONS AND LABOR LAWS - MS 233
MBA -III

UNIT – I

(b) Multiple Choice Questions:

- 1 Industrial relations, in India has been a
 - (a) Fire fighting function
 - (b) Fire-stroking function
 - (c) All the above
 - (d) None of the above

- 2 The popular approaches to industrial relations are
 - (a) Unitary approach
 - (b) Pluralistic approach
 - (c) Marxist approach
 - (d) All the above

- 3 In general, managers tend to see employee relations in terms of which of the following activities
 - (a) Creating and maintaining employee motivation
 - (b) Obtaining commitment form the workforce
 - (c) Both a and b
 - (d) Neither a nor b

- 4 Which of the following are the major all India employer's associations
 - (a) ASSOCHAM
 - (b) FICCI
 - (c) WHO
 - (d) Only a and b

- 5 Government everywhere followed the laissez-faire policy till
 - (a) a.18th Century
 - (b) 19th Century
 - (c) 20th Century
 - (d) 16th Century

- 6 A proactive industrial relations strategy programme must cover the following decisions
- (a) Communications
 - (b) Relationships
 - (c) Competence
 - (d) All the above
- 7 Employee associations that constitute one of the stakeholders in industrial relations are popularly known as
- (a) Federations
 - (b) Confederations
 - (c) Trade Unions
 - (d) None of the above
- 8 The major actors of industrial relations include
- (a) Workers and their organizations
 - (b) Employers and their organizations
 - (c) Government
 - (d) All the above
- 9 The structure of trade unions in India can be classified into
- (a) 4 types
 - (b) 8 types
 - (c) 3 types
 - (d) 5 types
- 10 Which all problems do trade unions face?
- (a) Small size of unions
 - (b) Poor financial position
 - (c) Both a and b
 - (d) Neither a nor b
- 11 Which frame of reference views the natural state of organizations as one of harmony and co-operation?
- (a) Pluralism
 - (b) Unitarism
 - (c) Radical
- 12 The analogy of a 'football team' refers to which frame of reference?
- (a) Unitarism.
 - (b) Radical.

- (c) Pluralism.
- 13 In explaining why employees join unions, what term is used to describe employee dissatisfaction with their work situation?
- (a) The rational choice explanation.
 - (b) The frustration-aggression thesis.
 - (c) Interactionist explanation.
- 14 Which parties are generally considered to be the main actors in the employment relationship? Select all that apply.
- (a) Managers.
 - (b) Academics.
 - (c) The state.
 - (d) Employees.
 - (e) Unions.
- 15 Unionized workers have traditionally received higher wages than their non-unionized counterparts. What phrase is normally used to describe this phenomenon?
- (a) The representation gap.
 - (b) Union wage premium.
 - (c) Sword of justice effect.
 - (d) The shock effect.
- 16 Employees in the workplace often talk of 'us' and 'them'. Which frame of reference does this reflect?
- (a) Unitarism.
 - (b) Pluralism.
 - (c) Radical.
- 17 What is meant by the term 'union density'?
- (a) The total number of workers who are union members.
 - (b) The proportion of workers who are union members.
 - (c) The number of workers whose pay is set by collective bargaining.
 - (d) The proportion of workers who are not members of a trade union.
- 18 Which of the following is not typically a component of partnership agreement?
- (a) Legitimacy of employees rights' to be informed.
 - (b) Sharing success with employees.
 - (c) Commitment to information and consultation.
 - (d) Commitment to high levels of pay.

- (e) Commitment to employment security.
19. Which of the following regions have the highest rate on union membership?
- (a) North America.
 - (b) Europe.
 - (c) China.
 - (d) Russia, Ukraine, Belarus.
 - (e) Asia.
20. Many factors are driving change, but none is more important than the rise of:
- (a) Internet technologies.
 - (b) women in the workforce.
 - (c) human resource professionals.
 - (d) cultural diversity.
21. The challenge, opportunity, and also the frustration of creating and managing organizations frequently stem from the _____ problems that arise within them.
- (a) people-related
 - (b) union
 - (c) legal
 - (d) upper management
22. Which of the following is a retention responsibility of the line management?
- (a) Compensation and benefits
 - (b) Performance feedback to subordinates
 - (c) Management and organizational development
 - (d) Face-to-face resolution of conflict
23. There is a substantial and growing body of research evidence showing a strong connection between how firms _____ and the economic results they achieve.
- (a) select board members
 - (b) educate their management staff
 - (c) manage their people
 - (d) diversify their product line
24. According to the text, quality of work life is defined in terms of:
- (a) employee perceptions of their well-being at work.
 - (b) the level of productivity achieved by employees.
 - (c) objective indices of employee well-being at work.
 - (d) the degree to which an organization adopts Japanese managerial principles.

25. The feeling workers have when they are not able to control the work environment is:
- (a) Meaninglessness
 - (b) Normlessness
 - (c) Mindlessness
 - (d) Powerlessness
26. Variance control, boundary location, work group organization, management support, design process, and quality of work life are components:
- (a) Social pathological theory
 - (b) Sociotechnical system theory
 - (c) Polarization of work theory
 - (d) Quality of work theory
27. Which condition is most associated with robots in the workplace?
- (a) Neck fatigue
 - (b) Eye strain
 - (c) Work envelope injuries
 - (d) Work stress
28. Broad-based efforts at automating mechanical processes and systems began in the:
- (a) 1950s
 - (b) 1960s
 - (c) 1970s
 - (d) 1980s
29. Who has given the systems Theory of Industrial Relation?
- (a) Elton Mayo
 - (b) Karl Marx
 - (c) John Dunlop
 - (d) Roethilsberger
30. Who has coined the term Industrial Democracy?
- (a) Karl Marx
 - (b) Sydney and Beatrice Webbs
 - (c) Peter F. Drucker
 - (d) John Dunlop
31. A System of Industrial Relations where social and labour issues are discussed between Trade Unions and Management at enterprise level is:
- (a) Bipartism

- (b) Tripartism
- (c) Social Dialogue
- (d) All of the above

32. Bain and Clegg (1974) argue that industrial relations are concerned with:

- (a) the making and administering of rules that regulate the employment relationship in unionised firms, regardless of whether these are seen as formal or informal, structured or unstructured
- (b) the making and administering of rules that regulate the employment relationship in nonunionised firms, regardless of whether these are seen as formal or informal, structured or unstructured
- (c) the making and administering of rules that regulate the employment relationship, regardless of whether these are seen as formal or informal, structured or unstructured
- (d) none of the above

33. Mainstream school of industrial relations is underpinned by a philosophy that is

- (a) Pluralist
- (b) Unitarist
- (c) non-interventionist
- (d) radical

34. A criticism of the industrial relations perspective is that it:

- (a) is too heavily in favour of trade unions
- (b) focuses primarily on the institutions of job regulation and conflict resolution to the exclusion of all else
- (c) is anti-trade union
- (d) ignores legal influences on the employment relationship

35. Which of the following is usually not an objective of industrial relations?

- (a) Connectedness
- (b) Collective wisdom
- (c) Conflict prevention
- (d) None of the above

36. Identify the major actor of industrial relations from the following

- (a) Employers

- (b) Unions
- (c) Government
- (d) All of the above

37. That the authority rests solely with the management with no right to anyone to challenge it is the basis of the

- (a) Pluralist approach
- (b) System approach
- (c) Unitary approach
- (d) Social action approach

38. The balance of power is not vested with any one group; rather, it is maintained between the parties to the industrial relations.” This is the essence of the

- (a) Pluralist approach
- (b) System approach
- (c) Unitary approach
- (d) Social action approach

39. That the behaviour, actions and role of the individuals are primarily shaped by the cultures of the society is the basic assumption in the

- (a) Pluralist approach
- (b) System approach
- (c) Unitary approach
- (d) Social action approach

40. Which of the following approaches assumes that the understanding of industrial relations requires an understanding of the capitalized society?

- (a) Marxist approach
- (b) Gandhian approach
- (c) Human relations approach
- (d) Giri approach

41. Organizations are made up of people and the success of management lies in its dealings with these people.” This is the fundamental of the

- (a) Marxist approach
- (b) Gandhian approach

- (c) Human relations approach
 - (d) Giri approach
42. Which of the following approaches assumes that voluntary negotiations between employers and employees are a means of settling disputes?
- (a) Marxist approach
 - (b) Giri approach
 - (c) Human relations approach
 - (d) Gandhian approach
43. Which of the following approaches insists on investigating the underlying trends and patterns in the cause and effect of industrial disputes?
- (a) Gandhian approach
 - (b) Giri approach
 - (c) Industrial sociology approach
 - (d) Pluralist approach
44. Productivity bargaining is considered as a classic example of the
- (a) Oxford school approach
 - (b) Giri approach
 - (c) Human relations approach
 - (d) Gandhian approach
45. Which of the following is a key characteristic of Human Resource Management (HRM), as defined by Hendry and Pettigrew (1990)?
- (a) a unitarist philosophy
 - (b) a pluralist philosophy the matching of human resource activities to a clearly defined" business strategy c. the matching of human resource activities to a clearly defined business strategy
 - (c) an emphasis on extracting the maximum amount of effort from employees, for the minimum level of rewards
46. Storey (2001) distinguishes between two variants of HRM, which are:
- (a) soft and hard
 - (b) manipulative and consensual
 - (c) traditional and innovative
 - (d) none of the above

47. Which of the following is NOT one of the five shared properties of social exchange relationships given in your text?
- (a) costs and benefits
 - (b) unvoiced expectations and obligations
 - (c) procedural justice
 - (d) unequal power
48. Schein (1980) draws attention to the existence of three types of contract in the employment relationship, which are:
- (a) formal, informal and psychological
 - (b) legal, illegal and taken-for-granted
 - (c) high-trust, low-trust and transactional
 - (d) close, distant and exchanges
49. Who are the actors of Industrial Relations?
- (a) Workers and their organisations
 - (b) Employers and their organisations
 - (c) Government and the role of the State
 - (d) all of the above
50. Employees in the workplace often talk of 'us' and 'them'. Which frame of reference does This reflect?
- (a) Pluralism.
 - (b) Radical.
 - (c) Unitarism.
 - (d) None
51. According to the three tiered model of industrial relations, the workplace level within the New Deal industrial relations system gave
- (a) employers more control in the absence of labor contracts.
 - (b) unions and employees greater uniformity and fairness in workplace administration.
 - (c) society more instability because the system advocated conflictual settlements.
 - (d) line supervisors more power in personnel decision making processes.
52. Industrial relations cover the following area(s)
- (a) Collective bargaining
 - (b) Labour legislation
 - (c) Industrial relations training
 - (d) All of the above
53. Which of the following is not an approach to industrial relations?
- (a) Unitary approach

- (b) Pluralistic approach
 - (c) Marxist approach
 - (d) Employee's approach
- 54 Under unitary approach, industrial relation is grounded in
- (a) Mutual co-operation
 - (b) Individual treatment
 - (c) Team work and shared goals
 - (d) All of the above
- 55 Pluralistic approach perceives _____ as legitimate representative of employee interests
- (a) Trade unions
 - (b) Management
 - (c) Board of Directors
 - (d) None of the above
- 56 In Marxist approach, concerns with wage related disputes are
- (a) Primary
 - (b) Secondary
 - (c) Tertiary
 - (d) Not considered
- 57 For the Marxists, all strikes are
- (a) Political
 - (b) Social
 - (c) Legislative
 - (d) None of the above
- 58 Which of the following is (are) not acceptable to Marxists?
- (a) Enterprise bargaining
 - (b) Employee participation
 - (c) Co-operative work culture
 - (d) All of the above
- 59 Elton Mayo and his team believed in the positive nature of
- (a) Managers
 - (b) Management
 - (c) Employees
 - (d) All of the above

- 60 Which of the following department has major interest in harmonious industrial relations
- (a) HR
 - (b) Production
 - (c) Finance
 - (d) Marketing
- 61 Characteristics of Industrial Relations do not include:
- (a) Industrial Relations are outcome of employment relationship in an industrial enterprise.
 - (b) Industrial Relations promote the skills and methods of adjustment and co-operation with each other.
 - (c) Industrial Relations create complex rules and regulations to maintain cordial relations.
 - (d) Industrial Relations system creates an environment of distrust and conflict.
- 62 Who are not the Actors of Industrial Relations?
- (a) Workers and their organisations
 - (b) Employers and their organisations
 - (c) Community and cultural associations
 - (d) Government and the role of the State
- 63 Which of the following trends in the employment relations in the new economic era is not correct?
- (a) Declining stability and security
 - (b) Declining labour intensity
 - (c) No shift from contract of service to contract of service
 - (d) Declining mutual commitment
64. Assertion (A): Labour Welfare is relative to time and space.
Reason (R): It shall be universal and perpetual.
- (a) Assertion and Reason are right.
 - (b) Assertion is wrong and Reason is right.
 - (c) Both Assertion and Reason are wrong.
 - (d) Assertion is right but its explanation given in Reason is wrong.
- 65 Who are not the actors according to Dunlop's framework of industrial relations system?
- (a) Managers and their representatives
 - (b) Workers and their organisations
 - (c) Specialized government agencies
 - (d) Communities and their associations

66 According to whom 'Conflict is necessary but it can be and needs to be managed and resolved'.

- (a) Unitarists
- (b) Pluralists
- (c) Classicalists
- (d) Modernists

67 Who has propounded the theory that "Industrial Conflict is a part of the broader social conflict between classes and used to explain fundamental historical process of change and development in human society"?

- (a) Frank Tannenbaum
- (b) Adam Smith
- (c) Karl Marx
- (d) G.D.H. Cole

68 In which year the two consultative machinery Indian Labour Conference and Standing Labour Committee were constituted in India?

- (a) 1941
- (b) 1942
- (c) 1947
- (d) 1951

69 Identify the functions of Joint Management Council:

- (a) Information sharing
- (b) Consultative
- (c) Administrative
- (d) All the above

70 By which amendment the provisions of Workers' Participation in Management was incorporated in the Indian Constitution?

- (a) 41
- (b) 42
- (c) 43
- (d) 44

Ans, (1)(a), (2)(d), (3)(c), (4)(d), (5)(b), (7)(c), (8)(d), (9)(a), (10)(c) (11)(a), (12)(a), (13)(c), (14)(d), (15)(c), (16)(a), (17)(c), (18)(b), (19)(c), (20)(c) (21)(a), (22)(a), (23)(d), (24)(c), (25)(a), (26)(d), (27)(b), (28)(c), (29)(b) (30)(c), (31)(b), (32)(a), (33)(c), (34)(c), (34)(b), (35)(d), (36)(d), (37)(c) (38)(a), (39)(b), (40)(a), (41)(b), (42)(c), (43)(b), (44)(a), (45)(c), (46)(a), (47)(c), (48)(a),

(49)(d),(50)(a), (51)(a), (52)(d), (53)(d), (54)(d), (55)(a), (56)(b), (57)(a), (58)(d), (59)(c), (60)(a), (61)(d), (62)(c), (63)(c), (64)(a), (65)(d), (66)(a), (67)(c), (68)(d), (69)(b),(70)(b),

II Short Answer Type Questions:

- 1 Write a short note on Industrial Relations and describe its dominant aspects.
- 2 What are the parties to Industrial Relations?
- 3 Briefly explain Dunlop's Approach to Industrial Relations.
- 4 Discuss the environmental framework to Industrial Relations.
- 5 What are the various factors that impact Industrial Relations?
- 6 Write an explanatory note on the environmental framework of Industrial Relations?
- 7 Discuss the nature of Industrial Relations.
- 8 Why are cordial relations between management and workers significant?
- 9 Write a short note on Gandhian Trusteeship theory.
- 10 Compare and contrast the classical and the neo-classical approaches to Industrial Relations.
- 11 Briefly explain SCOPE.
- 12 Write a short note on AIOE.
- 13 What is EFI?
- 14 Describe the functions of AIMO.
- 15 Briefly discuss the role of CIE.
- 16 Write a short note on the Directive Principles of State Policy.
- 17 Elaborate the Laissez Fair to Paternalist Role of Government in Industrial Relations.
- 18 Explain shortly the concept and nature of a labor union.
- 19 Briefly discuss the characteristics of a Trade Union.
- 20 Why are Trade Unions formed by Workers? What motivates them to join such associations?
- 21 Discuss the Fraternal function of a Trade Union.
- 22 Why do employers criticize Trade Unions in their industry?
- 23 Enlist the various factors that led to the growth of Trade Unionism in India.
- 24 What role does a labor union play in ensuring harmonious industrial relations?
- 25 Discuss the Mahatma Gandhi's Sarvodya theory.
- 26 Elaborate the politicization of Trade Unionism.
- 27 What is inter-union rivalry?
- 28 Discuss that how financial stability and internal leadership can help strengthen Trade Unions in India.
- 29 What were NCL's recommendations on strengthening of Trade Unions in India?
- 30 Enlist the various dilemmas of Trade Unions in India.
- 31 Write a short note on the recognition of Trade Unions.

32. Discuss the maximum theory of trade unionisms.
33. Discuss how globalization has impacted the Indian labor-market.
34. "Industrial relations are as old as industrial revolution".
35. Conflict and co-operation are two pillars of industrial relations.
36. Differentiate between Industrial Resource and human resource.
37. Explain the principles of sound Industrial relations?
38. Write a short on the new players in the industrial relations.
39. What are the trends in industrial relations in India with appropriate instances?
40. "Industrial relations in India are largely regulated and shaped by State". Comment.
41. Industrial Relations is as old as industry itself. Comment
42. How poor industrial Relations bring Industrial Unrest. Comment
43. Industrial Relations is becoming- more and more bipartite gradually. Comment
44. Give suggestion for improvement of Industrial Relations.
45. What are the problems of New Technologies and Industrial Relations?
46. Explain the different approaches to industrial relations

III Long Answer Type Questions:

1. Bring out clearly the nature, scope and importance of industrial relations in the context of the present day industrial set-up.
2. What do you mean by Industrial Relations? Elaborate its scope and explain the actors in Industrial Relations.
3. Discuss the systems approach to Industrial Relations.
4. What is IR's environment framework? Discuss in detail.
5. Explain the objectives of Industrial Relations. What factors affect Industrial Relations?
6. Explain how Industrial Relations have evolved over the years.
7. Elaborate the various models of Industrial Relations.
8. How did Industrial Revolution affect the growth of Industrial Relations? Discuss the features of and the charges brought by the Industrial Revolution.
9. Discuss the roles played by the State in Industrial Relations.
10. Elaborate to role of Employee's and their organizations in Industrial Relations.
11. Enlist and discuss the various employers' organizations in details.
12. Explain the nature and functions of Trade Unions. What are workers prompted to join a labor union?
13. What methods can a trade union adopt in order to attain its goals? What are its various goals?
14. What are the various approaches to trade unionism?
15. Discuss the areas of union policy. What is the impact o union policy on management of an industrial enterprise?
16. Write an essay on Trade Union Movements in India.

- 17 Write a critical note on Trade Union Movement after Independence and compare it with the period of 1935-1947 movement of trade union.
- 18 What are the features of Trade Union? How can trade unionism be made an effective tool of Industrial Relations in the context of India?
- 19 What are the various strategies for strengthening the Trade Union in India? Discuss.
- 20 Discuss the important problems of trade unions in India. Suggest measures to remove these problems?
- 21 What is globalization? How has it impacted the industrial relations in India?
- 22 Discuss the various contemporary issues in Industrial Relations.
- 23 Critically examine the various macro and micro level issues in industrial relations transformation in the context of a globalized economy.
- 24 What are the key issues in industrial relations in the context of a globalized economy?
25. Define the term “Industrial Relations “and examine the factors affecting the industrial relations.
26. What are the impacts of outside leadership on the working of a trade union? Why should trade unions have internal leaders?
27. Describe an IR strategy. Why is it necessary for organizations to develop one?
28. Explain the significance of Industrial relations in a large scale industrial organization?
29. Describe any five industrial relations approaches using examples.
30. “Globalization has thrown up new challenges for the industrial relations managers”. Explain.
31. Explain the importance of harmonious industrial relations in the light of economic liberalization in India.
32. Describe and differentiate between the Marxist, Unitary and Pluralistic approach of Industrial Relations.
33. “Industrial relations are composite result of the attitudes and approaches of employer and employee towards each other with regard to planning, supervision, direction and co-ordination of activities of organization with minimum of human effort and frictions.” Dale Yoder. State the meaning and characteristics of Indian Industrial System.
34. What do you understand by Industrial Relations? Discuss the history of development of IR movement?
35. Who are the major stakeholders of Industrial Relations in India? How have they contributed to the IR-Climate of our country?
36. Freedom struggle and the spirit of independence movement had their imprints on industrial relations in India. Comment.
- 37 Explain why harmonious employee relation is essential in an organization.
- 38 “Industrial relations in India are not conducive to rapid Industrial Growth “Do you agree? Suggest measures to bring about harmonious industrial relations for sustained growth?
- 39 Describe recent Government policy on Industrial Relations in India.
- 40 Discuss the role of tripartism bodies in strengthening industrial relations in India.

UNIT – II

Test Your Skills:

I Multiple Choice Questions:

- 1 Which of the following is/are not a form of WPM?
 - (a) Grievance Committee
 - (b) Collective Bargaining
 - (c) Canteen Committee
 - (d) Shop Council
 - (e) None of the above

- 2 WPM in which each party makes suggestions for improvement and the suggestions are acted upon is: -
 - (a) Informal Cooperation
 - (b) Advisory Cooperation
 - (c) Constructive Cooperation
 - (d) Joint Determination

- 3 WPM in which policy matters are jointly decided by the union and the employer is _____.
 - (a) Informal Cooperation
 - (b) Advisory Cooperation
 - (c) Constructive Cooperation
 - (d) Joint Determination

- 4 The ID Act of 1947 provides for _____ form of WPM.
 - (a) Works Committee
 - (b) Joint Management Councils
 - (c) Workers' Representative
 - (d) None of the above

- 5 The tenure of a Joint Council is of _____ year(s).
 - (a) 1
 - (b) 2
 - (c) 3

- (d) 5
- 6 Who chooses the Vice Chairman of the Joint Council?
- (a) Chairman of the Council
 - (b) Chairman with the approval of the workers' representative
 - (c) Worker-members of the Council
 - (d) Appropriate Government
- 7 At the minimum the JC must meet atleast _____.
- (a) Once a month
 - (b) Once every one and a half month
 - (c) Once every Quarter
 - (d) Once every six months
- 8 Unless explicitly mentioned in the decision agreement, the decisions taken by the UC must be implemented within _____ of the date when decision is taken.
- (a) 10 days
 - (b) 14 days
 - (c) 1 month
 - (d) 40 days
- 9 At the minimum the UC must meet atleast _____.
- (a) Once a month
 - (b) Once every one and a half month
 - (c) Once every Quarter
 - (d) Once every six months
- 10 The tenure of a Unit Council is of ____ year(s).
- (a) 1
 - (b) 2
 - (c) 3
 - (d) 5
- 11 A Plant Council must have atleastone woman employee representative if ____ percent of the total workforce are women.
- (a) 5
 - (b) 10
 - (c) 15
 - (d) 20

- 12 A plant council can have ____ members.
- (a) 6
 - (b) 6-12
 - (c) 6-18
 - (d) 6-20
- 13 The tenure of a Plant Council is of ____ year(s).
- (a) 1
 - (b) 2
 - (c) 3
 - (d) 5
- 14 At the minimum the PC must meet atleast ____.
- (a) Once a month
 - (b) Once every one and a half month
 - (c) Once every Quarter
 - (d) Once every six months
- 15 A Shop Council has to be appointed for every industrial unit employing ____ or more workers.
- (a) 150
 - (b) 200
 - (c) 250
 - (d) 500
- 16 The maximum number of members that a Shop Council can have is ____.
- (a) 3
 - (b) 6
 - (c) 10
 - (d) 12
- 17 Tenure of an SC is of ____ year(s).
- (a) 1
 - (b) 2
 - (c) 3
 - (d) 5
- 18 At the minimum the SC must meet atleast ____.
- (a) Once a month
 - (b) Once every one and a half month

- (c) Once every Quarter
 - (d) Once every six months
- 19 Which of the following is a minor punishment?
- (a) Discharge
 - (b) Demotion
 - (c) Dismissal
 - (d) Punitive Suspension
- 20 Which of the following is a major punishment?
- (a) Written Reprimand
 - (b) Oral Reprimand
 - (c) Loss of Privileges
 - (d) Withholding of incentives
- 21 Indian Law on Punishment is contained in: -
- (a) The Industrial Employment (Standing Orders) Act, 1946
 - (b) Payment of Wages Act, 1936
 - (c) Industrial Disputes Act, 1947
 - (d) Options A and C
 - (e) Options A, B and C
- 22 The cardinal principle(s) of grievance settlement is/are: -
- (a) Settlement at the lowest level
 - (b) Settlement as expeditiously as possible
 - (c) Settlement to the satisfaction of the aggrieveds
 - (d) All of the above
- 23 Which of the following is not a grievance resulting from management policy?
- (a) Seniority
 - (b) Hostility towards a labor union
 - (c) Changes in schedules and/or procedures
 - (d) Lack of career planning
- 24 Boxes in which employees can drop their anonymous complaints are called _____
- (a) Gripe Boxes
 - (b) Suggestion Boxes
 - (c) Gripe/Suggestion Boxes
 - (d) None of the Above

- 25 Which act(s) talks about the settlement of grievances in the Indian industry?
- (a) Factories Act
 - (b) Industrial Employment (Standing Orders) Act
 - (c) Industrial Disputes Act
 - (d) All of the above
- 26 Which of the following does not constitute a grievance
- (a) Discontent arising out of working hours
 - (b) Discontent arising out of matters related to pay
 - (c) Discontent arising out of violation of CB agreement
 - (d) Discontent arising out of outside sources
- 27 Which of the following is not a feature of Collective Bargaining?
- (a) Group Action
 - (b) Flexible
 - (c) Continuous
 - (d) Competitive
- 28 _____ is the orthodox procedure of labor negotiations.
- (a) Haggling Bargaining
 - (b) Boulwarism
 - (c) Continuous Bargaining
 - (d) None of the above
29. The presence of grievances among employees may cause
- (a) indiscipline among them
 - (b) strain on the labor–management relations
 - (c) a decline in the employees’ performance and productivity
 - (d) all of the above
- 30 Which of the following techniques permits the grievant (complainant) to remain anonymous?
- (a) The exit interview
 - (b) The gripe-box system
 - (c) The opinion survey
 - (d) None of the above
- 31 The management should redress only those grievances that are
- (a) real
 - (b) imaginary

- (c) real or imaginary
 - (d) none of the above
32. In which of the following methods are grievances ascertained at the time of employees quitting the organization?
- (a) The exit interview method
 - (b) The gripe-box system
 - (c) The open-door policy
 - (d) Opinion surveys
33. Which of the following is not a grievance concerned with supervision?
- (a) A misunderstanding between the supervisor and the workers
 - (b) Rigidity in the interpretation of rules and regulations
 - (c) Ambiguous job instructions
 - (d) Violation and/or non-fulfillment of the terms of collective bargaining agreements
34. When workers are encouraged to meet the relevant manager in his office and to share their opinions, it is called
- (a) an opinion survey
 - (b) the gripe-box system
 - (c) the open-door policy
 - (d) the exit interview method
35. Find the odd man out among the following fundamental principles governing any grievance procedure.
- (a) Settlement at the lowest level
 - (b) Settlement in favour of management
 - (c) Settlement as expeditiously as possible
 - (d) Settlement to the satisfaction of the aggrieved
36. India's wage policy is based on ?
- (a) Cost of Living
 - (b) Standard of living
 - (c) productivity
 - (d) None of these
37. One of the reasons for India's occupational structure remaining more or less the same over the years has been that
- (a) Productivity in agriculture has been high enough to induce people to stay with agriculture

- (b) People are largely unaware of the significance of transition from agriculture to industry for economic development.
 - (c) Investment pattern has been directed towards capital intensive industries.
 - (d) ceilings-on land holdings have enabled more people to own land and hence their preference to stay with agriculture
38. Imposing discipline in the form of rules and regulations is an inalienable right of the
- (a) management
 - (b) employee
 - (c) trade unions
 - (d) None of the above
39. Which of the following is an objective of employee discipline?
- (a) goal accomplishment
 - (b) changing employee behavior
 - (c) promoting industrial relations
 - (d) All of the above
40. Getting the willing cooperation of the employees in voluntarily observing the discipline code of an organization is the essence of
- (a) a negative discipline
 - (b) positive discipline
 - (c) progressive discipline
 - (d) None of the above
41. Which is the machinery for settlement of Industrial Disputes?
- (a) Industrial Tribunal
 - (b) National Tribunal
 - (c) Labour court
 - (d) all of the above
42. Which of the following best explains the term 'union ballots'?
- (a) A ballot is the system by which union members vote for, e.g. industrial action.
 - (b) A ballot is the method by which a union recruits new members
 - (c) A ballot is the method by which a union expels members
 - (d) A ballot is the system by which union members put forward information for listing
43. What is meant by the term 'collective bargaining'?
- (a) A process by which a union negotiates with suppliers for the provision of e.g. office furniture

- (b) A process by which a union meets with another union to discuss recruitment
 - (c) A process by which a union recruits new members
 - (d) A process by which a union negotiates with an employer on behalf of its members on matters concerning the terms and conditions of employment
44. Which of the following is not an 'industrial tort'?
- (a) Gross misconduct
 - (b) Conspiracy
 - (c) Inducement
 - (d) Intimidation
45. Which of the following can a union do once it is 'recognised'?
- (a) Apply to engage in the 'closed shop'
 - (b) Engage in collective bargaining with an employer
 - (c) Apply to be referred to as a 'workplace union'
 - (d) Apply for union status
46. Which of the following is not a characteristic of trade union?
- (a) Voluntary association
 - (b) Common goals
 - (c) Intermediary
 - (d) Individual actions
47. Which union is focused on making the skills of its members valuable and not easily replaceable in organizations?
- (a) Industrial union
 - (b) Occupational union
 - (c) General union
 - (d) White-collar union
48. A union meant to protect the interests and rights of the non-manual employees is called a:
- (a) white-collar union
 - (b) blue-collar union
 - (c) brown-collar union
 - (d) none of the above
49. Employees join unions to fulfil their ___ needs.
- (a) Social
 - (b) Esteem
 - (c) Economic

- (d) all of the above
50. What should be the minimum number of person's required to register a trade union?
- (a) Six
 - (b) Seven
 - (c) Eight
 - (d) nine
51. Which of the following is noted in your text as a current condition that makes it difficult to be specific about the nature of the employment relationship within organisations
- (a) the nature of work within modern organisations
 - (b) a major reconfiguration of the labour market in most industrialised economies
 - (c) a blurring of traditional boundaries between workers and their employing organisations
 - (d) all of the above
52. Which of the following is NOT one of the three major assumptions that underpin the concept of a 'contract of employment'
- (a) that the relationship between employer and employee is an individual one, made between two parties of equal bargaining strength
 - (b) that there is an imbalance of power between the two parties
 - (c) it consists of a promise to work (or be available for work) for which payment is promised
 - (d) since there has been a free exchange of promises, the two parties have reciprocal, but different rights and obligations
53. According to your text which of the following is true?
- (a) Someone who accepts an offer of employment, whether or not the offer is in writing has entered into a binding contract of service
 - (b) Contract of employment only exists where an offer of employment has been made in writing and is accepted in writing
 - (c) Both (a) and (b) are true
 - (d) Neither (a) nor (b) are true
54. Which of the following is NOT one of the sources from which the terms of a contract of employment can be derived?
- (a) expressly agreed terms
 - (b) collectively incorporated

- (c) distributive justice terms
 - (d) terms implied by common law
55. Which of the following are sources from which the terms of contract of employment can be derived?
- (a) custom and practice rules
 - (b) works and organisational rules
 - (c) legislative terms (statute law)
 - (d) all of the above
56. Adopting a step-by-step approach in dealing with indiscipline problems is the fundamental principle of
- (a) progressive discipline
 - (b) negative discipline
 - (c) positive discipline
 - (d) None of the above
57. Which of the following is not a disciplinary action against employees?
- (a) dismissal
 - (b) increments
 - (c) discharge
 - (d) disciplinary demotion
58. Which of the following statements indicates a good disciplinary system?
- (a) An employee must be reprimanded in public.
 - (b) An employee must not be reprimanded at all.
 - (c) An employee must be reprimanded in private.
 - (d) None of the above
59. Which of the following is not a characteristic of the Hot Stove Rule of Discipline?
- (a) immediacy
 - (b) consistency
 - (c) forewarning
 - (d) secrecy
60. In case of retrenchment, worker is entitled to ____ months notice or notice pay in lieu of notice.
- (a) One
 - (b) Two

- (c) Three
 - (d) Four
61. Strike should be called only if at least _____ percent of workers are in support of strike.
- (a) 10
 - (b) 15
 - (c) 20
 - (d) 25
62. A proactive industrial relations programme must cover the following decision(s)
- (a) Communication
 - (b) Competence
 - (c) Discipline and conflict
 - (d) All of the above
63. Which Act of Parliament defines a 'trade union' and governs much of the law on industrial relations?
- (a) The Trade Union Act 1955
 - (b) The Trade Union and Labour Relations Act 2005
 - (c) The Trade Union and Labour Relations (Consolidation) Act 1991
 - (d) The Trade Union and Labour Relations (Consolidation) Act 1992
64. Under which of the following situations may a union refuse to admit a person or expel a member?
- (a) Because they do not feel that they are a suitable member
 - (b) Because of their financial means
 - (c) Because of misconduct
 - (d) Because of their current state of health
65. Who is responsible for the maintenance of the 'lists' of independent trade unions?
- (a) The Health and Safety Executive
 - (b) ACAS
 - (c) The Central Arbitration Committee
 - (d) The Certification Officer
66. A Trade Union means “An association of workers in one or more professions carried on mainly for the purpose of protecting and advancing the members’ economic interest in connection with their daily work”.
- Identify the author:

- (a) Sidney and Beatrice Webb
- (b) J. Cunnison
- (c) G.D.H. Cole
- (d) Clyde E. Dankert

67. Who among the following advocated the Trusteeship Theory of Trade Union?

- (a) N.M. Lokhande
- (b) B.P. Wadia
- (c) G.L. Nanda
- (d) M.K. Gandhi

68. Inter and intra-union rivalry in Trade Unions is reduced by

- (a) The provisions of the Industrial Disputes Act 1947
- (b) By voluntary tripartite code of inter-union rivalry – 1957
- (c) By bipartite mutual agreement at the industry level
- (d) Above all

69. The items for bargaining, that are not allowed to deal by law are classified as

- (a) voluntary bargaining items
- (b) permissible bargaining items
- (c) illegal bargaining items
- (d) mandatory bargaining items

70. In arbitration, dispute parties no longer accord with agreement, willing to change the existing agreement, known as

- (a) binding arbitration
- (b) non-binding arbitration
- (c) interest arbitration
- (d) rights arbitration

Ans. (1)(e), (2)(c), (3)(d), (4)(a), (5)(b), (6)(c), (7)(c), (8)(c), (9)(a), (10)(c), (11)(c), (12)(c), (13)(c), (14)(c), (15)(d), (16)(d), (17)(c), (18)(a), (19)(d), (20)(d), (21)(e), (22)(d), (23)(c), (24)(a), (25)(d), (26)(d), (27)(d), (28)(a), (29)(d), (30)(b), (31)(c), (32)(a), (33)(d), (34)(c), (35)(b), (36)(a), (37)(b), (38)(a), (39)(d), (40)(b), (41)(d), (42)(a), (43)(d), (44)(a), (45)(b), (46)(d), (47)(b), (48)(c), (49)(d), (50)(b), (51)(d), (52)(b), (53)(c), (54)(c), (55)(b), (56)(a), (57)(b), (58)(c), (59)(d), (60)(b), (61)(b), (62)(d), (63)(d), (64)(c), (65)(d), (66)(a), (67)(d), (68)(b), (69)(c), (70)(c)

II Short Answer Type Questions:

1. Define Worker's participation in management.
2. Explain the concept of Industrial Democracy.
3. Throw some light on the features and pre-requisite of Industrial Democracy.
4. "Workers' Participation is inevitable in Industry". Comment.
5. What are the various levels of WPM?
6. What are the objectives of WPM? Enlist its various forms.
7. Define collective Bargaining as a mode of participation of Workers in the management.
8. Write short notes on:
 - (a) JMC
 - (b) Shop and Joint Councils
 - (c) Works Committee
9. Democracy and mutual trust are essential to ensure effective WPM in an organization. Comment.
10. Describe quality circles as a form of WPM.
11. 'WPM is a continuous exercise that is carried on in a congenial Industrial Environment'. Comment.
12. 'Clarify of objectives and training of workers are two pre-requisites of an effective WPM System', Elaborate.
13. Describe the various aspects of Discipline.
14. Why is punitive discipline undesirable in an organization?
15. What are the essentials of a grievance?
16. Define Grievance. What are its causes?
17. Elaborate the hot-stone approach of Industrial Discipline.
18. Write a short note on the grievance procedure in the Indian Industry.
19. How is dismissal different from discharge?
20. Enlist any of the acts of Misconduct as listed in the Standing Orders Act.
21. Define the Collective Bargaining.
22. Enlist the various characteristics of Collective Bargaining.
23. How is Collective Bargaining different from Joint Consultation?
24. What are the various levels of Collective Bargaining?
25. Why is Collective Bargaining important for workers in an industry?
26. Briefly describe the Collective Bargaining subject-matter?
27. "Collective Bargaining is important to both employers and employees". Do you agree? Give reasons.
28. What are the essential of successful Collective Bargaining?
29. Briefly describe the various obstacles to Collective Bargaining in India.

30. Define Negotiation. How can a negotiation be made effective?
31. What are the privileges of registered trade unions?
32. Differentiate between Industrial disputes and individual disputes.
33. What do you understand by Code of discipline?
34. What is the Step ladder grievance procedure?
35. Enumerate the steps in the establishment of a disciplinary action procedure.
36. State the sources of grievances using examples.
37. Evaluate the different forms of industrial strikes critically.
38. "Participation of workers in management is claimed to usher in an era of industrial democracy". Elucidate.
39. What are the forms of worker participation.
40. Write short notes on Productivity Bargaining.
41. "Collective Bargaining assumes Collective wisdom of both labor and management". Discuss.
42. Is Collective Bargaining superior to other methods of settling Industrial Disputes? Suggest measures for making collective bargaining effective?
43. Contractualization of labour in India has rendered the contractual labourer's vulnerable and weakened their bargaining position. Critically evaluate.
44. Critically analyze the policies related to workers participation in management with reference to Public Sector Organizations in India.
45. Fair wage lies between minimum wage and living wage. Elucidate.
46. Discuss the basic principles guiding Trade Unions.
47. Explain what would happen if the government outlaw Trade Unions.

III Long Answer Type Question:

1. 'Workers' participation in management is neither feasible nor desirable under the prevailing industrial conditions in India'. Critically examine the statement.
2. Why is Workers' Participation in Management important? Give the conditions essential for success in labor management cooperation in India.
3. Critically examine the role of Joint Management Councils and Joint Councils.
4. 'Association of labor with management in a real way at all levels will break the barriers between labor and management and do away with suspicion and mistrust and replace antagonism with cooperation'. On the basis of the above statement, highlight the objectives and significance of WPM.
5. Explain the various levels and modes of workers' participation in management.
6. 'Discipline is very essence of life. Maintenance of discipline is a pre-requisite for nation'. Based on the above statement, highlight the relevance of Discipline in today's industry.
7. Discuss the steps in a progressive discipline process.

8. Define Discipline. What are its various aspects? What are the principles of Industrial Discipline?
9. Write a comprehensive note on the Indian Code of Discipline.
10. Elaborate the procedure for taking Disciplinary Action as defined by the standing orders.
11. What is grievance? How can a grievance be handled effectively in an organization? Describe any two types of grievance procedures.
12. What do you understand by misconduct? What are the possible causes of it? What are the various forms of misconduct listed in the Industrial Employment (Standing Orders) Act, 1946?
13. What kind of Disciplinary Action is available for handling misconduct?
14. Explain the concept of Collective Bargaining. Why is it important in the Indian Industry?
15. "Collective Bargaining is a collective, continuous and a dynamic process that helps attaining discipline and cooperation in industry". Explain the statement and also discuss the various types of Collective Bargaining.
16. Discuss the Collective Bargaining subject matter and highlight the various functions of Collective Bargaining.
17. Explain the Collective Bargaining Process.
18. Write an essay on the Growth of Collective Bargaining in India.
19. Discuss the importance of Collective bargaining as a method of regulating relations between employers and employees. What are the pre-requisites to make it successful?
20. What strategies and tactics make Collective Bargaining effective?
21. Describe the historical development and major characteristics of collective bargaining in India prior to nineties?
22. In what ways Collective Bargaining has been a function of labor movement in India? What are the recent trends in this context?
23. Explain the forms of collective bargaining and its process.
24. What are the causes and symptoms of indiscipline in an organization?
25. Evaluate the strengths and weaknesses of the code of discipline.
26. Discuss the statutory provisions concerning the grievance procedure in India.
27. "Collective bargaining improves industrial relations but not productivity". Discuss.
28. What are the similarities and differences between employee empowerment and worker Participation in management?
29. What is the rationale of workers, participation in management? Explain the status of worker's participation in India.
30. Discuss the role of ethical code in economic disciplines in organizations. Suggest various ways of handling grievances also.
31. In the light of an all India strike called by various unions of Bank employees on September 02, 2015, explain the role of and effectiveness of trade unions in Indian Industrial Relations.
32. What is the purpose of collective bargaining? Give the process of collective bargaining?

33. Workers Participation in Management is essential to industrial democracy and Socialistic pattern of society”. In the light of the statement, discuss the role of workers Participation in Management.
34. What are the steps involved in the process of Negotiation? Discuss the importance of BATNA in the process?
35. Write notes on:
 - (a) Forms of Employee Participation
 - (b) Positive Employee Relations
36. “Workers Participation in Management is essential to industrial democracy and Socialistic pattern of society “. In the light of the statement, discuss the role of Workers Participation in Management.
37. Workers Participation in Management is failed in India ?Do you agree? Justify your answer.
38. Is Workers Participation in Management a practical possibility ? If yes, how? Substantiate with suitable examples
39. ‘The role of the State and the influence of Trade Unions has consistently declined during the post reform era in India’. Critically analyse the statement.
40. What are the different phases in dealing a disciplinary action case? What are the general principles that govern disciplinary proceedings?
41. Discuss the functions of Trade Unions.
42. Explain the major reasons why employers would like to dissuade their employees to join Trade Unions.
43. Recently there has been a major tussle between KFF and Labour Unions over the implementation of new labour laws, briefly comment on why there is this tussle.

UNIT – III

Test Your Skills:

I Multiple Choice Questions:

- 1 Any amount due from an employer under settlement or award can be recovered following the procedures laid down in _____
 - (a) The Standing Orders
 - (b) section 15 of the Payment of Wages Act

- (c) Minimum Wages Act
 - (d) section 33 (C) of the Industrial Disputes Act
2. Prior intimation to the appropriate Govt to lay off, retrench or close down an establishment is required under the Industrial Disputes Act, 1947 where there are _____ workers
- (a) 100
 - (b) 1000
 - (c) 50
 - (d) 500
3. Prior permission from the appropriate Govt to lay off, retrench or close down an establishment is required under the Industrial Disputes Act where there are _____ workers
- (a) 100
 - (b) 1000
 - (c) 50
 - (d) 500
4. Forming of a Works Committee under the Industrial Disputes Act, is mandatory where the no. employees is _____
- (a) 1000
 - (b) 100
 - (c) 500
 - (d) 250
5. A System of Industrial Relations where social and labour issues are discussed between Trade Unions and Management at enterprise level is:
- (a) Bipartism
 - (b) Tripartism
 - (c) Social Dialogue
 - (d) All of the above
6. The first Factories Act was enacted in:
- (a) 1881
 - (b) 1895
 - (c) 1897
 - (d) 1885
7. Who is an adult as per Factories Act, 1948?
- (a) Who has completed 18 years of age
 - (b) who is less than 18 years

- (c) who is more than 14 years
 - (d) who is more than 15 years
8. A person who has ultimate control over the affairs of the factory under Factories Act, 1948 Is called as
- (a) Occupier
 - (b) Manager
 - (c) Chairman
 - (d) Managing Director
9. The space for every worker employed in the Factory after the commencement of Factories Act, 1948 should be _____ Cubic Meters
- (a) 9.9
 - (b) 10.2
 - (c) 10
 - (d) 11
10. The provision for cooling water during hot weather should be made by the organisation if it employs ___ or more employees
- (a) 200
 - (b) 250
 - (c) 300
 - (d) 150
11. Who is an Adolescent as per Factories Act, 1948?
- (a) who has completed 17 years of age
 - (b) who is less than 18 years
 - (c) who has completed 15 years but less than 18 years
 - (d) none of these
12. Which one of the following is not a welfare provision under Factories Act, 1948?
- (a) Canteen
 - (b) Creches
 - (c) First Aid
 - (d) Drinking water
13. First Aid Boxes is to be provided for ___ of persons
- (a) 125
 - (b) 135
 - (c) 150
 - (d) 160

14. Safety Officers are to be appointed if organisation is engaging ___ or more employees
- (a) 1000
 - (b) 2000
 - (c) 500
 - (d) 750
15. Canteen is to be provided if engaging employees more than ___ persons
- (a) 250
 - (b) 230
 - (c) 300
 - (d) 275
16. Leave with wages is allowed for employees if they work for ___ days in a month
- (a) 15
 - (b) 25
 - (c) 20
 - (d) 28
17. Welfare Officers are to be appointed if organisation is engaging ___ or more employees
- (a) 500
 - (b) 250
 - (c) 600
 - (d) 750
18. The Ambulance Room is to be provided if the organisation is engaging employees more than _____
- (a) 400
 - (b) 350
 - (c) 500
 - (d) 450
19. Creche is to be provided if ___ or more lady employees are engaged
- (a) 25
 - (b) 32
 - (c) 30
 - (d) 40
20. An aawtworxer can wol'KUPIO _'nrs m a bay as per'ractones
- (a) 8

- (b) 9
- (c) 10
- (d) 12

21. Obligations of Workers under the Factories Act 1947 was discussed in Section

- (a) 78
- (b) 101
- (c) 111
- (d) 99

22. The term Sabbatical is connected with

- (a) Paid leave for study
- (b) Paternity leave
- (c) Maternity leave
- (d) Quarantine leave

23. Section 49 of the Factories Act 1947 says about

- (a) Welfare officer
- (b) Canteen
- (c) Rest room
- (d) Creche

24. Section 2 (K) of the Factories Act 1947 says about:

- (a) Manufacturing Process
- (b) Factory
- (c) Worker
- (d) None of these

25. If the factory employs more than 1000 workers, they should appoint qualified ___ to carry Out the prescribed duties.

- (a) Safety Officer
- (b) Welfare officer
- (c) Security officer
- (d) None of these

26. For contravention of provisions of Factories Act or Rules, the occupier shall l.i.able for punishment up to:

- (a) 2 years or fine up to ~ 1,00,000 or both
- (b) 6 months or fine upto 10, 000 or both

- (c) 3 three years or fine 10, 000 or both
 - (d) None of these
27. Manager of every factory should senta annual report to the Inspectorate of factories containing details like numbers of workers employed, leave with wages, safety officers, ambulance room, canteen shelter, accidents in form no on or before 31st January.
- (a) Form No : 22
 - (b) Form No: 21
 - (c) Form No: 25 A
 - (d) Form No: 25 B
28. If any employee found violating the Section 20 of Factories Act 1947 shall be fine up to:
- (a) 10
 - (b) 5
 - (c) 15
 - (d) 20
29. Section 41- G of the Factories Act 1948 says about:
- (a) Fencing of machineries
 - (b) Facing of machineries
 - (c) Work on near machinery in motion
 - (d) Workers participation in safety management
30. Who is responsible for payment to a person employed by him. in a Factory under the Payment of wages Act 1936?
- (a) Accounts Manager
 - (b) HR manager
 - (c) Manager
 - (d) Owner
31. The applicant / occupier who propose to start the factory should submit the:
- (a) Form No.1
 - (b) Form No.2
 - (c) Form No. 2A
 - (d) Form No.1 A
32. The license fee can be paid to get a license for a factory maximum upto:
- (a) One Year only
 - (b) Two Years only

- (c) Three Years only
- (d) Five years only

33. The renewal application for a license submitted after December 31st of the every year shall paid the fine amount.

- (a) 10% of the license fee
- (b) 20% of the license fee
- (c) 30% of the license fee
- (d) None of these

34. The Section 20 of the Factories Act discusses about:

- (a) Drinking Water
- (b) Lighting
- (c) Spittoons
- (d) Latrines and Urinals

35. The employment of young person on dangerous machines shall be prohibited the _____ of Factories Act.1947

- (a) Section 21
- (b) Section 22
- (c) Section 23
- (d) Section 24

36. A suitable goggles shall be provided for the protection of persons employed in any factory is discussed in the _____

- (a) Section 36
- (b) Section 39
- (c) Section 40
- (d) Section 35

37. A half yearly return for every half of every calendar year, in duplicate in __ so as to reach The inspector of factories on or before __ of the year

- (a) Form No. 20/ 31st July
- (b) Form No. 21/ 31st July
- (c) Form No. 25/ 31st July
- (d) Form No. 24/ 31st June

38. An accident report shall be confirmed by the manager by sending a separate report in __

With details of number of person killed or injured to Inspector of Factories within hours of the accident

- (a) Form No. 18, 12 Hours
- (b) Form No. 18.A, 12 Hours
- (c) Form No. 18, 24 Hours
- (d) Form No 18 A, 24 Hours

39. The particulars of the accident should be entered in separate registers kept as Accident Book for ESI office.

- (a) Form No. 14
- (b) Form No. 15
- (c) From No. 21
- (d) From No. 20

40. Section ____ of the Factories Act describes about the rights of the workers

- (a) 111
- (b) 111A
- (c) 110
- (d) 112

41. The occupier shall be punishable with imprisonment extend to __ months or fine __ or both for using false certificate of fitness.

- (a) two months, 1000 rupees
- (b) one year, 2000 rupees
- (c) six months, 1000 rupees
- (d) one month, 5000 rupees

42. _____ tries to secure for the workers employment conditions conducive to their health and safety

- (a) Industrial Disputes Act 1947
- (b) Factories Act 1948
- (c) ESI Act 1948
- (d) Workmen Compensation Act 1923

43. In case of employee covered under the ESI, the accident report shall be sent in _____ to Local office of the ESI to which the company's attached

- (a) Form No. 18
- (b) Form No. 18 A

- (c) Form No. 25
 - (d) Form No. 16
44. Under the Factories Act 1948, a register of Adult workers shall be maintained in
- (a) Form No. 25
 - (b) Form No. 25 A
 - (c) Form No. 12
 - (d) Form No. 14
45. Under the Factories Act 1948, a register of Muster roll shall be maintained in __
- (a) Form No. 25 B
 - (b) Form No. 15
 - (c) Form No. 25A
 - (d) Form No. 25
46. Under the Factories Act 1948, an inspection book shall be maintained for exemptions granted or availed in Form No. __
- (a) 29
 - (b) 27
 - (c) 28
 - (d) 26
47. Where __ or more workers are employed in a factory, then there shall be a Safety Committee in the factory.
- (a) 100 or more workers
 - (b) 150 or more workers
 - (c) 200 or more workers
 - (d) 250 or more workers
48. _____ of the Factories Act discuss about the Workers Participation in Management
- (a) Section 40
 - (b) Section 41.H
 - (c) Section 41 G
 - (d) Section 41 F
49. Section 19 of Factories Act discusses about the __
- (a) Drinking Water
 - (b) Lighting
 - (c) Latrines and Urinals
 - (d) Artificial Humidification

50. _____ of the Factories Act discusses about the nomination of the manager of a factory
- (a) Section 7 (e)
 - (b) Section 7 (f)
 - (c) Section 7 (g)
 - (d) Section 7
51. Which Act provides for the provision of Medical Benefit to the insured employees?
- (a) Workmen Compensation Act, 1923
 - (b) Employees State Insurance Act, 1948
 - (c) Maternity Benefit Act, 1961
 - (d) Contract Labour (Regulation and Abolition Act), 1970
52. Contract Labour (Regulation and Abolition Act), 1970 can be classified into the category of:
- (a) Social Security Act
 - (b) Industrial Relations Act
 - (c) Welfare Act
 - (d) Commercial Act
53. Under what circumstances the gratuity of an employee can be forfeited.
- (a) Wilful Omission or negligence
 - (b) Termination for riotous or disorderly conduct
 - (c) Offence involving moral turpitude
 - (d) All of the above
54. Industrial Dispute Act, 1947 provides the following industrial relations machinery for resolution of conflicts: (Tick mark the wrong one):
- (a) Negotiation
 - (b) Conciliation
 - (c) Meditation
 - (d) Arbitration
55. Gratuity is paid to the employee for every completed year of service or part thereof in excess of six months at the rate of 15 days wages based on last drawn wages by the employee. While calculating the 15 days wages, the number of working days in a month are taken as _____
- (a) 30
 - (b) 31
 - (c) 15

(d) 26

56. _____ means in relation to an establishment being a mine (or an establishment wherein persons are employed for the exhibition of equestrian, acrobatic and other performances) the Central government and in relation to any other establishment.
- (a) Employer
 - (b) Appropriate Government
 - (c) Establishment
 - (d) Factory
57. In the maternity act, an inspector is appointed under which section?
- (a) Section 14
 - (b) Section 10
 - (c) Section 2
 - (d) Section 15
58. On what grounds an employee will be disqualified from getting bonus?
- (a) Fraud
 - (b) Riotous or violent behavior while on the premises
 - (c) Theft, misappropriation of any property of the establishment.
 - (d) All the above.
59. What is the minimum amount of bonus paid to an employee?
- (a) 8.33%
 - (b) 8.5%
 - (c) 8%
 - (d) 8.3%
 - (e)
60. The maximum amount of bonus to be paid in an accounting year as per section 10 of this act is ____.
- (a) 8.33%
 - (b) 10%
 - (c) 20%
 - (d) 15%
61. Identify the functions of Joint Management Council:
- (a) Information sharing
 - (b) Consultative
 - (c) Administrative

(d) All the above

62. By which amendment the provisions of Workers' Participation in Management was incorporated in the Indian Constitution?

- (a) 41
- (b) 42
- (c) 43
- (d) 44

63. Which of the following statements about welfare officer is not correct?

- (a) Welfare Officer is statutory.
- (b) The Qualifications and duties of Welfare Officer are prescribed.
- (c) 'Welfare Officer' is a 'Third Force'.
- (d) Welfare Officer has to represent the employer in cases of industrial dispute.

64. Arrange the following in order of their amount in an ascending order:

- (a) Living Wage
- (b) Subsistence Wage
- (c) Fair Wage
- (d) Minimum Wage

Codes:

- (a) b, c, d, a
- (b) c, d, b, a
- (c) b, d, c, a
- (d) d, a, c, b

65. Which of the following cannot be regarded as a method of State Regulation of Wages?

- (a) Wage Boards
- (b) A Statutory Minimum Wage
- (c) Adjudication and arbitration awards
- (d) Collective Bargaining

66. Workers' facilitation centres shall be set up by the facilitating agency under the

- (a) Payment of Bonus Act, 1965
- (b) Equal Remuneration Act, 1976
- (c) Factories Act, 1948
- (d) The unorganized sector workers' Social Security Act, 2005

67. Social security provided by a 'means test' is called:

- (a) Social Insurance

- (b) Mutual Insurance
- (c) Social Assurance
- (d) Social Assistance

- 68 Which of the following statements about wage differentials is not true?
- (a) Wage differentials can be attributed to imperfections in employment market.
 - (b) Social prejudices do not influence the wage differentials.
 - (c) Inter-industry wage differentials are bound to occur.
 - (d) Geographical wage differentials are a common phenomenon.
- 69 Which one of the following is not a principle of labour legislation?
- (a) Principle of Protection
 - (b) Principle of Social Justice
 - (c) Principle of Social Security and Welfare
 - (d) Principle of Reasonable Standard of Living
- 70 Which of the following provides for recognition of trade unions at the central level?
- (a) Industrial Disputes Act
 - (b) Trade Unions Act
 - (c) Code of Discipline in Industry
 - (d) Inter-Union Code of Conduct

Ans.(1)(d), (2)(c), (3)(a), (4)(b), (5)(a), (6)(a), (7)(a), (8)(a), (9)(c), (10)(b), (11)(c), (12)(d), (13)(c), (14)(a), (15)(a), (16)(c), (17)(a), (18)(c), (19)(c), (20)(b), (21)(c), (22)(a), (23)(a), (24)(a), (25)(a), (26)(a), (27)(a), (28)(b), (29)(d), (30)(c), (31)(b), (32)(d), (33)(b), (34)(c), (35)(c), (36)(d), (37)(b), (38)(b), (39)(b), (40)(b), (41)(a), (42)(c), (43)(d), (44)(c), (45)(d), (46)(c), (47)(d), (48)(c), (49)(c), (50)(b), (51)(b), (52)(b), (53)(b), (54)(b), (55)(b), (56)(b), (57)(a), (58)(d), (59)(a), (60)(c), (61)(b), (62)(b), (63)(d), (64)(c), (65)(d), (66)(d), (67)(d), (68)(b), (69)(d), (70)(c).

II Short Answer Type Questions:

1. What do you understand by manufacturing process as mentioned under the Factories Act?
2. Who is regarded as an 'Occupier' as per the Factories Act? What are his general duties?
3. Who is an Inspector? What are the powers bestowed to an Inspector by the Factories Act of 1948?
4. Write a short note on Site Appraisal Committees.

5. When can the Central Government appoint the Inquiry Committee as per Section 41-D of the Indian Factories Act, 1948?
6. Explain Holidays as given in the Factories Act, 1948.
7. What are the penalties provided by the Factories Act, 1948 for various offences and procedural matters?
8. What is Appropriate Government as per the Maternity Benefit Act, 1961?
9. Under what circumstances is employment of women prohibited according to the Maternity Benefit Act?
10. Elaborate the powers and duties of Inspectors as mentioned under Section 15 of the Maternity Benefit Act.
11. Who appoints the Registrar of Trade Unions?
12. What are the characteristics that a trade union acquires after its incorporation?
13. Who can become a member of a Trade Union according to Section 21 of the Trade Unions Act, 1926?
14. Write a short note on amalgamation of Trade Unions.
15. When and for what purposes may a trade union create a political fund?
16. How can a Trade Union be dissolved?
17. Distinguish between Grievance and Dispute.
18. Who can raise a dispute according to the Industrial Dispute Act, 1947?
19. Enlist the various possible causes of an Industrial Dispute.
20. What are unfair labor practices?
21. What are the consequences of an Illegal Strike?
22. "Layoff and Retrenchment are two names of a same thing." Comment.
23. How can industrial disputes be prevented in an industry?
24. Differentiate between Conciliation Officer and Board of Conciliation.
25. Differentiate between Adjudication and Arbitration.
26. How does the Industrial Dispute Act, 1947 define Industry.
27. Define the following as given in the Industrial Dispute Act, 1947:
 - (a) Appropriate Government
 - (b) Average Pay
 - (c) Industrial Establishment
 - (d) Independent Person
28. Differentiate between:
 - (a) Lock-out and Lay-off
 - (b) Lock out and closure
29. What are the duties and the powers of a Labour Court?
30. Can an employer reduce wages of an employee by reason of his liability for payment of any contribution to the provident fund?
31. What are the benefits provided under the Employee Provident Fund Act, 1952?
32. Write short notes on:

- (a) Family Pension Fund Scheme
 - (b) Deposit-linked Insurance Scheme and
 - (c) Duties of the Inspectors to carry out the purpose of the EPF Act.
33. Define the following terms under the ESI Act:
 - (a) Principal Employer
 - (b) Dependent
 - (c) Employment injury
 - (d) Permanent partial Disablement
 34. Explain the jurisdiction of Employees' Insurance Court.
 35. What is Employees' State Insurance Fund?
 36. State how the ESI Corporation is constituted.
 37. A workman suffered from heart disease and died on account of strain of work by keeping continuously standing on working. Is the employer liable to pay compensation under the Workman's Compensation Act?
 38. In an accident a workman suffered multiple injuries. The employer alleged negligence. The aggregate of the amount of compensation calculated as per the schedule exceeds the amount payable if permanent total disablement had resulted from the injuries. What is that amount of compensation payable?
 39. How can standing orders be modified?
 40. Can state government enact a law which undermines the protection afforded to workers under the central legislation?
 41. What is the machinery for fixing minimum wages?
 42. Does the Minimum Wages Act fix minimum wages? How is it fixed?
 43. What is the main purpose of the Payment of Bonus Act?
 44. To which classes of employees, the Payment of Bonus Act does not apply?
 45. What deductions is the employer entitled to make from bonus paid under the Payment of Bonus Act, 1965?
 46. Who is an employee under the Payment of Bonus Act, 1965?
 47. "Maternity benefits available to women workers under the Maternity Benefits Act".
 48. Write short notes on :
 - (a) "Occupier under the Factories Act".
 - (b) "Rules regarding approval licensing and registration". Under the Factories Act.
 49. What are the privileges of registered trade unions,
 50. Write a short note on Role of tribunals.
 51. Write short notes on major Provisions of Factories Act, 1948
 52. Write short notes on Voluntary Retirement Scheme
 53. Write short notes on Grievance Management System
 54. Write notes on Industrial Dispute

55. State the authorities of Industrial Disputes Act 1947
56. Can supervisory officers and managers form a Trade Union?
57. Is Registration of a Trade union Compulsory?
58. Is a Trade Union required to have a certain minimum membership?
- 59 Explain the scope and ambit of the term “retrenchment” as defined in the Industrial Disputes Act, 1947.
- 60 Is it permissible for any employer to collect from a worker any fee or charge for the various facilities provided under the Factories act?
- 61 What are the restrictions on the working hours of adults employed in a factory?
- 62 Does the act apply to a person employed through a contractor according to E.S.I.C Act, 1948
- 63 What is meant by work of an intermittent nature as per the Contract labor Act, 1970.

III Long Answer Type Questions:

- 1 Define a Factory as described by the Factories Act, 1948. Explain in detail the procedure for approval, licensing and Registration of Factories.
- 2 Explain in detail the various Health and Safety provisions as given in the Factories Act, 1948.
- 3 What provisions are provided relating to hazardous process by the Factories Act?
- 4 What are the various provisions for welfare of workers provided under the Factories Act, 1948?
- 5 What provisions are available for employment of young persons and women under the Factories Act, 1948?
- 6 What are the rules relating to annual leave with wages and wages for overtime according to the Indian Factories Act?
- 7 What are the conditions for the payment of maternity benefit under the Maternity Benefit Act, 1961? When is this benefit forfeited?
- 8 Write a comprehensive note on Maternity Benefit as described in the Maternity Benefit Act, 1961.
- 9 Define the following terms as mentioned in the Maternity Benefit Act, 1961:
 - (a) Appropriate Government
 - (b) Employer
 - (c) Establishment
 - (d) Wages
 - (e) Miscarriage
 - (f) Medical/Bonus
 - (g) Average Daily Wage
 - (h) Woman

- 10 Explain in details the Registration and the cancellation of Registration of a Trade Union.
- 11 Write a comprehensive note on:
 - (a) Right and Privileges of a registered trade union
 - (b) Duties and liabilities of a registered trade union
- 12 Define Trade Unions as per the Trade Union Act, 1926. Under what circumstances can a Trade Union be registered? Elaborate the various penalties as provided in the Trade Union Act, 1926.
- 13 Write a comprehensive essay describing the problems of Industrial Unrest in India.
- 14 Explain clearly the machinery that exists under the Industrial Disputes Act, 1947 for the settlement of industrial disputes.
- 15 Define a public utility service as mentioned in the Industrial Disputes Act, 1947. Which Industries as per the first schedule are declared as public utility service? What are the statutory provisions that prohibit strikes and lockouts in a public utility service?
- 16 Elaborate the various Unfair Labor Practices as mentioned in the Fifth Schedule of the Industrial Disputes.
- 17 Explain in detail the conciliation machinery provided for settlement Industrial Disputes in India. Discuss in detail the Appointment and Constitution, Powers and duties of various constituents of the conciliation machinery provided under the Individual Disputes Act, 1946.
- 18 Elaborate the Adjudication machinery provided under the Industries Disputes Act, 1947. What are the powers and duties of the Adjudication authorities?
- 19 `Section 10 of the Industrial Disputes Act, 1947 provides for the voluntary reference of Industrial Disputes to Arbitration`, Discuss.
- 20 Compare and contrast an award and a settlement as provided under the Industrial Disputes Act, 1947.
- 21 Write a comprehensive note on strikes and lockouts. What sorts of restrictions are imposed on these?
- 22 Discuss Retrenchment in detail. What are the conditions precedent to and precedence of Retrenchment? How can a retrenched workman be reinstated?
- 23 Define the terms ‘Basic Wages, ‘Contribution’, ‘Employee’, ‘Exempted employee’ and ‘Exempted establishment’ under the Employees’ Provident Funds Act.
- 24 Describe the applicability and non-applicability of the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 to establishments and the employees.
- 25 Discuss the salient features of Employees’ Family Pension Scheme or Employees’ Deposit –Linked Insurance Scheme, 1976.
- 26 What is the mode of recovery of money from the employees under the EPF and Miscellaneous Provisions Act, 1952?

- 27 What are the various benefits to which an employee is entitled under the ESI Act, 1948 and under what conditions?
- 28 Discuss the purposes for which the ESI fund may be expended.
- 29 “The ESI Act, 1948 made an attempt to introduce in India an integrated system of health, maternity and accident insurance”. Comment.
- 30 What are the rights of the Corporation where a principal employer fails or neglects to pay any contribution?
- 31 The ESI Act, 1948 guarantees certain benefits to the insured person and his dependents. Enumerate briefly all the relevant provisions relating to any two of such benefits.
- 32 Discuss the claim of contribution or benefit under ESI Act, 1948. If any dispute relating to contribution or benefit arises, who will decide such dispute and where an appeal will be filed against such dispute.
- 33 State the employer’s liability for compensation under the Workmen’s Compensation Act, 1923. Are there any exceptions to the liability?
- 34 Under what circumstances a claim for compensation be entertained even though notice of accident is not given by the workman under the Workmen’s Compensation Act?
- 35 State the rules regarding power of Commissioner to require from employers a statement and report regarding fatal accidents.
- 36 Summarize the key obligations of employers under the Industrial Employment Act, 1946?
- 37 Examine the arguments of workers and employers concerning contract labour and suggest what can be done to balance the concerns of both.
- 38 What are the main provisions of the Payment of Wages Act and the Minimum Wages Act? List the obligations of managers under the two legislations.
- 39 What are the consequences for making payment less than minimum rate of wages according to Minimum Wages Act?
- 40 What are the remedies available to the worker who has been paid less than minimum rate of wages? State also the procedures for determination of disputes.
- 41 “One of the objectives of the Payment of Bonus Act, 1965 was to minimize disputes on bonus. Has that objective been achieved? Give reasons in support of your answer.
- 42 What authorities have been provided in the industrial disputes act, 1947 for adjudication of industrial disputes? What are their powers and duties?
- 43 Explain the following:
- (a) Safety and Welfare measures under Factories Act
 - (b) Role of inspectors according to Minimum Wages Act, 1948.
44. (a) Identify and explain benefits to employees registered under ESI Act.
- (b) Classes of employees where Payment of Bonus Act does not apply.

45. What immunities are provided to a Registered Trade Union from criminal proceedings and civil suits?
46. Explain the expression "arising out of and in the course of employment" in the Workman's Compensation Act, 1923.
47. What are the prerequisites and barriers to voluntary arbitration? Critically evaluate the working of voluntary arbitration in India.
48. Examine the procedure laid down under the Industrial Employment (Standing Orders) Act, 1946 for certification and modification of standing orders.
49. What are the salient features of Industrial Dispute Act 1947? Does this Act require changes?
50. Discuss in detail the ESI Act 1948?
51. State the provisions of the factories act, 1948 regarding extra wages for overtime, weekly holidays, annual leave with wages.
52. State the restrictions imposed on the employment and work of women under the act. 14. What provisions have been made under the act for protection against fire and for safety of building and machinery of the factory?
53. What are the tests and principles applied to determine whether an accident 'arose out of and in the course of employment'? Also discuss the 'theory of notional extension' and its relevance in this regard.
54. Briefly explain the main features of the Contract Labour (Regulation & Abolition) Act, 1970.
55. State the provisions of the factories act, 1948 regarding extra wages for overtime, weekly holidays, annual leave with wages.
56. What is ESI fund? What are the purposes for which the fund may be expended?
57. Discuss the role of labour administrative machinery in resolving-Industrial disputes in India. Which method according to you is the best method for resolving disputes.

UNIT - IV

Test Your Skills:

I Multiple Choice Questions:

1. An appeal from an Employment Tribunal decision is initially heard by:
 - (a) The Court of Appeal
 - (b) Another Employment Tribunal
 - (c) The county court
 - (d) The Employment Appeal Tribunal

2. An appeal can be made from a decision of an Employment Tribunal if:
 - (a) On any reasonable ground
 - (b) If an employment judge agrees to it
 - (c) If a party objects to a finding of fact
 - (d) There is a point of law involved

3. ACAS Codes of Practice:
 - (a) Can be directly enforced as legally binding sources of law
 - (b) Only take effect if approved by the President of the Employment Appeal Tribunal
 - (c) Have the same legal status as guidance notes
 - (d) Must be taken into account in relevant legal proceedings

4. Statutory instruments:
 - (a) Are only used in relation to EU Law
 - (b) Are approved by the Advisory, Conciliation and Arbitration Service
 - (c) Are not binding on employment tribunals
 - (d) Have the same legal force as statutes

5. In relation to EU law, UK tribunals and courts can refer cases to:
 - (a) The European Commission
 - (b) The Council of the European Union
 - (c) The European Court of Human Rights
 - (d) The Court of Justice of the European Union

6. In ordinary unfair dismissal cases (i.e. where discrimination is not alleged) the final appeal court is:
 - (a) The Court of Justice of the European Union
 - (b) The Supreme Court
 - (c) The Employment Appeal Tribunal
 - (d) The Court of Appeal

7. The Advisory, Conciliation and Arbitration Service:
 - (a) Is an independent publicly funded body
 - (b) Is a body established by the European Commission
 - (c) Is a body of politicians with human resource management expertise
 - (d) Is a government department

8. First National Commission on Labour (NCL) submitted its report in the year:
 - (a) 1969
 - (b) 1958

- (c) 1999
 - (d) 1947
9. Second National Commission on Labour (NCL) submitted its report in which year and under whose chairmanship?
- (a) 1999, Ravindra Varma
 - (b) 2000, Ravindra Varma
 - (c) 1998, B.P. Wadia
 - (d) None of the above
10. International norms
- (a) can become institutionalized through international organizations.
 - (b) rarely gain legitimacy in the absence of a world government.
 - (c) create common ideas and cultural attitudes across countries.
 - (d) were established after World War II by the United Nations.
11. Which of the following is a source of international law?
- (a) national laws reviewed by the World Court
 - (b) international custom
 - (c) decisions of the United States Supreme Court
 - (d) All these answers are correct.
12. The International Labor Organization is headquartered in
- (a) Vienna, Australia
 - (b) Geneva, Switzerland
 - (c) Berlin, Germany
 - (d) Rome, Italy
13. The International Labor Organization is agency of
- (a) IBRD
 - (b) Un Security Council
 - (c) International Fund for Agricultural Development
 - (d) United Nations
14. The International Labor Organization was formulated in
- (a) 1925
 - (b) 1939
 - (c) 1919
 - (d) 1929

15. The International Labor Organization received Nobel Peace Prize in
- 1965
 - 1969
 - 1959
 - 1949
16. Which of the following is not a strategic objective of decent work as defined by the International Labour Organization?
- Promotion of rights at work
 - Employment
 - Social Protection
 - None of the Above
17. Full form of ILO is
- International Labour Organization
 - Indian Labour Organization
 - International Law Organization
 - International Literary Organization
18. The permanent secretariat of ILO is located in
- Geneva, Switzerland
 - Sydney, Australia
 - New York, United States
 - London, United Kingdom
19. Which of the following statement is correct?
- ILO Recommendations are binding obligations on countries that ratify them.
 - ILO Conventions are non binding obligations on countries that ratify them.
 - ILO Conventions are legally binding obligations on countries that ratify them.
 - None of the above is correct
20. What three considerations of the guidelines that must be followed by multinational corporations if neither home country nor host country provide complete guidance?
- Human rights, ownership, justice
 - Human rights, welfare, justice

- (c) Subsistence, ownership, justice
 - (d) Freedom, welfare, subsistence
21. Which of the following cannot be said to be a factor influencing the growth of Labour Legislations in India?
- (a) Rise of Trade Unions
 - (b) International Labour Organization
 - (c) Growth of Humanitarianism
 - (d) Caste System in India
22. Which one of the following recommended enactment of a wage legislation in India in order to rectify the problems relating to payment of wages of industrial workers?
- (a) National Commission on Labour
 - (b) Royal Commission on Labour
 - (c) Labour Investigation Committee
 - (d) Adarkar Committee
23. Which one of the following is not a type of labour administration machinery in India?
- (a) Central Implementation Machinery
 - (b) Industrial Implementation Machinery
 - (c) State Implementation Machinery
 - (d) Regional Implementation Machinery
24. Which of the following statements is not correct?
- (a) India has ratified more than eighty Conventions of I.L.O.
 - (b) Trade Unions Act of 1926 is based on I.L.O. Convention number 87 called Freedom of Association.
 - (c) I.L.O. is a tripartite body.
 - (d) Governing Body is an organ of I.L.O.
25. Under which of the following categories the Shops and Commercial Establishment Legislations can be included?
- (a) Wage Legislations
 - (b) Social Security Legislations
 - (c) Working Conditions Legislations
 - (d) Welfare Legislations
26. From which of the following, representatives are not taken in tripartite bodies in India?

- (a) Management
 - (b) Labour/Trade Unions
 - (c) Government
 - (d) I.L.O.
27. Who was the Chairman of the National Commission on Rural Labour?
- (a) Ravindra Verma
 - (b) H. Hanumantappa
 - (c) G. Ramanujam
 - (d) V.B. John
28. Who among the following advocated the principles of Labour Legislation?
- (a) Dankert
 - (b) V.V. Giri
 - (c) R.K. Dash
 - (d) S.D. Punekar
29. Which of the following is not a regulative type of labour legislation?
- (a) Trade Unions Act, 1926
 - (b) Factories Act, 1948
 - (c) Industrial Disputes Act, 1947
 - (d) Industrial Employment (Standing Orders) Act, 1946
30. Which of the following is not a labour legislation?
- (a) Factories Act
 - (b) Minimum Wages Act
 - (c) Untouchability Abolition Act
 - (d) Equal Remuneration Act
31. In which year the two consultative machinery Indian Labour Conference and Standing Labour Committee were constituted in India?
- (a) 1941
 - (b) 1942
 - (c) 1947
 - (d) 1951
32. The structure of I.L.O. includes
- (a) an International Labour Conference
 - (b) a Governing Body
 - (c) an International Labour Office

- (d) All the above
- 33 The basic postulates on which the ILO standards lie are
- (a) Labour is not a commodity
 - (b) Freedom of expression and of association are essential to sustained progress
 - (c) Poverty anywhere constitutes danger to prosperity everywhere
 - (d) All the above
- 34 The International Organization of Employer's (I.O.E) with headquarters in Geneva was formulated in
- (a) 1910
 - (b) 1920
 - (c) 1930
 - (d) 1940
- 35 The code of discipline in industry was adopted by the Indian labour conference (tripartite) in
- (a) 1948
 - (b) 1958
 - (c) 1968
 - (d) 1950
- 36 The constitution of India upholds the principle 'Freedom of Association' as a fundamental right enunciated by I. L. O. convention in
- (a) Article 20(C)
 - (b) Article 19(C)
 - (c) Article 24(C)
 - (d) Article 18(C)
- 37 The ongoing globalization in the country needs reforms in our labour laws. Which of the following forces oppose changes in the existing labour legislations?
- (a) Government
 - (b) Labour and Trade Unions
 - (c) Employers' Associations
 - (d) Human Rights' Commission
- 38 In USA collective bargaining mostly takes place at the
- (a) Industrial level
 - (b) Regional level

- (c) National level
 - (d) Enterprise level
- 39 In which among the following countries Productivity Bargaining was first used?
- (a) USA
 - (b) India
 - (c) U.K.
 - (d) Germany
- 40 The purpose of granting recognition to trade unions in USA by NLRB is to
- (a) send representatives to I.L.O.
 - (b) to participate in Government Bodies
 - (c) (to raise labour disputes
 - (d) to be accepted by Management for Collective Bargaining purposes
- 41 The recent Industrial Relations problem at Maruti Udyog Ltd. at its Manesar Plant was concerned with
- (a) Permanent workers
 - (b) Contract labour
 - (c) Displaced persons
 - (d) None of the above
- 42 Which of the following statements is not correct in the light of present Industrial Relations scenario in India?
- (a) Number of strikes is declining
 - (b) Rate of unionism is increasing
 - (c) Number of Lockouts is higher than the number of strikes
 - (d) Wages are revising

Ans. 1(d), 2(d),3(d) 4(d) 5(d), 6(b), 7(a), 8(a), 9(a), 10(d), 11(c), 12(b), 13(d), 14(b), 15(b), 16(d), 17(a), 18(a), 19(c), 20(b) 21(d), 22(b), 23(b), 24(a), 25(c), 26(d), 27(b), 28(c), 29(a), 30(c)31(b), 32(d), 33(d), 34(b), 35(b), 36(b), 37(d), 38(c), 39(d), 40(b), 41(b), 42(a).

II Short Answer Type Questions:

- 1 What has been the workers' and their unions' response to the technological changes that have taken place in the industry?
- 2 Briefly describe how Automation and Rationalization have impacted the Indian industry and employer-employee relations.
- 3 How has the trade union organizations responded to computerization?
- 4 Briefly discuss the objectives of the ILO
- 5 How can a state become a member of the ILO?
- 6 Which are the three principal organs of the ILO?
- 7 Enlist the various functions of the ILC
- 8 How has ILO impacted the Indian Labor and its relations with employers in the industry?
- 9 Describe the role of the state in the United Kingdom's industrial relations.
- 10 Comment on the future of Trade Unions in India.
- 11 Define Casualization. How would it have an impact on the future of industrial relations?
- 12 Write a short note on the future of industrial Relations in India.
- 13 Highlight the complexity of the present day industrial relations.
14. Write short notes on Managing without unions
15. Objectives of International Labour Organizations
16. With the emergence business models based on global supply chain concepts, do you think there is a need to revisit the concept of industrial relations? If so explain in brief.
- 17 Explain about the declaration of Philadelphia enunciated 10 objectives?
- 18 Write the procedure for Admission as a member in ILO?
- 19 Explain the structure of the ILO?
- 20 Explain the organs of ILC and its objectives
- 21 What is the impact of the ILO on the Indian labour.
- 22 What are the constitutional provision in relation to labour administration

III Long Answer Type Questions:

- 1 "Over the years, a number of changes have taken place in the industrial relations scenario. Not only have the players changed, techniques, technology and power structures have been re-examined and altered time and again." In the light of the statement explain clearly that how the role of the government and trade unions has changed in the present day industrial relations. Also highlight the new actors that have emerged in the industry and their impact.
- 2 Explain in detail the emerging trends in the Indian industrial relations.
- 3 What challenges does India's present day industry scenario impose on its industrial relations?
- 4 Write an explanatory note on how technology has impacted the industrial relations in India.

- 5 In what ways and for what reasons do you think that the labor would oppose modernization and automation in the industry?
- 6 What according to you would be the future of Trade Unions in India?
- 7 Elaborate the objectives of the ILO. How would a state benefit by being a part of the ILO?
- 8 How can a state become a member of the ILO? What benefit can a state expect from the ILO?
- 9 When and with what objective was the ILO formed? Explain the structure of the International Labor Organization.
- 10 What are the features of the ILO? Summarize its functions in not more than 1000 words.
- 11 Comment on the relation that India has with the ILO.
- 12 What is the role of the ILO and how has it influenced labor and social policies in India?
- 13 Explain in detail the role that the governments of the UK and the USA have to play in their industrial relations.
- 14 Compare and Contrast the industrial relations systems of the UK and the USA.
- 15 List the objectives for which International Labor Organization (I.L.O) was created. What principles are contained in Philadelphia Charter?
- 16 “Globalization has thrown up new challenges for the industrial relations managers”. Explain.
17. Briefly elucidate the objectives of International Labor Organization (I.L.O). What steps ILO has taken to maintain industrial peace globally.
18. Differentiate between the terms of reference of the first and second National Commission of Labour.
19. Discuss the role of ILO in promoting social justice through International Legislation and Research. What are the ILO’s projects in India?
20. What is voluntary Retirement Scheme? What benefits do an employee and employer get under VRS. Why is it known as Golden Handshake?
21. How are technological changes influencing the IR-Climate?
22. Discuss the role played by International Labor Organization (ILO) in creating healthy industrial relations?
23. Discuss the obligations of members of International Labour Organization (ILO) and analyze to what extent India adhered to its commitments to ILO.
- 24 Write short notes on the following: -
 - (a) Employee Welfare in India
 - (b) Collective Bargaining
 - (c) National Labour Commission
- 25 India has the largest number of trade unions for a single country, but they have developed very slowly. Discuss the problems faced by the Trade unions in India.
- 26 Competition consequent upon globalization brought paradigm shifts in traditional collective bargaining. Discuss the reasons for this shift.

QUESTION BANK

TRAINING & DEVELOPMENT

MS 235

QUESTION BANK
TRAINING & DEVELOPMENT– MS 235
MBA III

UNIT - I

Multiple Choice Questions:

- 1 Which of the following is *not* a stage in the systematic training cycle?
 - (a) Evaluation
 - (b) Assessing training needs
 - (c) Planning the training
 - (d) Job instruction on a one to one basis

- 2 Consultants for training and development render consulting at:
 - (a) Individual and interpersonal level
 - (b) Managerial level
 - (c) Organizational level
 - (d) All of the above

- 3 Training and development is a _____ of an organisation.
 - (a) System
 - (b) Sub-system
 - (c) Element
 - (d) Component \

- 4 It focuses on the milestones that the organization would like to achieve after the defined point of time.
 - (a) Mission
 - (b) Values
 - (c) Vision
 - (d) Strategy

- 5 This model helps in determining and developing the favorable strategies, sequencing the content, and delivering media for the types of training objectives to be achieved.
 - (a) System model
 - (b) Development model
 - (c) Instructional system development model
 - (d) Transition model

- 6 It is future oriented:
- (a) Training
 - (b) Development
 - (c) Education
 - (d) Mentoring
- 7 Which of the following is the best definition of a learning organisation?
- (a) An organisation which facilitates the learning of all its members and continuously transforms itself.
 - (b) An organisation in which the managers are encouraged to develop
 - (c) An organisation which facilitates the learning of all its members in order to preserve the status quo
 - (d) An organisation which does a lot of training on an ad hoc basis
- 8 Information processing model and the social interaction model refers to:
- (a) Cognitive theory of learning
 - (b) Behaviourism theory
 - (c) Forgetting theory
 - (d) Retention theory
- 9 The stage in which the learning curve levels off is called:
- (a) Learning capability
 - (b) Discouraging stage
 - (c) Over learning period
 - (d) Learning plateau
- 10 It is a process which relates to bringing a number of perspectives to finding a single answer – usually right or wrong:
- (a) Assimilating
 - (b) Diverging
 - (c) Converging
 - (d) Accommodating
- 11 It results when a person gives meaning to sensations:
- (a) Effect
 - (b) Readiness
 - (c) Sensitivity
 - (d) Perception

- 12 This domain is concerned with a learner's attitudes, personal beliefs, and values.
- (a) Affective domain
 - (b) Cognitive domain
 - (c) Psychomotor domain
 - (d) Conceptualization domain
- 13 Learning is a:
- (a) Cognitive process
 - (b) Emotional process
 - (c) Both a and b
 - (d) None of the above
- 14 This learning style prefers using your body, hands and sense of touch:
- (a) Kinesthetic
 - (b) Logical
 - (c) Social
 - (d) Mathematical
- 15 Learning by identifying one's own learning objectives refers to:
- (a) Other directed learning
 - (b) Self-directed learning
 - (c) Structured learning
 - (d) Unstructured learning
- 16 Which of the following is not the environmental factor that influences the learning process:
- (a) Training strategies, methods and techniques
 - (b) Trainer/training team
 - (c) General learning environment in the programme
 - (d) Desire for personal growth and development
- 17 Learning to prepare the individual but not related to specific present or future job is called:
- (a) Training
 - (b) Counseling
 - (c) Development
 - (d) Education
- 18 Formula and implementation of ideas take place at all levels of the organization in:
- (a) Flat organisation
 - (b) Learning organizations

- (c) Structured organizations
 - (d) Traditional organizations
- 19 “The key is not getting the right strategy but fostering strategic thinking”. This statement was given by:
- (a) John enton
 - (b) Mintzberg
 - (c) RensisLikert
 - (d) Peter Senge
- 20 It is the ability to formulate unique approaches to problem solving and decision making:
- (a) System thinking
 - (b) Creativity
 - (c) Personal mastery
 - (d) Sensitivity
- 21 It is understood as the ability of an organization to gain insight and understanding from experience through experimentation, observation, analysis and a willingness to examine both success and failures:
- (a) Learning organizations
 - (b) System thinking
 - (c) Organizational learning
 - (d) Mental models
- 22 It is not a major input to learning:
- (a) Capability
 - (b) Change
 - (c) Competency
 - (d) Sensitivity
- 23 Who is described as being a radical behaviourist?
- (a) Skinner.
 - (b) Bandura.
 - (c) Watson.
 - (d) Pavlov.
- 24 Consequences that discourage repetition of a particular behaviour are called:
- (a) operant conditioning.
 - (b) negative reinforcement.
 - (c) positive reinforcement.

- (d) extinction.
- 25 The model of personality as learned habits was developed by:
- (a) Dollard and Miller.
 - (b) Watson.
 - (c) Bandura.
 - (d) Skinner
- 26 Dollard and Miller classify the situation where we have to choose between two equally attractive goals as:
- (a) approach-approach conflict.
 - (b) avoidance-avoidance conflict
 - (c) approach-avoidance conflict
 - (d) double approach-avoidance conflict
- 27 The processes that drive behaviour in Bandura's model are called:
- (a) reciprocal determinism.
 - (b) principle of opposites
 - (c) motivational forces
 - (d) internal self-regulatory processes.
- 28 In Bandura's model, the situation where an individual enlists someone else to help change some aspect of their life is called:
- (a) Interpersonal agency
 - (b) personal agency
 - (c) collective agency
 - (d) proxy agency
- 29 Which of the following is the best definition of a learning organisation?
- (a) An organisation which facilitates the learning of all its members and continuously transforms itself.
 - (b) An organisation in which the managers are encouraged to develop
 - (c) An organisation which facilitates the learning of all its members in order to preserve the status quo
 - (d) An organisation which does a lot of training on an ad hoc basis
- 30 It is future oriented:
- (a) Training
 - (b) Development
 - (c) Education
 - (d) Mentoring

31. HRM is associated with the management of;
- (a) General people
 - (b) Financial resources
 - (c) Organizational people
 - (d) Community members
32. Cost of human resources refers to;
- (a) Company profits
 - (b) Employee shares
 - (c) Salary packages
 - (d) Earned revenues
33. Top level managers require _____ skills the most;
- (a) Technical
 - (b) Interpersonal
 - (c) Conceptual
 - (d) Mechanical
34. Matching the job description with the individuals' qualification is an important aspect of;
- (a) IS
 - (b) MIS
 - (c) HRIS
 - (d) DBMS
35. HR managers are generally the _____ managers;
- (a) Line
 - (b) Middle
 - (c) Staf
 - (d) Top
36. Manufacturing was the main concern of personnel department during;
- (a) Mechanistic period
 - (b) Catalytic period
 - (c) Organist period
 - (d) Strategic period
37. SWOT Analysis is a tool for;
- (a) Determining organization's mission

- (b) Developing organizational goals
 - (c) Formulating strategies
 - (d) Environmental scanning
38. Jobs are identified & grouped while;
- (a) Planning
 - (b) Organizing
 - (c) Leading
 - (d) Controlling
39. According to the Hawthorne studies, the productivity of employees;
- (a) Increased by increasing light
 - (b) Decreased by decreasing light
 - (c) Increased by observing them
 - (d) No change in their productivity
40. Organizational goals should be;
- (a) Achievable
 - (b) Ambiguous
 - (c) Random
 - (d) Vague
41. Which of the following is true about a learning organization?
- (a) A learning organization discourages learning at the group and organizational levels.
 - (b) A learning organization restricts employees from experimenting with products and services.
 - (c) In a learning organization, employees learn from failure and from successes.
 - (d) In a learning organization, employees are discouraged from asking questions and admitting mistakes.
42. The strategic training and development process begins with:
- (a) Choosing strategic training and development initiatives.
 - (b) Identifying the business strategy.
 - (c) Developing websites for knowledge sharing.
 - (d) Identifying measures or metrics.
43. The final step of the strategic training and development process involves:
- (a) Choosing strategic training and development initiatives.
 - (b) Identifying the business strategy.
 - (c) Identifying measures or metrics.

- (d) Creating concrete training and development activities.
44. _____ typically includes information on the customers served, why the company exists, what the company does, the value received by the customers, and the technology used.
- (a) Balanced scorecard
 - (b) Vision
 - (c) Mission
 - (d) Code of conduct
45. A SWOT analysis is typically conducted in the _____ step of the strategic training and development process.
- (a) business strategy formulation and identification
 - (b) strategic training and development initiatives
 - (c) training and development activities
 - (d) measures or metrics identification
46. _____ involves examining a company's operating environment to identify opportunities and threats.
- (a) Internal analysis
 - (b) Gap analysis
 - (c) External analysis
 - (d) Pareto analysis
47. Which of the following is true with regard to SWOT analysis?
- (a) In a SWOT analysis, external analysis attempts to identify the company's Strengths and weaknesses.
 - (b) A SWOT analysis represents the strategy believed to be the best alternative to achieve the company goals.
 - (c) A SWOT analysis is typically conducted in the strategic training and development initiatives identification step of the strategic training and development process.
 - (d) A SWOT analysis provides a company the information needed to generate several alternative business strategies and make a strategic choice.
48. Business-level outcomes chosen to measure the overall value of training or learning initiatives are referred to as _____.
- (a) values
 - (b) goals
 - (c) business strategies
 - (d) metrics

49. The _____ considers four different perspectives: customer, internal, innovation and learning, and financial.
- (a) SWOT analysis
 - (b) value chain analysis
 - (c) BCG matrix
 - (d) balanced scorecard
50. Which of the following is true of roles of managers?
- (a) Line managers spend lesser time managing individual performance and developing employees than midlevel managers or executives do.
 - (b) Midlevel managers or executives are not involved in planning and allocating resources, coordinating interdependent groups, and managing change.
 - (c) The roles that managers have in a company do not influence the focus of training development, and learning activity.
 - (d) Regardless of their level in a company, all managers are expected to serve as spokespersons to other work units, managers, and vendors.
51. _____ refers to the learning opportunities designed to help employees grow.
- (a) Training
 - (b) Development
 - (c) Education
 - (d) All of the above
52. How does training and development offer competitive advantage to an organisation?
- (a) Removing performance deficiencies
 - (b) Deficiency is caused by a lack of ability
 - (c) Individuals have the aptitude and motivation to learn
 - (d) None of the above
53. Which of the following is a benefit of employee training?
- (a) Improves morale
 - (b) Helps people identify with organisational goals
 - (c) Provides a good climate for learning, growth and co – ordination
 - (d) None of the above
54. Choose which of the following is a benefit to the individual while receiving training?
- (a) Creates an appropriate climate for growth, communication
 - (b) Aids in increasing productivity and/ or quality of work
 - (c) Satisfies a personal needs of the trainer

(d) None of the above

55. Which of this is a step in training process?
- (a) KSA deficiency
 - (b) Provide proper feedback
 - (c) Obstacles in the system
 - (d) Use of evaluation models
56. Which of the following is a method used in group or organisational training needs assessment?
- (a) Consideration of current and projected changes
 - (b) Rating scales
 - (c) Interviews
 - (d) Questionnaires
57. _____ seeks to examine the goals of the organisation and the trends that are likely to affect these goals.
- (a) Organisational Support
 - (b) Organisational analysis
 - (c) Person analysis
 - (d) Key skill abilities analysis
58. Which of these is the benefit of needs assessment?
- (a) Assessment makes training department more accountable
 - (b) Higher training costs
 - (c) Loss of business
 - (d) Increased overtime working
59. Rearrange the steps in training programme.
- (a) What should be the level of training
 - (b) What principles of learning
 - (c) Who are the trainees?
 - (d) What methods and techniques?
 - (e) Where to conduct the programme?
 - (f) Who are the trainers?
 - i. ABCDEF
 - ii. DECAFB
 - iii. CADFBE

iv. CFDABE

60. Which of these is an off - the - job training method?
- (a) Television
 - (b) Job rotation
 - (c) Orientation training
 - (d) Coaching
61. In his contribution to understanding learning and learning outcomes, Gagne produced six types of learning related to human performance which he called capabilities, but which of the following is correct?
- (a) All of the below
 - (b) Motor Skills
 - (c) Basic learning
 - (d) Cognitive strategies
62. There is no one theory of learning that can be applied to any training programme. The social learning theory has been used successfully in many settings and can be broken down into component parts involving observation, practise, and feedback. Bandura found that various factors also enhanced training such as:
- (a) all of the below.
 - (b) models being the same race and gender as the trainee.
 - (c) high status models.
 - (d) models perceived to be friendly and helpful.
63. Anderson's theory of skill development distinguishes between declarative and procedural knowledge. Procedural knowledge refers to knowing how to do something, but what is declarative knowledge?
- (a) Factual knowledge about a task
 - (b) Automatic task processing
 - (c) Muscle memory
 - (d) Associative knowledge of the task
64. One of the major changes in recent years has been the advance of technology and this is evident in training. A CIPD (2008) survey reported nearly 60% of surveyed organisations were already using e-learning which could be described as learning supported by the use of computing technology. The survey also found:
- (a) it cannot usefully be blended with other training methods.
 - (b) it is not as effective as traditional training methods.

- (c) it is most often used to complement other forms of learning and development.
 - (d) none of the above.
65. Transfer of learning to the workplace needs to be made for the training programme to have been successful. Which of the following can hinder this process?
- (a) All of the below
 - (b) Lack of managerial support
 - (c) Ridicule from colleagues
 - (d) Low self-efficacy
66. Which of the following is a benefit of employee training?
- (a) Improves morale
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 - (c) Individuals have the aptitude and motivation to learn
 - (d) None of the above

Ans: (1)(d), (2)(d), (3)(b), (4)(c), (5)(c), (6)(d), (7)(a), (8)(a), (9)(b), (10)(c), (11)(d), (12)(a), (13)(c), (14)(b), (15)(b), (16)(d), (17)(d), (18)(b), (19)(b), (20)(b), (21)(c), (22)(d), (23)(a), (24)(b), (25)(a), (26)(a), (27)(a), (28)(d), (29)(a), (30)(a) (31) (c), (32) (c), (33) (c), (34) (c), (35) (c), (36)(a), (37)(d), (38)(b), (39)(c), (40)(a), (41)(c), (42)(b), (43)(c), (44)(c), (45)(a), (46)(c), (47)(d), (48)(d), (49)(d), (50)(d), (51)(b), (52)(a), (53)(b), (54)(c), (55)(d), (56)(a), (57)(b), (58)(a), (59)(d), (60)(a), (61)(a), (62)(a), (63)(a), (64)(c), (65)(a), (66)(b), (67)(c), (68)(d), (69)(b), (70)(a)

Short Answers Type Questions:

1. Differentiate between Training, Development and Education.
2. Define KSAs in Training.
3. Discuss the nature of Training and Development.
4. Describe the opportunities and challenges for Training and Development.
5. Discuss the importance of Training and Development.
6. Describe the relationship between the HR and the HRD functions in a large organization.
7. How small organizations handle the responsibilities of HR and HRD?
8. What are the basic principles affecting the learning Process? Explain any three.
9. What is Online Learning?
 - i. “Learning is a lifetime process”. Discuss.
 - ii. What is training philosophy? What are the benefits of training?
 - iii. How do intangible assets relate to training and development?
 - iv. How has new technology improved training and development?
 - v. What is the relationship between talent management and employee engagement.
10. Write short notes on:
 - i. Qualities of a good trainer
 - ii. Role play as a tool for learning
 - iii. Structured learning experience.
11. Define balanced scorecard. What are the four perspectives it considers? Provide examples of metrics used to measure them.
12. Discuss the training challenges/problems in today’s scenario.
13. Which model or combination of models is best for organizing training function. Why?
14. Write short notes on:
 - ISD Model of training
 - Corporate University Model of training
 - ACT Theory of Training
15. How do you design a training Programme for a medium and small enterprise.
16. What are the significant legal issues that training department must take into consideration?
17. What is the difference between training and development?
18. How would you ensure that the training is effective for an employee within the company?

19. What are the key issues that should be addressed in the design, conduct, and evaluation of training programs?
20. What is Training? What are the objectives of training department?
21. Which is the training role you believe is most difficult to learn and which is the easiest one?
22. How has new technology improved training and development?
23. What are intangible assets? How are they related to training and development?
24. How could SWOT analysis be used to align training activities with business strategies?
25. What are the most important organizational characteristics that influence training and development in the organisation?
26. Explain why different people need different training methods.
27. You are a trainer explaining expectancy theory to a group of managers so they can better understand and deal with employee motivation problems. One of the manager says, "I do not have time for this theory stuff. I want real-world training that helps me in my job." How would you respond to the trainee? What is your rationale for your response?
28. Define and provide example for two levels of skills.
29. What is the Role and Responsibilities of Training manager?
30. Elucidate the concept of learning.

Long Answers Type Questions:

- 1 Describe the components of a general open system model.
- 2 Describe how an open system model applies to the training unit of an organization.
- 3 List and describe in detail the interrelationships among the five phases of the training process model.
- 4 Explain how training model can be applied to organizational improvement and problem solving.
- 5 Point and explain the differences in how small and large businesses might implement the training process model.
- 6 What are the significant legal issues that the training unit must take into consideration when conducting training activities/ describe how these issues might create challenges for Human Resource Department?
- 7 Define and provide an example for the following:
 - i. Three types of knowledge
 - ii. Two levels of Skills
 - iii. An attitude
- 8 Prepare a detailed a checklist for effective follow – up of training programme.
- 9 What is performance gap? How is it identified? What measures are taken to eliminate it?
- 10 "Training as a continuous Improvement", Discuss it in light of present day organizations.
- 11 What do you mean by Training as Consultancy?

- 12 Explain the different models of Training in brief.
- 13 In small groups, discuss the training responsibilities of supervisors and managers who are not part of the HRD department Prepare a list of what those responsibilities might be and a rationale for your choices.
- 14 Identify two organizations with different environments and core technologies. Describe what these differences are. Indicate how the HRD strategies of these companies might be similar or different. Provide a rationale for your conclusion.
- 15 Take an example of any organization and get a good understanding of how the company approaches training. Analyze the differences between how the company approaches training and what you have studied.
- 16 How Training Design can be aligned with Learning Process?
- 17 Explain in detail how employees can be motivated to learn?
- 18 Discuss the theories of Learning.
- 19 Elaborately discuss the Trainer's role in Trainee's learning.
- 20 Discuss the following:
- i. Experiential Learning
 - ii. Programmed Learning
 - iii. Compare between Experiential, Programmed and Online Learning.
- 21 Mr. Roy is the manager of a large scale manufacturing firm, who is trying to bring some changes in the work environment of the organization. Enlist the steps that you think, Mr. Roy should take in order to create an organizational culture for continuous learning and development in an organization.
- 22 Describe in brief systematic model of training highlighting its advantages.
- 23 What are the pitfalls in training?
- 24 Operating in a highly dynamic environment, how do organizations use Human Resource Development strategy to get a competitive edge? Develop a concept for alignment of training and development intervention with the business strategy to achieve organizational excellence.
- 25 What are the different training methodologies that can be used for corporate training? Explain.
- 26 Describe in brief Structured Learning Experiences or Games as a tool for training, indicating its advantages and disadvantages.
- 27 What do you understand by training evaluation? What is its importance?
- 28 Explain the Training Evaluation model developed by Donald Kirkpatrick.
- 29 It is said, "Only thing constant in the world is change". How do organizations use training as a strategy to cope with the enormous changes in environment. Discuss the role of training and development as a business strategy for global operations.
- 30 Describe a typical training process in an organization. What is the hardest part of it and why?
- 31 Describe the forces affecting the workplace and learning. How can training help companies deal with these forces.

- 32 What are the implications of the aging workforce? What strategies should companies consider from a training and development perspective to best utilize older employees and prepare for their retirement.
- 33 How might technology influence the importance of training professional's roles? Can technology reduce the importance of any of the roles? Can it result in additional roles?
- 34 Discuss in detail various training challenges in today's turbulent times. Will organisations require to change the basic premises of training?
- 35 Discuss the strategic planning in relation to training. What factors would influence this planning.
- 36 Describe and provide the examples for the following:
- i. Each of the three types of knowledge
 - ii. Two levels of skill
 - iii. An attitude
- 37 Describe the ways how training departments can overcome the different challenges they face on regular basis while conducting training activities?
- 38 Describe the relationship between HR, HRD and training? How they give back to each other?
- 39 Explain in detail the classification of learning outcome? How SKA are related?
- 40 Why do training professionals need OD competencies and why do OD professionals need trainer competencies?
- 41 How does training differ in the companies that are considered BEST award winners and those that are not?
- 42 Explain how training relates to attracting new employees, employee retention and motivation.
- 43 What are the steps under training and development model? Which is the most important and why?
- 44 What are the advantages and disadvantages of centralized training function?
- 45 Compare and contrast university model with faculty model? How are they similar and they differing on which aspects?
- 46 Explain the behavioural and cognitive approaches to learning. Which is the most relevant to training? Explain your answer.
- 47 Define and provide example for : (a) three types of knowledge (b) An Attitude
- 48 Describe relationship between the HR and the HRD functions in a large organization. How might a small organization handle the responsibilities of two areas?
- 49 What are the significant legal issues that the training unit must take into consideration when conducting training activities? Describe how these issues might create challenges for HRD.
- 50 Discuss the status of training in India before 1991. What are the newer changes in the context of training in the present times?

UNIT - II

Multiple Choice Questions:

1. Organisations develop through training and development which bring benefits to Employees as well as the organisations. Which of the following would not be regarded as a common feature that would result from training in today's modern workplace?
 - (a) Same job for life
 - (b) Be able to move more easily between jobs and other organisations
 - (c) Improve chances of promotion
 - (d) Develop a range of transferable skills

2. Training needs analysis can take place at organisational, task, and person levels. At the organisational level, it broadly examines what are the organisation's strategic plans and where is training and development needed to fit into the planning. Organisational training needs generally occur when:
 - (a) There is some kind of barrier hindering the achievement of organisational aims and objectives which is best removed by training.
 - (b) Information technology systems need upgrading.
 - (c) Other competing organisations are conducting extensive training programmes.
 - (d) Government provides additional funding.

3. The first phase of a training programme is a training needs analysis. What does this aim to do?
 - (a) Establish the training resources required
 - (b) Produce selection criteria
 - (c) Identify the training objectives
 - (d) All of the above

4. In his contribution to understanding learning and learning outcomes, Gagne produced six types of learning related to human performance which he called capabilities, but which of the following is correct?
 - (a) All of the below
 - (b) Cognitive strategies
 - (c) Basic learning
 - (d) Motor Skills

5. There is no one theory of learning that can be applied to any training programme. The social learning theory has been used successfully in many settings and can be broken down into component parts involving observation, practise, and feedback. Bandura found that various factors also enhanced training such as:

- (a) All of the below.
 - (b) Models being the same race and gender as the trainee.
 - (c) Models perceived to be friendly and helpful.
 - (d) High status models
6. Anderson's theory of skill development distinguishes between declarative and procedural knowledge. Procedural knowledge refers to knowing how to do something, but what is declarative knowledge?
- (a) Factual knowledge about a task
 - (b) Muscle memory
 - (c) Automatic task processing
 - (d) Associative knowledge of the task
7. One of the major changes in recent years has been the advance of technology and this is evident in training. A CIPD (2008) survey reported nearly 60% of surveyed organisations were already using e-learning which could be described as learning supported by the use of computing technology. The survey also found:
- (a) It cannot usefully be blended with other training methods.
 - (b) It is not as effective as traditional training methods.
 - (c) It is most often used to complement other forms of learning and development.
 - (d) None of the above.
8. Evaluation forms the final stage of the training programme and various models of evaluation have been produced to meet this aspect. Whose model has the four levels of Reaction, Learning, Behaviour, and Results?
- (a) Kirkpatrick
 - (b) Goldstein
 - (c) Cooper and Robertson
 - (d) Alliger and Janak
9. When evaluating interventions, organisations often resort to the lowest level of Kirkpatrick's model and only gather reaction level data. However, reaction level data can be improved by asking trainees:
- (a) How difficult they found the training.
 - (b) How difficult and useful they found the training.
 - (c) How useful and enjoyable they found the training.
 - (d) How much they enjoyed the training.

10. Transfer of learning to the workplace needs to be made for the training programme to have been successful. Which of the following can hinder this process?
- (a) All of the below
 - (b) Ridicule from colleagues
 - (c) Low self-efficacy
 - (d) Lack of managerial support
11. In an economic downturn, training budgets are likely to be cut and the case for training needs to be strongly made. Recent research by Anderson (2007) has confirmed previous findings that relatively few organisations perform thorough evaluations. Why could this be?
- (a) A threat of union action
 - (b) Training success is obvious and no detailed assessment is required
 - (c) Managers do not want to be associated with a training programme that could be assessed as a waste of resources
 - (d) None of the above
12. The concept of communities of practice (CoP) has grown in the past decade and can evolve formally or informally using communication and information technology. What is an appropriate description of a CoP?
- (a) A gathering of experts in a particular field who allow their work to be disseminated over the internet
 - (b) Groups of people who interact regularly on issues important to them and share best practice for their mutual benefit
 - (c) A workplace based group willing to communicate with others using the internet and intranet
 - (d) An individual who is willing to disseminate relevant information to interested parties
13. Training needs assessment is usually related to:
- (a) Organizational performance
 - (b) Individual
 - (c) Both organizational and individual performance
 - (d) None of the above
14. ____ refers to dynamic and analytical understanding of theories, concepts, principles and issues related to the job of the participants and their application to specific situations in the performance of the job or in the social interactions.
- (a) Knowledge
 - (b) Skills
 - (c) Competencies

- (d) Attitude
15. The social and cultural barrier to TNA can be met by:
- (a) Building organizational trust and confidence
 - (b) Assistance of external consultants
 - (c) Effective monitoring
 - (d) All of the above
16. When the time is less, which techniques are recommended for TNA:
- (a) Interview
 - (b) Work samples
 - (c) Focus group discussion
 - (d) Test
17. Areas of improvement like knowledge, skills etc. are identified which needs improvement through:
- (a) Job analysis
 - (b) Performance gap analysis
 - (c) Monitoring
 - (d) Training delivery
18. Training Needs Analysis is important because it:
- (a) Determines who should receive training first
 - (b) Enables managers to work out the cost of training
 - (c) Identifies the training objectives
 - (d) Provides a profile of an individual's training need.
19. Which of the following is not included in Gagné's six types of learning?
- (a) Basic learning
 - (b) Affective learning
 - (c) Cognitive strategies
 - (d) Motor Skills
20. According to Kirkpatrick's model, which of the following is the order in which
- (a) training evaluation should take place?
 - (b) Reaction, learning, behaviour, results
 - (c) Results, learning, reaction, behaviour
 - (d) Learning, behaviour, results, reaction
 - (e) Learning, reaction, behaviour, results

21. Which of the following should not be included in a training objective?
- (a) The location of where the behaviour should be exhibited
 - (b) The conditions under which the behaviour is to be exhibited
 - (c) The criterion behaviour
 - (d) The standard of performance of the behavior
22. Fitts (1962) proposed that skill development occurs in which of the following orders?
- (a) Affective, cognitive, associative, autonomous
 - (b) Associative, cognitive, autonomous
 - (c) Cognitive, affective, associative, autonomous
 - (d) Cognitive, associative, autonomous
23. Declarative knowledge refers to:
- (a) The ability to explain how to perform a task
 - (b) Knowing what is required in order to perform a task
 - (c) Factual or explicit knowledge
 - (d) Knowing how to do something
24. Aptitude-Treatment Interaction refers to which of the following?
- (a) Individuals with higher aptitude learn more quickly
 - (b) Different individuals benefit from different types of training methodology
 - (c) The interaction between an individual's ability to perform a task and how they are treated by trainers
 - (d) The relationship between trainers' personality and trainee satisfaction
25. Reaction level data can be improved by asking trainees
- (a) How much they enjoyed the training
 - (b) How difficult and useful they found the training
 - (c) How useful and enjoyable they found the training
 - (d) How difficult they found the training
26. Which of the following factors did Baldwin and Ford (1988) not identify as
- (a) Important in the transfer of learning to the workplace?
 - (b) Financial support (resources, funds for training)
 - (c) Work environment (support and opportunities to use)
 - (d) Trainee characteristics (ability, personality and motivation)
 - (e) Training design (use of principles of learning, appropriate content)

27. What are the three main groups of learning outcomes according to Kraiger, Ford and Salas (1993)?
- (a) skill-based, cognitive and affective
 - (b) Skill-based, motivational and affective
 - (c) Affective, motivational and cognitive
 - (d) Motivational, skill-based and cognitive
28. Training needs analysis can take place at organizational, task, and person levels. At the Organizational level, it broadly examines what are the organization's strategic plans and where is training and development needed to fit into the planning. Organizational training needs generally occur when:
- (a) Government provides additional funding.
 - (b) Information technology systems need upgrading.
 - (c) There is some kind of barrier hindering the achievement of organizational aims and objectives which is best removed by training.
 - (d) Other competing organisations are conducting extensive training programmes.
29. The first phase of a training programme is a training needs analysis. What does this aim to do?
- (a) Identify the training objectives
 - (b) Produce selection criteria
 - (c) Establish the training resources required
 - (d) All of the above
30. Communicating leadership' is included in
- (a) personal competencies
 - (b) interpersonal competencies
 - (c) business management
 - (d) Both A and C
31. The unique characteristics of a learning organization is that the members learn about each other
- (a) it has the capacity to gather new information and use it for improvement
 - (b) it focuses on selecting new employees who love learning and are highly skilled
 - (c) employees are rewarded for submitting creative suggestions and participating in their implementation
32. The best reason for presenting a training program is because:
- (a) it contributes to the organization's goals and objectives

- (b) it has been highly advertised.
 - (c) Competitors are using the training.
 - (d) Concern about federal agency pressure.
33. The systems model of training contains three phases: _____, training and Development, and evaluation.
- (a) Preparation
 - (b) Assessment
 - (c) Introduction
 - (d) Organizing
34. In assessing training needs, an examination of production efficiency, labor costs, turnover, and accidents would be part of which training needs analysis?
- (a) Personnel
 - (b) Task
 - (c) operations
 - (d) organizational
35. The major difference between training and education is that
- (a) education refers more to acquiring specific skills.
 - (b) education is more closely related to learning a particular job.
 - (c) training provides more general knowledge.
 - (d) training narrows the range of responses while education broadens the range.
36. As a marketing agent, the CEO of a company is responsible for:
- (a) Promoting the company's commitment to learning by advocating it in speeches, annual reports, interviews, and other public relations tools.
 - (b) serving as a role model for learning for the entire company and demonstrating a
 - (c) Willingness to learn constantly.
 - (d) Taking an active role in governing learning, including reviewing goals and objectives and providing insight on how to measure training effectiveness.
 - (e) developing new learning programs for the company and providing resources online
37. _____ refers to the company's decisions regarding where to find employees, how to select them, and the desired mix of employee skills and statuses.
- (a) Concentration strategy
 - (b) Staffing strategy
 - (c) External growth strategy
 - (d) Disinvestment strategy

38. Companies that emphasize innovation and creativity are labeled as _____.
(a) clubs
(b) academies
(c) fortresses
(d) baseball teams
39. In _____, financial and other resources are not available for development so companies tend to rely on hiring talent from the external labor market.
(a) clubs
(b) fortresses
(c) baseball teams
(d) academies
40. Uniqueness refers to:
(a) The employee potential to improve company effectiveness and efficiency.
(b) The extent to which training and learning is centralized in an organization.
(c) The extent to which employees are rare and specialized and not highly available in the labor market.
(d) The picture of the future an organization wants to achieve.
41. Job-based employees are characterized by:
(a) High value and high uniqueness.
(b) High value and low uniqueness.
(c) Low value and low uniqueness.
(d) low value and high uniqueness
42. Which of the following positions is characterized by high value and low uniqueness?
(a) Lab technician
(b) Scientist
(c) Secretarial staff
(d) Legal adviser
43. Companies adopting the _____ strategy need to train employees in job-search skills and to focus on cross-training remaining employees.
(a) concentration
(b) disinvestment
(c) external growth
(d) internal growth

44. A (n) _____ strategy focuses on new market and product development, innovation, and joint ventures.
- (a) disinvestment
 - (b) privatization
 - (c) external growth
 - (d) internal growth
45. Development of organizational culture that values creative thinking and analysis is typically the training implication of the _____ strategy.
- (a) concentration
 - (b) disinvestment
 - (c) internal growth
 - (d) external growth
46. The unique characteristics of a learning organization is that:
- (a) the members learn about each other
 - (b) it has the capacity to gather new information and use it for improvement
 - (c) it focuses on selecting new employees who love learning and are highly skilled
 - (d) employees are rewarded for submitting creative suggestions and participating in their implementation
47. The best reason for presenting a training program is because:
- (a) it contributes to the organization's goals and objectives
 - (b) It has been highly advertised.
 - (c) Competitors are using the training.
 - (d) Concern about federal agency pressure.
48. The systems model of training contains three phases: _____, training and development, and evaluation.
- (a) Preparation
 - (b) assessment
 - (c) introduction
 - (d) organizing
49. In assessing training needs, an examination of production efficiency, labor costs, turnover, and accidents would be part of which training needs analysis?
- (a) Personnel
 - (b) Task
 - (c) Operations
 - (d) organizational

50. The major difference between training and education is that:
- (a) education refers more to acquiring specific skills.
 - (b) education is more closely related to learning a particular job.
 - (c) training provides more general knowledge.
 - (d) training narrows the range of responses while education broadens the range.
51. The best method for conducting a training needs analysis when data needs to be obtained from a large number of employees is
- (a) Interviews
 - (b) Observations
 - (c) Questionnaires
 - (d) focus groups
52. The process of selectively reinforcing a response to change the behavior of a person is associated with
- (a) behavioral modeling
 - (b) operant conditioning
 - (c) education
 - (d) learning
53. The concept in social cognitive theory that behavior is influenced by the environment and personality, and that the environment is likewise influenced by behavior and personality, is called
- (a) dynamic homeostasis
 - (b) reciprocal determinism
 - (c) reverse interactionism
 - (d) inverse influence
54. A legitimate difference between andragogy versus methods for teaching children focuses on
- (a) the ability to utilize past experience in the training
 - (b) the desire to participate in the learning experience
 - (c) the desire for relevant learning that is problem-centered
 - (d) the need to involve the learner in the learning process
55. Carefully preparing a training manual so that each idea effectively builds on the previous ideas illustrates which training principle?
- (a) Stimulus: meaningful organization of materials
 - (b) Response: practice and repetition

- (c) Feedback: knowledge of results
 - (d) Transfer of Training: sequencing the learning
56. What may be particularly necessary as part of the training process where people are working in another country?
- (a) e-learning
 - (b) discovery learning
 - (c) cross-cultural training
 - (d) activist learning
57. What is the term used to describe the process of helping a new employee to settle quickly into their job so they become efficient and productive workers?
- (a) action learning
 - (b) discovery learning
 - (c) sitting by Nellie
 - (d) induction
58. Which of the following is *not* a stage in the systematic training cycle?
- (a) evaluation
 - (b) assessing training needs
 - (c) planning the training
 - (d) job instruction on a one to one basis
59. Which of the following is the best definition of a learning organisation?
- (a) An organisation which facilitates the learning of all its members and continuously transforms itself.
 - (b) An organisation in which the managers are encouraged to develop
 - (c) An organisation which facilitates the learning of all its members in order to preserve the status quo
 - (d) An organisation which does a lot of training on an ad hoc basis
60. The basic managerial skill(s) is(are)
- (a) To supervise
 - (b) To stimulate
 - (c) To motivate
 - (d) All of the above
61. Communicating leadership' involves
- (a) personal competencies
 - (b) interpersonal competencies

- (c) business management
 - (d) both A and C
62. 'Managing tasks effectively' comes under
- (a) personal competencies
 - (b) interpersonal competencies
 - (c) business management
 - (d) Both A and C
63. Analyzing and identifying specific skills, needed for specific job is called
- (a) need analysis competency model
 - (b) competency model
 - (c) task analysis
 - (d) Both A and C
64. The 'effective negotiation' is included in
- (a) personal competencies
 - (b) interpersonal competencies
 - (c) business management
 - (d) Both A and C
65. A Verification of deficiencies in performance to determine training or job rotation is called
- (a) need analysis competency model
 - (b) competency model
 - (c) task analysis
 - (d) performance analysis
66. The collection of all the exercises and instrument that are used to identify individual needs for development is classified as
- (a) psychological testing
 - (b) performance appraisals
 - (c) assessment centers
 - (d) both a and c
67. The testing techniques which furnish the information about interpersonal traits, job preferences and leadership style are classified as
- (a) assessment centers
 - (b) succession appraisals
 - (c) psychological testing
 - (d) performance appraisals

68. The psychological testing, performance appraisals and the assessment centers are methods used to assess

- (a) development needs
- (b) staffing needs
- (c) tactile learning
- (d) massed learning

69. The first step in training process is

- (a) need analysis
- (b) instructional design
- (c) implement
- (d) evaluate

70. Providing new employees with the basic information regarding background is

- (a) employee orientation
- (b) employee training
- (c) both A and B
- (d) none of above

Ans: (1)(a), (2)(a), (3)(c), (4)(a), (5)(a), (6)(a), (7)(c), (8)(a), (9)(b), (10)(a), (11)(c), (12)(b), (13)(c), (14)(a), (15)(d), (16)(c), (17)(b), (18)(c), (19)(b), (20)(a), (21)(a), (21)(c), (22)(c), (23)(b), (24)(b), (25)(a), (26)(a), (27)(c), (28)(a), (29)(a), (30)(d), (31)(b), (32)(a), (33)(c), (34)(b), (35)(d), (36)(b), (37)(a), (38)(b), (39)(d), (40)(d), (41)(a), (42)(b), (43)(d), (44)(b), (45)(c), (46)(b), (47)(a), (48)(b), (49)(d), (50)(d), (51)(c), (52)(b), (53)(b), (54)(a), (55)(a), (56)(c), (57)(d), (58)(d), (59)(a), (60)(d), (61)(b), (62)(a), (63)(c), (64)(b), (65)(d), (66)(c), (67)(a), (68)(a), (69)(a), (70)(a)

Short Answers Type Questions:

1. Describe the purposes of need analysis. Is it always necessary?
2. List and describe the steps in conducting need analysis.
3. Explain what a competency is and why it is useful.
4. Describe the relationship between need analysis and the design and evaluation of training.
5. Discuss in detail why proactive TNA is better than Reactive TNA.
6. Mention three different situations where Proactive TNA is better and three different situations where Reactive TNA is better.
7. How is competency model related to job analysis?
8. Describe how you would go about analyzing the future training needs of your university.

9. What are Non – Training needs? Discuss in context of KSA deficiency and No KSA deficiency.
10. Define Organizational environment.
11. Write short notes on:
 - (a) Person analysis
 - (b) Self efficacy
 - (c) Task analysis
12. What is the scope of needs assessment?
13. Describe the forces affecting the workplace learning.
14. How does training differ between companies that are considered BEST Award Winners & these that are not?
15. Discuss Kolb’s learning Cycle and Gagne’s Outcomes for training?
16. Discuss Adult Learning Theory.
17. Need Assessment involve organization person and task analysis. Which one of these do you believe is most important and why?
18. Discuss the output of TNA. Is training a solution to all the performance related problems? Explain.
19. Write a note on: Blended Learning.
20. Discuss the ‘self directed learning’ and “action learning”.
21. Explain pro active and reactive TNA?
22. Describe how will you analyze the future needs of the Institute you are studying in?
23. Define need assessment in training. Describe various components of need assessment are competencies? Why are they famous in training departments?
24. Explain contemporary need of TNA?
25. If one is suppose to conduct TNA for a new plant which technique will be used? Explain in details?
26. Under what conditions the company should buy the training from outside or outsource the training?
27. Discuss the type of evidences a trainer should look at in order to decide that training is effectively conducted?
28. TNA needs different analysis? Which of three analysis is most important and why?
29. How is competency modeling similar to traditional needs assessment? How does it differ?
30. What is the purpose of a TNA? Is it always necessary?
31. What is the difference between proactive and reactive TNA? When is proactive better?
32. What are competencies, and why are they popular in training departments? How are competency models related to job analysis?
33. Describe how you would go about analyzing the future training needs of your university?
34. To obtain person analysis data, why not just use the performance appraisal completed by the supervisor?

Long Answers Type Questions:

1. What are the various tests performed in Person Analysis? Explain in detail.
2. What do you expect from Job Analysis? Discuss.
3. Describe the framework for conducting TNA.
4. Discuss in detail the TNA Model.
5. Discuss the difference between Human Resources and Capital Resources.
6. While analyzing performance gaps, mention the sources from where the data can be collected.
7. What are the various parameters which should be kept in mind before conducting a TNA?
8. “A TNA provides more than just an evaluation measure”. Discuss this statement with a good example.
9. “Training Need Analysis is a systematic method for determining what caused performance to be less than expected or required”. Discuss with relevant ideas.
10. Training is a reasonable solution when a performance gap is caused by an employee’s lack of KSAs. Is it true? Discuss.
11. Explain how can Non–Training Needs be addressed?
12. “Knowing all the tasks that are necessary to be effective in a particular job provides justification for the KSAs that employee are expected to have”. Discuss.
13. What is it advisable to prepare a statement of Training needs for employees after the training needs assessed?
14. “Training Need is an important prerequisite for any training programme or event to be effective”. Discuss this statement in context of Training Need Analysis.
15. Compare the person analysis performed in Proactive and reactive TNA.
16. Discuss in detail the Input in Need Analysis phase.
17. To obtain person analysis data, why not just use the performance appraisal completed by the supervisor? How can you obtain the best information possible if performance appraisal data must be used? How do self – ratings fit into this approach?
18. Differentiate between proactive and reactive needs analysis. Outline the rationale for using performance appraisal information for a needs analysis and identify what type of performance appraisal method is appropriate.
19. Describe the following:
 1. Performance Appraisal
 2. Self ratings
20. Why is Training Needs Analysis important for training process design? Discuss different approaches for conducting a comprehensive and realistic TNA.
21. “TNA is a collaborative exercise which involves team work”. Explain with examples.
22. Alphabet Motors is a large scale automobile company manufacturing two wheelers. There have been complaints about the quality of the product and there have been a number of accidents at the shop floor. As training manager of Alphabet Motors, how will you undertake TNA?

23. What is the main objective of TNA and why? If you were a training manager of a large manufacturing company, how will you approach the TNA in your company?
24. "Effective TNA cannot be done by training manager alone; it warrants a collaborative approach and a good team work". Discuss the statement highlighting your agreement or otherwise with it. Give examples to support your arguments.
25. Which of the factors that influence performance and learning do you think is most important? Which is least important?
26. Needs assessment involves organisation, person and task analysis. Which one of this analysis do you believe is most important. Which is least important. Why?
27. How is competency modeling similar to traditional needs assessment. How does it differ?
28. What is rapid needs assessment? How would you conduct a rapid needs assessment so that it is valuable and accurately identifies training needs?
29. Who are the key players in determining the training need analysis (TNA). How can teams contribute to this process?
30. Describe how training issues vary greatly from one strategy to another. What training lessons from the former do you get as a trainer for conducting organization Analysis as a part of TNA?
31. Explain the Corporate University & Business Embedded Model of strategic training with the help of suitable examples.
32. What do you mean by Training Need Analysis? Explain its approaches and process
33. Explain Organizational Analysis and its importance?
34. Explain TNA in case of small scale industries?
35. How is TNA different in case of large scale and small scale industries? How training must be modified as per the size of the organisations?
36. If the employees lack in computer skills at senior level how the management will ensure their readiness and participation in learning new techniques?
37. How the training programs be designed differently by understanding the different needs across generations?
38. Teamwork plays an important role in designing as well as conducting training program. Explain?
39. How the training needs differ across various designations and departments?
40. What are different TNA techniques and how are they implemented differently under different scenarios?
41. How can you obtain the best information possible if performance appraisal data must be used? How do self-ratings fit into this approach?
42. In A small group, analyze the job of "student." What be duties and tasks required? From these tasks, list KSAs that students need. Are any in your group deficient in any of these KSAs? Now identify and list workshops offered to students to help them be successful. Are these relevant to the KSAs as you identified? What additional programs would you recommend be offered?

43. With the help of examples in context to Indian firms discuss the TNA process.
44. How a successful training need analysis can be conducted?
45. How is Training Need Analysis different in case of small scale and large scale industries?
How training must be modified as per the size of the organisations?

UNIT - III

Multiple Choice Questions:

1. An effective training design should be
 - (a) Learner-focused
 - (b) Trainer focused
 - (c) Company focused
 - (d) Environment focused

2. Training Design involves
 - (a) Stating the training objectives
 - (b) Identifying the learning activities
 - (c) Sequencing the activities in which they have to be held
 - (d) All of the above

3. The learners who prefer learning by group work practices are called
 - (a) Collaborative Learners
 - (b) Individual Learners
 - (c) Dependent Learners
 - (d) Associative Learners

4. The training model that recognizes outside factors to have an impact on the design process is
 - (a) Open Model
 - (b) Closed Model
 - (c) Defined Model
 - (d) Undefined Model

5. A good training objective should have
 - (a) Desired Outcome
 - (b) Conditions
 - (c) Standards
 - (d) All above

- 6 A course in _____ designed by the training designer help salesperson to assist the Customers in getting the product to work effectively.
- (a) Interpersonal skills
 - (b) Product Knowledge
 - (c) Technical Expertise
 - (d) Active Listening
- 7 Trainees are generally reluctant to
- (a) Rewards
 - (b) Role plays
 - (c) Feedback
 - (d) Punishment
- 8 Individuals who are given a specific, hard or challenging goal perform better than those given
- (a) Specific easy goal
 - (b) “Do the best you can” goal
 - (c) No goal
 - (d) All of the above
- 9 Performance Goal Orientation focuses on:
- (a) End Result
 - (b) Learning process
 - (c) Performance
 - (d) Problems
- 10 The trainer can facilitate the encoding process through a technique called
- (a) Guided Discovery
 - (b) Symbolic coding
 - (c) Symbolic Rehearsal
 - (d) Unguided Coding
- 11 In assessing training needs, an examination of production efficiency, labor costs, turnover, and accidents would be part of which training needs analysis?
- (a) personnel
 - (b) task
 - (c) operations
 - (d) organizational
- 12 Which of the following is not true about training?
- (a) It is a short-duration exercise.

- (b) It is technical in nature.
 - (c) It is primarily for managers and executives.
 - (d) It is concerned with specific job skills.
- 13 In which type of analysis are corporate goals and plans compared with the existing manpower inventory to determine the training needs?
- (a) Organization analysis
 - (b) Operation analysis
 - (c) Individual analysis
 - (d) None of the above
- 14 Training concentrates on
- (a) coaching the members of an organization how to perform effectively in their current jobs
 - (b) expansion of the knowledge and skills of the members of an organization
 - (c) preparing the employees to take on new responsibilities.
 - (d) none of the above.
- 15 The process of enhancing the technical skills of workers in a short period is called:
- (a) Training
 - (b) Development
 - (c) Education
 - (d) none of the above
- 16 E-learning is all about:
- (a) computers and computing
 - (b) being technology-driven
 - (c) electronics
 - (d) experience
- 17 The planned use of networked information and communications technology for the delivery of training is called
- (a) e-learning

- (b) role playing
 - (c) case study
 - (d) programmed learning
18. Which one of the following is a source of assessing training needs?
- (a) performance evaluation
 - (b) attitude survey
 - (c) advisory panel
 - (d) all of the above
19. Laboratory training is also known by the name
- (a) sensitivity training
 - (b) job instruction training
 - (c) apprenticeship training
 - (d) none of the above
20. _____ method creates a situation that is as far as possible a replica of the real situation for imparting training.
- (a) The programmed learning
 - (b) The Simulation
 - (c) The case study
 - (d) The lecture
21. A team of learners working online in a real-time mode using the Internet is known as
- (a) individualized self-paced e-learning online
 - (b) individualized self-paced e-learning offline
 - (c) group-based e-learning synchronously
 - (d) group-based e-learning asynchronously
22. Training need analysis takes place during which phase of the training process?
- (a) deciding what to teach
 - (b) deciding how to maximize participant learning

- (c) choosing appropriate instructional methods
 - (d) determining whether training programmes are effective.
- 23 Training can result in the following outcome/es
- (a) Positive transfer
 - (b) Zero transfer
 - (c) Negative transfer
 - (d) All of the above
- 24 The process of providing trainees with continued practice far beyond the point where they perform the task successfully is _____ learning
- (a) Whole
 - (b) Part
 - (c) Extra
 - (d) Over
- 25 _____ is generally conceptualized as the perception of salient characteristics of the organization
- (a) Climate
 - (b) Culture
 - (c) Reward System
 - (d) Code of Conduct
- 26 Lectures and demonstrations are most effective in covering the _____ of the trainee
- (a) Retention
 - (b) Attention
 - (c) Behavioural reproduction
 - (d) All of the above
- 27 Organising the coded information into already existing or new cognitive structures is what social learning theorists call
- (a) Retention
 - (b) Attention
 - (c) Behavioural reproduction
 - (d) Cognitive organisation
- 28 The process of designing the simulators to replicate as closely as possible, the physical aspects of the equipment and operating environment, trainees will find at their job site is

- (a) Physical Fidelity
 - (b) Psychological fidelity
 - (c) Management game
 - (d) Simulation
- 29 The role rotation method of training begins as a
- (a) Single role play
 - (b) Multiple role play
 - (c) Structured role play
 - (d) Spontaneous role play
- 30 The process of providing one on one guidance and instruction to improve knowledge, skills and work performance is
- (a) Coaching
 - (b) Mentoring
 - (c) Apprenticeship Training
 - (d) Internship
31. The term human resource development reflects the fact that it is no longer appropriate in Modern organizations to focus on just the development of which group?
- (a) workers
 - (b) employees
 - (c) consultants
 - (d) part timers
- 32 According to your text-book, which of the following is most important for HRD?
- (a) to be clearly related to the organization's objectives
 - (b) to be clearly related to the expertise in the department
 - (c) to be flexible to be able to respond to sudden crisis
 - (d) to operate as an extension of the HRM department
- 33 What may be particularly necessary as part of the training process where people are working in another country?
- (a) e-learning
 - (b) discovery learning
 - (c) cross-cultural training
 - (d) activist learning
- 34 What is the term used to describe the process of helping a new employee to settle quickly into their job so they become efficient and productive workers?
- (a) action learning

- (b) discovery learning
 - (c) sitting by Nellie
 - (d) induction
- 35 Which of the following is *not* a stage in the systematic training cycle?
- (a) evaluation
 - (b) assessing training needs
 - (c) planning the training
 - (d) job instruction on a one to one basis
- 36 Which of the following is the best definition of a learning organisation?
- (a) An organisation which facilitates the learning of all its members and continuously
 - (b) Transforms itself.
 - (c) An organisation in which the managers are encouraged to develop
 - (d) An organisation which facilitates the learning of all its members in order to preserve the status quo
 - (e) An organisation which does a lot of training on an ad hoc basis
- 37 Which of the following is *not* one of the four principles that underpin the Investors in People standard?
- (a) evaluating
 - (b) appraising
 - (c) commitment
 - (d) action
- 38 Which of the following is the best term to describe people who guide and suggest suitable learning experiences for their proteges?
- (a) human resource directors
 - (b) line managers
 - (c) coaches
 - (d) mentors
- 39 Formulating SMART performance training objectives is included in
- (a) human process intervention
 - (b) techno structural interventions
 - (c) strategic intervention
 - (d) HRM interventions
40. The analysis to Identify specific skills needed for specific job is called
- (a) need analysis competency model
 - (b) competency model

- (c) task analysis
 - (d) Both A and C
41. Which of the following is true of the business-embedded (BE) model?
- (a) The BE function is customer-focused.
 - (b) BE training function views trainees as marketers.
 - (c) A BE training function does not guarantee that training will improve performance.
 - (d) Training functions organized by the BE model does not involve line managers.
42. Seth Mason, a product manager working in a manufacturing firm, is highly anxious about change. When the top management of Mason's firm made it mandatory for all product managers to undergo a series of skills trainings, he told his superior that he would be uncomfortable with the process. He added that he was certain of not being able to cope with the new developments. In this instance, Seth Mason is demonstrating _____.
- (a) indifference to change
 - (b) uniqueness
 - (c) resistance to change
 - (d) loss of control
43. _____ relates change to managers' and employees' ability to obtain and distribute valuable resources such as data, information, or money.
- (a) Power
 - (b) Control
 - (c) Vision
 - (d) Outsourcing
44. GreenTel, a telecom giant, has been using the service of Orpheus Inc. for training its employees. According to a deal signed by the two companies, Orpheus Inc. is not only responsible for training GreenTel's employees but also for providing comprehensive administrative services to the telecom giant. In this instance, GreenTel engages in _____.
- (a) task redefinition
 - (b) internal analysis
 - (c) disinvestment
 - (d) outsourcing
45. Which of the following is true of centralized training?
- (a) Centralized training function helps drive stronger alignment with business strategy.
 - (b) In centralized training, training and development programs, resources, and professionals are housed in a number of different locations and decisions about training investment, programs, and delivery methods are made from those

- departments.
- (c) A centralized training function hinders the development of a common set of metrics or scorecards to measure and report rates of quality and delivery.
 - (d) A centralized training function is largely ineffective in assisting companies manage talent with training and learning during times of change.
46. Which of the following is true of the corporate university model?
- (a) The model allows a company to gain the advantages of decentralized training.
 - (b) The client group includes stakeholders outside the company.
 - (c) Corporate universities do not facilitate the use of new technology.
 - (d) The model is characterized by five competencies: strategic direction, product design, structural versatility, product delivery, and accountability for results.
 - (e) design, structural versatility, product delivery, and accountability for results.
47. The term human resource development reflects the fact that it is no longer appropriate in modern organisations to focus on just the development of which group?
- (a) workers
 - (b) employees
 - (c) consultants
 - (d) part timers
48. According to your text-book, which of the following is most important for HRD?
- (a) to be clearly related to the organisation's objectives
 - (b) to be clearly related to the expertise in the department
 - (c) to be flexible to be able to respond to sudden crisis
 - (d) to operate as an extension of the HRM department
49. What may be particularly necessary as part of the training process where people are working in another country?
- (a) e-learning
 - (b) discovery learning
 - (c) cross-cultural training
 - (d) activist learning
50. What is the term used to describe the process of helping a new employee to settle quickly into their job so they become efficient and productive workers?
- (a) action learning
 - (b) discovery learning
 - (c) sitting by Nellie
 - (d) induction

51. Type of practice which considers several sessions scheduled on different intervals of time such as days or hours is classified as
- (a) active practice
 - (b) spaced practice
 - (c) massed practice
 - (d) spatial practice
52. Kind of training which addresses issues such as lack of interpersonal skills and supervisory skills is classified as
- (a) required training
 - (b) innovative training
 - (c) problem solving training
 - (d) developmental training
53. Kind of training given to employees about product procedures, customer relations and product knowledge is classified as
- (a) innovative training
 - (b) technical training
 - (c) interpersonal training
 - (d) problem solving training
54. Type of training which focuses on long term enhancement of organizational and individual capabilities is classified as
- (a) required training
 - (b) innovative training
 - (c) developmental training
 - (d) both b and c
55. Training technique which discuss problems such as organizational change, problems in executive development and business practices is classified as
- (a) development and innovative training
 - (b) problem solving and interpersonal
 - (c) job and technical training
 - (d) regular training
56. Cooperative training type in which job training is combined with instructions from college classes is classified as
- (a) internships
 - (b) apprentice training
 - (c) school-to-work transition

- (d) distance training
- 57 Apprentice training, internships and school-to-work transitions are classified as types of
- (a) instructor led classroom training
 - (b) cooperative training
 - (c) conference training
 - (d) distance training
- 58 Cooperative training method which combines on-the-job experiences and classroom training is classified as
- (a) internships
 - (b) apprentice training
 - (c) school-to-work transition
 - (d) distance training
- 59 Training done in guidance of instructor on one place and having trainees at different locations is classified as
- (a) tactile training
 - (b) instructor led classroom training
 - (c) distance training
 - (d) e-training
- 60 Type of cooperative training in which trainees have on-the-job experience with guidance of skilled supervisor is classified as
- (a) school-to-work transition
 - (b) distance training
 - (c) internships
 - (d) apprentice training
61. An intense internal force that motivates behavior is known as a(n)
- (a) incentive.
 - (b) drive.
 - (c) reinforcement.
 - (d) reward.
62. What, according to Hull, is reinforcing?
- (a) drive reduction
 - (b) drive induction
 - (c) incentive reduction
 - (d) incentive deduction

63. If drive motivation is based on deprivation, incentive motivation is based on
- (a) drive reduction.
 - (b) habit strength.
 - (c) inhibition.
 - (d) reward value.
64. Environmental stimuli can acquire the ability to produce an internal drive state. Hull called these
- (a) environmental drives.
 - (b) acquired drives.
 - (c) conditioned drives.
 - (d) unconditioned drives.
65. Habit strength increases based on
- (a) incentive induction.
 - (b) drive reduction.
 - (c) inhibition induction.
 - (d) behavioral induction.
66. When a response continues to fail to produce drive reduction, it is permanently suppressed via
- (a) reactive inhibition.
 - (b) latent inhibition.
 - (c) conditioned inhibition.
 - (d) higher order inhibition.
67. Crespi's findings regarding the effect of reward magnitude on running speed forced Hull to propose that
- (a) reward magnitude directly influences motivation.
 - (b) reward magnitude has no effect on motivation.
 - (c) shifts in reward result in forgetting.
 - (d) learning is reduced with large reward.
68. According to Amsel, the extinction of an instrumental response is due to
- (a) anger.
 - (b) frustration.
 - (c) repression.
 - (d) anxiety.
69. In Mowrer's two-factor theory of avoidance learning, the two factors are

- (a) vicarious learning and classical conditioning.
 - (b) instrumental conditioning and operant conditioning.
 - (c) classical conditioning and Pavlovian conditioning.
 - (d) classical conditioning and instrumental (or operant) conditioning.
70. Guthrie believed that all learning is
- (a) S-R associations reinforced by drive reduction.
 - (b) S-R associations based on contiguity.
 - (c) S-S associations based on reinforcement.
 - (d) S-S associations based on contiguity.

Ans: (1)(a), (2)(d), (3)(a), (4)(a), (5)(d), (6)(c), (7)(b), (8)(d), (9)(a), (10)(a), 11(d), 12(a), 13(a), 14(a), (15)(d), (16)(a),(17)(d), (18)(a), (19)(b), (20)(c),(21)(d), (22)(d), (23)(d), (24)(a), (25)(b), (26)(d), (27)(a), (28)(a), (29)(a),(30)(a), (31)(c), (32)(b), (33)(c), (34)(d), (35)(d), (36)(a), (37)(c), (38)(d), (39)(a), (40)(c), (41)(a), 42(c), (43)(b), (44)(d), (45)(a), (46)(b), (47)(b), (48)(c), (49)(b), (50)(a), (51)(b), (52)(c), (53)(b), (54)(d), (55)(a), (56)(a), (57)(b), (58)(c), (59)(c), (60)(d), (61)(b), (62)(a), (63)(d), (64)(b), (65)(b), (66)(c), (67)(a), (68)(b), (69)(d), (70)(b)

Short Answers Type Questions:

1. Identify three constraints an HRD department might face in the design of training, and what might be done to deal with each.
2. List the reasons that learning objectives are a benefit to the trainee, training designer, trainer and training evaluator.
3. Identify and describe what to include in training to facilitate transfer of training to the workplace.
4. Discuss the advantages a small business has when considering the transfer of training.
5. Discuss the facilitation of training with focus on Training Design.
6. Discuss the facilitation of transfer with focus on Organizational Intervention?
7. “Objectives are the statements about what is expected to be accomplished. Discuss this statement in detail. What are the components of a good objective?”
8. In this growing era of Information Technology, how is Computer – Based Training beneficial for companies?
9. Discuss the concept of: (a) Lecture (b)Tutorials (c) Conferences, as Off – the –Job training Methods

10. What is the difference between role play and behavior modeling? When would you use one versus the other?
11. Write short notes on:
 - (a) Learning Organisation
 - (b) Symposium
12. What learning condition do you think is most necessary for learning to occur.
13. Distinguish between
 - (a) Expectancy theory and social learning theory
 - (b) Expectancy theory and reinforcement theory
 - (c) Social learning theory and reinforcement theory
 - (d) Maintenance and generalization
 - (e) Learning and transfer
14. What criterion would you consider for selecting the trainers? Discuss the profile of a trainee.
15. How trainer can make the training site and information conducive to learning?
16. Discuss Kirkpatrick's training evaluation model.
17. Discuss the group building methods of training.
18. What are the learning objectives? Explain the three components?
19. What should be done to keep a check on trainee to seek his change in behavior after training?
20. Design training for a programme with aim of saving someone's life?
21. Give different ways of presenting training material?
22. How one can analyze that trainee is motivated to learn during training programme?
23. How can characteristics of training affect self directed training?
24. What are the components of effective team performance?
25. Discuss the process of behavior modeling in brief?
26. Mention three reasons why on the job training may prove to be ineffective?
27. Why apprenticeship training appears to be attractive to the employees?
28. What is a learning objective? List and explain its components.
29. What can be done long before the trainee attends training to ensure that the trainee will be motivated to learn?
30. How does knowledge of classical and operant conditions assist you in designing effective training?
31. How would you present training material in a manner that facilitates retention?
32. If a particular task were critical to saving a life (police officer shooting a gun, pilot responding to an emergency), what factors would you build into the designing to ensure that the behavior was both learned and transferred to the workplace?

Long Answers Type Questions:

1. Describe the purpose of learning objectives, the criteria for evaluating such objectives, and the advantages of developing these objectives.
2. Use expectancy theory to explain how to motivate a trainee to attend training.
3. Describe social learning theory and how it helps in the design of training.
4. How do supervisors, peers and trainers help in providing assistance on the job for transfer of training?
5. Explain the relationship between the Gagne-Briggs theory of instruction and social; learning theory.
6. Use elaboration theory and Gagne-Briggs theory of instructional design to design a training session.
7. What can be done long before the trainee attends training to ensure that the trainee will be motivated to learn?
8. How does knowledge of classical and operant conditioning assist you in designing effective training?
9. How would you present training material in a manner that facilitates retention?
10. Suppose you are designing a training programme for a group of 40 employees. These employees come from a wide range of ethnic and cultural backgrounds and have different educational and experience backgrounds relative to the content area of the training. What training design features would you use to address these constraints?
11. Discuss the following Training methods in detail: (a) Demonstration (b) Discussion
12. Discuss the following Off – The Job Training Methods: (a) Sensitivity Training (b) Transactional Analysis (c) Counseling (d) Empowering
13. Define the following On – the Job Training Methods: (a) Job Instruction Training (b) Coaching (c) Job Rotation (d) Job Enlargement (e) Job Enrichment
14. Describe various Audio – Visual options and their strengths and weaknesses.
15. Describe how the experiential learning model relates to the social learning model.
16. How do the dry run and pilot training differ? Why?
17. What are some typical difficult trainees and explain how would you deal with them?
18. Describe the various designs that are possible for evaluation, and their advantages and disadvantages
19. What is the difference between cost/benefit evaluation and cost – effectiveness evaluation? When would you use each and why?
20. What is the relationship among the four levels of evaluation? Would you argue for examining all four levels if your boss suggested you should look only at the last one (results) and that if it improved, you would know that training had some effect?
21. How would you develop objective of a training module? Illustrate with examples.
22. Describe the importance of sequencing while designing the structure of a training session.
23. While designing a training module, its content and structure are considered very important. Describe the process of content analysis and its development, highlighting the importance of sequencing.

24. What are the various training methodologies that can be used to make a training programme effective? Describe when and how will you use case method of learning?
25. Can allowing trainees to make errors in training be useful? Explain.
26. Under what circumstances might a traditional seating arrangement be superior to a fan type seating arrangement?
27. What is a design document? What is included in a design document? How is it useful for training?
28. Which is the most important feature of the learning organization? Which is least important? Why.
29. Discuss the major emphasis of the identical elements, stimulus generalization and cognitive theories of transfer.
30. What do threats to validity have to do with training evaluation? Identify internal and external threats to validity. Are internal and external threats similar? Explain.
31. What metrics might be useful for evaluating the effectiveness of a company's training function. Discuss and rate their importance.
32. How will you design a training programme for a medium and small enterprise?
33. What criteria would you prepare for selecting the trainers? Discuss the profile of a trainee.
34. How does the knowledge of classical and operant conditioning assist you in designing effective programme?
35. How would you present training material in a manner that facilitates retention?
36. To help ensure transfer of training, what would you do outside the training itself? Who would you involve and how?
37. Explain ET and how it would help you design a training programme?
38. Discuss the Gagne- Briggs theory of design and its relationship with social learning theory?
39. Discuss the steps of the action learning program? Which aspect of action learning do you think is most important for learning?
40. How the instructional objectives do helps learning to occur?
41. Which type of learning is required for long term and short term retention of employees? Do we have the same training program or different? Comment?
42. What is a design document? What are the components included in them? Explain in detail?
43. Is allowing trainee to make mistakes during learning is useful? Comment with illustrations?
44. To help ensure transfer of training, what would you do outside the training itself? Who would you involve and how? What would you do about the organizational structure/environment?
45. Suppose you are designing a training program for a group of 40 employees. These employees come from a wide range of ethnic and cultural backgrounds and have different educational and experience backgrounds relative to the content area of the training. What training design features would you use to address these constraints?

46. What is the relationship among the four levels of evaluation? Would you argue for examining all four levels if your boss suggested that you should look only at the last one (results) and that if it improved, you would know that training had some effect?
47. What is the difference between cost/benefit evaluation and cost-effectiveness evaluation? When would you use each, and why?
48. What is the difference between cost-effectiveness evaluation and utility analysis? When, if ever, would you use utility rather than cost-effectiveness? Why?

UNIT - IV

Multiple Choice Questions:

1. Development refers to
 - (b) Formal education
 - (c) Job experiences
 - (d) Relationships and assessments of personality and abilities
 - (e) All of the above

2. Training and development differ on the basis of
 - (a) Focus
 - (b) Use of work experiences
 - (c) Goal
 - (d) Participation
 - (e) All of the above

3. Which of the following approaches are used to develop employees:
 - (a) Formal Education
 - (b) Assessment
 - (c) Job Experiences
 - (d) Interpersonal Relationships
 - (e) All of the above

4. Formal Education programs may include
 - (a) Lectures by business experts/professors
 - (b) Business games and simulations
 - (c) Adventure learning
 - (d) Meeting with customers
 - (e) All of the above

- 5 Tuition reimbursement refers to the practice of reimbursing
- (a) Employees costs for college and university courses and degree programs
 - (b) Tuition fees of the courses undertaken by the employees
 - (c) Tuition fees of the kids of the employees
 - (d) None of the above
- 6 Assessment involves collecting information and providing feedback to the employees about their
- (a) Behavior
 - (b) Communication style
 - (c) Values and skills
 - (d) All of the above
- 7 Assessment is most frequently used to identify _____ of the employees.
- (a) Potential and Strengths
 - (b) Weaknesses
 - (c) Both a and b
 - (d) None of the above
- 8 MBTI is the most popular test for
- (a) Employee development
 - (b) Need analysis
 - (c) Assessment of employees
 - (d) None of the above
- 9 MBTI identifies individual's preferences for
- (a) Energy
 - (b) Information gathering
 - (c) Decision making
 - (d) Lifestyle
 - (e) All of the above
- 10 A viable option of training when the population is large and widely dispersed
- (a) CBT
 - (b) PI
 - (c) ACAI
 - (d) ITS
- 11 The term most often used in private industry or government for training employees using computer assisted instructions is

- (a) CBT
 - (b) PI
 - (c) ACAI
 - (d) ITS
- 12 The training room should be preferably _____ in shape
- (a) Circle
 - (b) Square
 - (c) Rectangular
 - (d) Any of the above
- 13 A game or exercise that prompts trainees to get involved in meeting and talking with others
- (a) Icebreaker
 - (b) Role-play
 - (c) Virtual Reality
 - (d) Behaviour Modeling
- 14 The trainees that set out to ruin the training session for everyone are
- (a) Quiet trainee
 - (b) Talkative trainee
 - (c) Angry trainee
 - (d) Comedian
- 15 _____ is designed to determine the value and clarity of the various pieces of the training program in a controlled setting.
- (a) Dry run
 - (b) Pilot program
 - (c) Cold run
 - (d) Anticipatory program
- 16 The outcomes that measure the trainee's perceptions, emotions and subjective evaluations of the training experience
- (a) Reaction outcomes
 - (b) Learning outcomes
 - (c) Job behavior outcomes
 - (d) Work outcomes
- 17 Careers are often said to be more difficult to manage now than in the past because:

- (a) The nature of jobs and organisations is changing rapidly
 - (b) Retirement age is increasing
 - (c) People are not taught how to do it
 - (d) Definitions of career are changing
- 18 The career-related consequences of the delayering of organisations include:
- (a) A higher proportion of job moves being demotion
 - (b) Promotion being a bigger step when it happens
 - (c) Lateral moves becoming scarcer
 - (d) All of the above
- 19 'An area of the self-concept that is so central that a person will not give it up even if forced to make a difficult choice' is a definition of:
- (a) The subjective career
 - (b) Career anchor
 - (c) Career development
 - (d) Matching theories of career choice
- 20 Which of the following is sometimes used as an indicator of subjective career success?
- (a) Income growth over a period of years
 - (b) A person's values
 - (c) Career satisfaction
 - (d) Working hard
- 21 In most companies the current answer to the question, "Who's responsible for an employee's career development," is:
- (a) The employee's manager.
 - (b) The company.
 - (c) The employee.
 - (d) The HRM department.
 - (e) no one and that's why little career development is being done
- 22 A number of events and forces in the business environment have shaped the move in career development from corporate to individual responsibility, including:
- (a) Growing employee ownership of companies.
 - (b) the empowerment movement
 - (c) the decreasing competitiveness of Japan in U.S. markets
 - (d) More and more companies using a Japanese management model.
 - (e) The upturn in the economy and the expansion of hiring.

- 23 The purpose of career development has changed over time:
- (a) From a focus on the organization to a focus on both the organization and the individual.
 - (b) From a focus on the individual to a focus on the organization.
 - (c) From a focus on the organization to a focus on the individual.
 - (d) to become synonymous with management development
 - (e) To become less important than it was in the 1970s and 1980s.
- 24 Companies now view career development as a way to meet a variety of goals, including:
- (a) reinforcing affirmative action.
 - (b) reducing job burnout
 - (c) Improving quality of work life.
 - (d) Furthering organizational and individual goals.
 - (e) all of the above
- 25 Initially, companies viewed career development as a program to meet organizational need. Now, it is also looked upon as a way to meet employees' needs. This shift in perspective is due to:
- (a) The pressures of downsizing.
 - (b) the pressures of technological change
 - (c) employee demands for more career advancement opportunities
 - (d) The need for some businesses to meet affirmative action goals.
 - (e) all of the above
- 26 In recent years, the career development field has changed very rapidly as
- (a) job hopping has become less prevalent.
 - (b) employees anticipate life-long employment with one organization
 - (c) downsizing among companies becomes more popular
 - (d) technological change requires that employees keep pace with new ways to perform their jobs.
 - (e) c and d
- 27 Career development differs from training in that:
- (a) Career development has a short-term focus. Training has a long-term focus.
 - (b) Career development is initiated by employees and training is initiated by the organization.
 - (c) Career development has a wider focus and broader scope than training.
 - (d) career development is more beneficial to the organization and training is more beneficial to the individual employee

- (e) Training is more popular in organizations than is career development.
- 28 Career development
- (a) usually involves a one-time event or opportunity to enhance long-term skills'
 - (b) is a formal, organized, ongoing effort to develop people's skills
 - (c) Has been in existence since the turn of the century.
 - (d) Is usually a highly selective process which guarantees success through that's electivity?
 - (e) Focuses on individual over organizational needs.
- 29 When it comes to career development, workers:
- (a) Generally know precisely what they want to do with their careers.
 - (b) Usually take sufficient action to ensure that they will be considered for new career opportunities.
 - (c) Seldom experience a mismatch between their goals and career opportunities.
 - (d) often have goals their organizations do not know about
 - (e) Usually don't have sufficient experience to warrant promotion to the positions they desire.
30. When businesses do not provide career development to employees, it increases the possibilities that:
- (a) Turnover will decrease.
 - (b) All employees will begin self-development.
 - (c) Employees will be encouraged by promotion possibilities.
 - (d) Employees will specialize in their specific jobs.
 - (e) the business will not keep pace with the changing business environment
31. In the talent management end to end process, the workforce compensation management leads to
- (a) succession planning
 - (b) performance management
 - (c) learning management systems
 - (d) e-recruiting
32. Professional competence and consistency is exhibited by
- (a) effective mentors
 - (b) performance manager
 - (c) appraisal manager
 - (d) None of the above

33. Modifying selection procedures for senior employees is a step to
- (a) keep retirees
 - (b) keep employees
 - (c) retirement benefits
 - (d) talent management
34. The process of attracting, selecting, training and promoting employees through a particular firm is called
- (a) phased retirement
 - (b) preretirement counseling
 - (c) talent management
 - (d) modifying selection procedure
35. In the talent management end to end process, the workforce and succession planning leads to
- (a) compensation management
 - (b) performance management
 - (c) learning management systems
 - (d) e-recruiting
36. In traditional focus, providing opportunities for learning is part of
- (a) training and development
 - (b) performance appraisal
 - (c) recruiting and placement
 - (d) human resource planning
37. In career development focus, the information about individual interests and preferences is part of
- (a) training and development
 - (b) performance appraisal
 - (c) recruiting and placement
 - (d) human resource planning
38. In career development focus, the addition of development plans is part of
- (a) training and development
 - (b) performance appraisal
 - (c) recruiting and placement
 - (d) compensation and benefits

39. In career development, providing support in employee development plans is part of
- (a) individual role
 - (b) manager role
 - (c) employer role
 - (d) line manager
40. In traditional focus, the rewards based on the production is part of
- (a) training and development
 - (b) performance appraisal
 - (c) recruiting and placement
 - (d) compensation and benefits
41. Which of the following is *not* a stage in the systematic training cycle?
- (a) evaluation
 - (b) assessing training needs
 - (c) planning the training
 - (d) job instruction on a one to one basis
42. Which of the following organizations were established in 2001 to cover learning and skills development in a wide range of areas?
- (a) Training and Enterprise Councils
 - (b) Local Enterprise Councils
 - (c) Learning and Skills Council
 - (d) The Qualifications and Curriculum Authority
43. Which of the following organisations are responsible for ‘the enhancement and improvement of the performance of people involved in development, management, health and safety and representation of people in the workplace’?
- (a) The Qualifications and Curriculum Authority
 - (b) The Employment National Training Organisation
 - (c) Training and enterprise councils
 - (d) Investors in People UK
44. Which of the following organisations aims at improving the quality of training and development practices by setting national standards and by linking these to the achievement of business goals?
- (a) Investors in People UK
 - (b) Training and enterprise councils
 - (c) The Employment National Training Organisation

- (d) The Qualifications and Curriculum Authority
- 45 Which national training schemes exist at advanced and foundation level?
- (a) New deal
 - (b) NVQs
 - (c) GNVQs
 - (d) Modern apprenticeships
- 46 Which of the following is the best definition of a learning organisation?
- (a) An organisation which facilitates the learning of all its members and continuously transforms itself.
 - (b) An organisation in which the managers are encouraged to develop
 - (c) An organisation which facilitates the learning of all its members in order to preserve the status quo
 - (d) An organisation which does a lot of training on an ad hoc basis
- 47 Which of the following is *not* one of the four principles that underpin the Investors in people standard?
- (a) evaluating
 - (b) appraising
 - (c) commitment
 - (d) action
- 48 Which of the following is the best term to describe people who guide and suggest suitable learning experiences for their proteges?
- (a) human resource directors
 - (b) line managers
 - (c) coaches
 - (d) mentors
49. Which level of NVQ does the following specification describe? This level recognises competence in the performance of complex, technical and professional work activities performed in a variety of settings. There is likely to be a substantial degree of personal autonomy and responsibility, and it is usually necessary to demonstrate competence in allocating resources and in management or supervision.
- (a) level 2
 - (b) level 3
 - (c) level 4
 - (d) level 5

50. Which of the following is *not* a current version of New Deal?
- (a) New Deal 25 plus
 - (b) New Deal 50 plus
 - (c) New Deal 60 plus
 - (d) New Deal for lone parents
51. Which of the following is true of modern apprenticeships?
- (a) employers had no involvement in developing the national standards
 - (b) employers were involved in developing national standards so they are geared to each industry sector's requirements
 - (c) different standards are set to meet local needs without any regard to national standards
 - (d) modern apprentice do not have to complete NVQs or any other qualifications while working
52. In mentoring relationships, first mentoring stage which consists of six to twelve months period is classified as
- (a) Initiation
 - (b) Cultivation
 - (c) Separation
 - (d) Redefinition
53. Situation which occurs when an employee learns new ideas and returns to workplace where people follow same old ideas is classified as
- (a) capsulated training
 - (b) encapsulated training
 - (c) capsulated development
 - (d) encapsulated development
54. Relationship between employees in which experienced managers help individual employees in their early career is classified as
- (a) career modeling
 - (b) mentoring
 - (c) simulation
 - (d) communication
55. In mentoring relationships, second mentoring stage which consists of two to five years and helps employees gaining self-confidence is considered as

- (a) separation
 - (b) redefinition
 - (c) initiation
 - (d) cultivation
56. Method in which problem to be solved is described for employees is called
- (a) job rotation
 - (b) action learning
 - (c) lifelong learning
 - (d) case study method
57. Improving current and future management performance is called
- (a) job rotation
 - (b) job training
 - (c) lifelong learning
 - (d) management development
58. Method in which teams consisting managers compete on solving problems is called
- (a) management game
 - (b) action learning
 - (c) lifelong learning
 - (d) case study method
59. Technique, involving trainees to act on role of specific person in real situation is
- (a) behavior modeling
 - (b) role playing
 - (c) in-house development center
 - (d) both A and B
60. A technique, in which trainees are shown films on management techniques, is called
- (a) behavior modeling
 - (b) role playing
 - (c) in-house development center
 - (d) Both A and B
61. In an organisation initiating career planning, the career path model would essentially form the basis for
- (a) Placement
 - (b) Transfer
 - (c) Rotation

- (d) All of the above
- 62 Which traditional theorist believed that behavior involves purpose, goals, and expectations?
- (a) Tolman
 - (b) Hull
 - (c) Thorndike
 - (d) Skinner
- 63 Spence's anticipatory goal concept is comparable to Tolman's
- (a) cathexis.
 - (b) cognitive map.
 - (c) equivalence belief principle.
 - (d) law of effect.
- 64 Which traditional learning theorist believed that the use of hypothetical constructs does not contribute to our understanding of behavior?
- (a) Hull
 - (b) Skinner
 - (c) Tolman
 - (d) Rotter
- 65 Guthrie rejected Thorndike's
- (a) law of exercise.
 - (b) law of readiness.
 - (c) law of equivalence.
 - (d) law of effect.
- 66 According to Tolman, reward is not required for learning but is required for
- (a) extinction.
 - (b) performance.
 - (c) memory.
 - (d) direction.
- 67 In a career development, offering and discussing variety of paths for career development, included
- (a) individual role
 - (b) manager role
 - (c) employer role
 - (d) line manager

- 68 In career development, providing assistance programs for academic learning is an art of
- (a) individual role
 - (b) manager role
 - (c) employer role
 - (d) line manager
- 69 In career development focus, individual goal setting is the part of
- (a) training and development
 - (b) performance appraisal
 - (c) recruitment and placement
 - (d) human resource planning
- 70 In career development, seeking out career resources is included in
- (a) individual role
 - (b) manager role
 - (c) employer role
 - (d) line manager

Ans: (1)(d), (2)(e), (3)(e), (4)(e), (5)(a), (6)(d), (7)(c), (8)(a), (9)(e), (10)(b), (11)(a),(12)(b), (13)(a),(14)(c), (15)(a), (16)(a) ,(17)(a), (18)(b), (19)(b), (20)(c), (21)(e), (22)(b), (23)(e),(24)(c), (25)(e), (26)(e), (27)(c), (28)(b), (29)(e), (30)(e), (31)(b), (32)(b), (33)(a), (34)(c), (35)(a), (36)(a), (37)(d), (38)(b), (39)(b), (40)(d), (41)(c), (42)(a), (43)(b), (44)(a), (45)(d), (46)(a), (47)(c), (48)(a), (49)(d), (50)(a) (51)(a), (52)(d), (53)(b), (54)(d), (55)(d), (56)(d), (57)(a), (58)(b), (59)(a), (60)(a). (61)(a), (62)(c), (63)(b), (64)(d), (65)(b), (66)(c), (67)(c), (68)(b), (69)(a), (70)(a)

Short Answers Type Questions:

1. Describe the roles and responsibilities of the managers at different levels in the organization.
2. Describe the general competencies and characteristics of effective managers.
3. List the important organizational factors that determine which managerial characteristics are desirable at a given time and situation.
4. Compare and contrast the skills, traits and management style for the manager in a cost leader vs. market leader organization.
5. Why it is difficult to train executives?

6. How are executive development programs different from management development programs?
7. What is succession planning, discuss in detail?
8. What is the need for Executive Development?
9. What are Methods of Executive Development?
10. Differentiate between coaching and mentoring.
11. Explain behavior modeling.
12. Discuss group building methods.
13. Write short notes on:
 - (a) On boarding
 - (b) Dual career paths
 - (c) Traditional career vs. protean career
14. Write a short note on employee development?
15. Write a short note on Career management?
16. What are the Types of MDPs
17. Write a short note on EDPs/ Seminars & Conferences?
18. Write a short note on traditional career Vs Protean careers?
19. Which career progression stage you belong to? Explain the career aspects important for you at the current stage?
20. Explain protean career on the basis of pattern, developmental source, goal and responsibility for management?
21. What is psychological contract what role does it play?
22. What is web influenced career progression?
23. What are the three components of career motivation? Explain in brief?
24. Why is employee development so important in today's organization?
25. Why is it necessary to have so management training?
26. What are the implications of management development?
27. What are the managerial roles for management development?
28. Comment on:
 - (a) Career Succession Planning
 - (b) Plateauing
 - (c) Career Breaks

Long Answers Type Questions:

1. Discuss the approach to management development in a context to Indian Industries.
2. Describe in detail the Mintberg's managerial roles.
3. "One of the most frequent types of trainings provided by companies over the last several years is Management development and executive leadership". Discuss

4. What are the advantages and disadvantages of Management Development Program.?
5. What do you mean by Externally Based Training?
6. What issues are required to be addressed in the management development?
7. Managerial style seems to be related to two dimensions of leader behavior. What are those discuss in details.
8. What are the steps need to be undertaken in management development in the organization.
9. What re the objectives of Management Development Program.
10. Discuss the suitability of executive development techniques.
11. "Managers are a vital link in the success of any organization." Please discuss.
12. Discuss in detail, the specific problems associated with training executives and some of the methods that can be used to deal with these problems.
13. Describe why development of executives is so critical to effective organizational functioning.
14. Explain how management training needs are influenced by changes in organizational strategies?
15. Discuss the various sources and types of training related to management development.
16. Why are the corporations setting up their own universities? Explain in detail the advantages and disadvantages of this approach?
17. Explain five training methods and why they are useful for training executives.
18. Elaborate upon "Integration of strategic and managerial characteristics".
19. Discuss the difference between conceptual and technical Management Development Programs.
20. Explain the following
 - (a) Seminars
 - (b) Conferences
 - (c) Symposia
 - (d) Experiential learning techniques
 - (e) Role plays
21. Why is training & development still considered to be expenditure rather than an investment by major of Indian companies? What strategies will you adopt as a training executive to market to top management, the organizational benefits which can be reaped from training and development program?
22. How is management development training different from any other professional training?
23. Discuss a typical approach to Management Development in an organization.
24. Write a short note on traditional career vs protean career.
25. Discuss the various models of career development.
26. Write a short note on the following:
 - (a) On boarding
 - (b) Dual Career paths
 - (c) Plateauing

27. Discuss the future aspects of T & D.
28. Why MDPs are considered necessary? What are the various types of MDPs typically employed by organizations?
29. Training Evaluation is necessary to establish its effectiveness. Explain the Training Evaluation Model developed by Donald Kirkpatrick. Discuss its limitations.
30. What are the strengths and weaknesses of the lecture, the case study and behavior modeling?
31. How can the characteristics of the trainee affect self directed learning?
32. Why are apprenticeship programs attractive to employees? Why are they attractive to companies?
33. Discuss reasons why many managers are reluctant to coach their employees.
34. Why do companies develop formal mentoring programs? What are the potential benefits for the mentor and for the protégé? What is the best way to match mentors and protégés?
35. Discuss the characteristics of the most effective company development strategies. Which characteristic do you believe is most important? Why.
36. What are Management development programs? What are various types of MDP's one can use.
37. What are the various challenges one faces in managing one's career. Give your suggestions for handling career breaks.
38. Write short notes on:
 - (a) Dual career path
 - (b) Corporate universities
39. Discuss the implication that career development may have for training and development activities.
40. What new skills with trainers need to be successful in future
41. What role does assessment have in employee developments? How can competencies be used in employee development.
42. Explain 360 degree and 720 degree methods of performance appraisal and their relevance for management development.
43. Explain the different approaches to employee development?
44. Explain in detail the future aspects of T& D. What shape according to you is it going to take in near future?
45. If you have an automobile company, what are the strategies you will adopt to provide career and development opportunities to you employees?
46. Differentiate between Traditional Career vs. Protean Career with the help of examples?
47. Explain in detail the different models for Career Development. Also specify the challenges faced by IT sector in career management?
48. Why should the companies be interested in building the career of their employees? What benefits do they get? What are the associated risks?

49. Why should the managers be trained as part of establishing supportive work-policies? Which strategies can be followed for the same?
50. Why are content and process important while designing the orientation programmes for employees? What are the important aspects to be covered under the same?
51. Are work family programs same as work life balance programmes? Explain? How are they helping the organizations for better results.
52. Compare and contrast the skills, traits and management style for the manager in a cost leader versus market leader organization.
53. Why are corporations setting up their own universities? Explain in detail and indicate advantages and disadvantages of this approach.
54. Why is it difficult to train executives? Explain five training methods and why they are useful for training executives.
55. What are the different methods an organization can use
 - (a) for developing executives?
 - (b) For developing managers?
56. What type of training should be used to provide the different competencies? How long will it take to provide this training? Give your rationale.

QUESTION BANK

PERFORMANCE MANAGEMENT

MS 237

**QUESTION BANK
PERFORMANCE MANAGEMENT- MS 237
MBA III**

UNIT – I

I Multiple Choice Questions:

- 1 People are known to be more productive when they:
 - (a) Are knowledgeable of their results through feedback as to how they are performing.
 - (b) Have clear, attainable objectives (also called goals) to achieve.
 - (c) Are involved in setting of tasks and objectives.
 - (d) None of the above.
 - (e) (a), (b) and (c)

- 2 It is necessary to review the goals of the organization to:
 - (a) Create a linkage between units of performance and the preferred organizational goals.
 - (b) Maximize profits of the organization
 - (c) Align the individual and organizational goals
 - (d) Create distinctiveness.
 - (e) None of the above.

- 3 Performance agreement aims at helping
 - (a) The organization to work effectively.
 - (b) Decide the matters of compensation
 - (c) The staff to develop, put in place at least one more chance to meet the expectation of the staff members.
 - (d) Identify the training needs
 - (e) All of the above

- 4 An effective performance management helps in
 - (a) Evaluation of a job
 - (b) Evaluation of competitiveness in market
 - (c) Evaluate the decision taking capacity of managers
 - (d) Evaluate the decision taking capacity of the subordinates
 - (e) None of the above

- 5 Performance management is an interlinked process because:
 - (a) It interlinks the organization with the globalized market
 - (b) It interlinks with other key processes such as business strategy, employee development, total quality management and other business processes.

- (c) It interlinks the individual goals with the organizational goals.
 - (d) It interlinks the management and subordinates
 - (e) None of the above
- 6 Performance management is a continuous process because:
- (a) It involves the human resource of the organization
 - (b) It involves the work environment of the organization.
 - (c) It involves planning, sharing, measuring, interacting, motivating and development of employees as well as organization
 - (d) It involves the strategies of the organization
 - (e) None of the above
- 7 Which one of these is function of performance appraisal system?
- (a) Training and development
 - (b) Compensation strategies
 - (c) Promotion
 - (d) Feedback of performance
 - (e) All of the above
- 8 Effectiveness of an appraisal system depends upon:
- (a) The degree of clarity of roles
 - (b) The structure, design and method of appraisal system
 - (c) The level of organizational commitment
 - (d) The degree of honesty in the answers of the appraisal system
 - (e) None of the above.
9. What did the Hawthorne experiments discover?
- (a) That people need to belong to a 'social group'
 - (b) That people need heat and good lighting to work well
 - (c) Money is a motivator
 - (d) It makes no difference how you treat people at work in relation to their behavior.
10. A distinction can be made between 'hard' and 'soft' types of HRM. Soft HRM can be characterized by:
- (a) Seeing people as organizational assets
 - (b) A quantitative approach to HRM
 - (c) A mutual commitment of employees and employers to the goals of the organization
 - (d) Being driven by costs

11. The resource based view of the firm is one that believes the key human resources are:
- (a) Those employees not members of trade unions
 - (b) Knowledge workers
 - (c) Used to create new capabilities that help achieve organisational success
 - (d) Those willing to work overtime
12. Do HR activities have an effect on employee and managerial behavior?
- (a) Yes, but these effects can be negative as well as positive
 - (b) HR has limited impact on either employee behaviour or managerial
 - (c) HR impacts on employee behaviour but not on managerial
 - (d) No, it is managerial behaviour which impacts on HR
13. The view that employees are critical to organizational success is now generally accepted. Does this mean that?
- (a) All employees have the same value or potential for the organisation
 - (b) It reflects the unprecedented success of HR practitioners to deliver
 - (c) Good management of people will prevail
 - (d) Managing the human resource has become even more important because it is the one resource most difficult to replicate
14. The most common activities performed by HR, which are often outsourced, are:
- (a) Recruitment and selection
 - (b) Occupational health, payroll, pensions and training
 - (c) Human resource planning
 - (d) Assessment centres
15. Performance management should be seen as a process which is a:
- (a) Once a year task
 - (b) Twice a year activity
 - (c) Ongoing process or cycle
 - (d) Is engaged in when the appraisals are carried out
16. What will make some organizations more successful, and therefore more likely to survive and prosper, than others?
- (a) Creating cultures and systems in which staff can use their talents
 - (b) Creating management systems to ensure high performance from everyone
 - (c) Creating superior organisations
 - (d) Only recruiting talented people

- 17 The aim of performance management is to:
- (a) Consolidate goal setting.
 - (b) Ensure employee's performance is supporting the company's strategic aims.
 - (c) Ensure employee has the tools needed to perform the job.
 - (d) Evaluate employee's performance against standards.
- 18 The increasing use of performance management reflects:
- (a) Every employee's efforts must focus on helping the company achieve its strategic goals.
 - (b) The popularity of TQM concepts.
 - (c) Traditional performance appraisals are often counter-productive.
 - (d) All the above.
- 19 Reasons for appraising a subordinate's performance include:
- (a) Appraisals play a part in the employer's salary raise decisions.
 - (b) The supervisor and the employee together develop a plan for correcting the employee's deficiencies.
 - (c) Appraisals play an integral role in performance management.
 - (d) All the above.
- 20 Supervisors can ensure that employees are satisfied with their performance appraisals by ensuring that employees:
- (a) Have the opportunity to present their ideas and feelings.
 - (b) Have a helpful and constructive supervisor conduct the interview.
 - (c) Do not feel threatened during the interview.
 - (d) All the above.
- 21 Steps that supervisors should follow in the performance appraisal process include all the following except:
- (a) Provide feedback.
 - (b) Appraise performance.
 - (c) Prepare detailed forms and procedures to be used.
 - (d) Define the job.
- 22 Which of the following statements about performance management systems is not true?
- (a) They encourage a short-term view among managers.
 - (b) Recommendations are prescriptive and suggest one best way.
 - (c) They cause stress for employees.
 - (d) They improve organizational performance in the long-term.

- 23 The process of evaluating an employee's current and/or past performance relative to his or her performance standards is called _____.
(a) recruitment
(b) employee selection
(c) performance appraisal
(d) organizational development
- 24 When goal setting, performance appraisal, and development are consolidated into a single, common system designed to ensure that employee performance supports a company's strategy, it is called _____.
(a) strategic organizational development
(b) performance management
(c) performance appraisal
(d) human resource management
- 25 Performance management combines performance appraisal with _____ to ensure that employee performance is supportive of corporate goals.
(a) goal setting
(b) training
(c) incentive systems
(d) All the above
- 26 Managers following a performance management approach to appraisals will usually meet with employees on a _____ basis.
(a) weekly
(b) monthly
(c) bi-annual
(d) yearly
- 27 Managers following a traditional performance appraisal system will typically meet with employees on a _____ basis.
(a) daily
(b) weekly
(c) monthly
(d) bi-monthly
(e) yearly
- 28 The component of an effective performance management process that communicates the organization's higher level goals throughout the organization and then translates these goals into departmental goals is called _____.

- (a) role clarification
 - (b) goal alignment
 - (c) developmental goal setting
 - (d) direction sharing
29. The component of an effective performance management process that explains each employee's role in terms of his or her day-to-day work is called _____.
- (a) role clarification
 - (b) goal alignment
 - (c) developmental goal setting
 - (d) direction sharing
30. When using goal setting in performance management, the goals should be _____.
- (a) difficult
 - (b) challenging
 - (c) specific
 - (d) All the above
31. The philosophy of performance is about:
- (a) Task of an employee
 - (b) Behavior of the employee
 - (c) Actual outcome or results
 - (d) All the above
32. Performance management should be a process which is a:
- (a) Once a year task
 - (b) Twice a year activity
 - (c) Ongoing process or cycle
 - (d) Is engaged in when the appraisals are carried out
33. Performance management is an interlinked process because:
- (a) It interlinks the organization with the globalized market
 - (b) It interlinks with other key processes such as business strategy, employee development, total quality management and other business processes.
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34. When goal setting, performance appraisal, and development are consolidated into a single, common system designed to ensure that employee performance supports a company's strategy, it is called _____.

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 - (b) performance management
 - (c) performance appraisal
 - (d) human resource management
35. Performance management combines performance appraisal with _____ to ensure that employee performance is supportive of corporate goals.
- (a) goal setting
 - (b) training
 - (c) incentive systems
 - (d) All the above
36. The aim of performance management is to:
- (a) Ensure employee's performance is supporting the company's strategic aims.
 - (b) Ensure employee has the tools needed to perform the job.
 - (c) Consolidate goal setting.
 - (d) Evaluate employee's performance against standards.
37. The increasing use of performance management reflects:
- (a) Every employee's efforts must focus on helping the company achieve its strategic goals.
 - (b) The popularity of TQM concepts
 - (c) Traditional performance appraisals are often counter-productive.
 - (d) All the above.
38. The aim of performance management is to
- (a) evaluate and reward the employee's efforts
 - (b) giving employees the opportunity to regularly discuss performance with their supervisors
 - (c) providing the supervisor with a means of identifying the strengths and weaknesses of an employee's performance.
 - (d) All the above
39. The performance management includes
- (a) daily and weekly interactions
 - (b) meeting semiannually
 - (c) yearly meetings
 - (d) never meeting with subordinates

40. In performance management, the main feature of performance management is to
- (a) increase salary
 - (b) planning incentives
 - (c) comparing performance with goals
 - (d) comparing sales figures from last year
41. Company's HR team is responsible for
- (a) training of supervisors
 - (b) monitor appraisal system affectivity
 - (c) training employees
 - (d) All of above
42. Reason that why employers are moving to performance management is
- (a) total quality
 - (b) appraisal issues
 - (c) strategic planning
 - (d) All of above
43. Which of these is the main purpose of employee assessment?
- (a) Making correct decisions
 - (b) To effect promotions based on competence and performance
 - (c) Establish job expectations
 - (d) None of the above
44. How performance appraisal can contribute to a firm's competitive advantage?
- (a) Ensures legal compliances
 - (b) Minimizing job dissatisfaction and turnover
 - (c) Improves performance
 - (d) All the above
45. From the strategic point of view, in which three categories can an organization be grouped?
- (a) Defenders
 - (b) Prospectors
 - (c) Analyzers
 - (d) All the above
46. Successful defenders use performance appraisal for identifying _____.
- (a) Staffing needs
 - (b) Job behavior

- (c) Training needs
 - (d) None of the above
47. Analyzers tend to emphasize both _____ and _____ and employee extensive training programmes.
- (a) Skill building and skill acquisition
 - (b) Current performance and past performance
 - (c) Strategy and behavior
 - (d) None of the above
48. What do successful analyzers tend to examine?
- (a) Division and corporate performance evaluation
 - (b) Current performance with past performance
 - (c) Ideal appraisal process
 - (d) None of the above
49. _____ is an objective assessment of an individual's performance against well-defined benchmarks.
- (a) Performance Appraisal
 - (b) HR Planning
 - (c) Information for goal identification
 - (d) None of the above
50. What is linked with performance appraisal?
- (a) Job Design
 - (b) Development
 - (c) Job analysis
 - (d) None of the above
51. Method of keeping and reviewing, record of employees' undesirable behavior at different time intervals is
- (a) critical incident method
 - (b) forced distribution method
 - (c) alternation ranking method
 - (d) paired comparison method
52. An interview, in which supervisor and subordinate review appraisal, is called
- (a) structured interview

- (b) unstructured interview
 - (c) appraisal interview
 - (d) hiring interview
- 53 First step in appraising process is
- (a) defining job
 - (b) training session
 - (c) feedback session
 - (d) interview sessions
- 54 When ratings are collected from supervisors, customers and peers, it is called
- (a) 350-degree feedback
 - (b) 320-degree feedback
 - (c) 360-degree feedback
 - (d) 380-degree feedback
- 55 Which of the following terms refers to the process of evaluating an employee's Current and/or past performance relative to his or her performance standards?
- (a) Recruitment
 - (b) Employee selection
 - (c) Performance appraisal
 - (d) Employee orientation
- 56 In most organizations, which of the following is primarily responsible for appraising an employee's performance?
- (a) employee's direct supervisor
 - (b) company appraiser
 - (c) human resources manager
 - (d) EEO representative
- 57 SMART goals are best described as _
- (a) specific, measurable, attainable, relevant, and timely
 - (b) straight forward, meaningful, accessible, real, and tested
 - (c) strategic, moderate, achievable, relevant, and timely
 - (d) specific, measurable, achievable, relevant, and tested
- 58 All the following are reasons for appraising an employee's performance EXCEPT _____
- (a) assisting with career planning
 - (b) correcting any work-related deficiencies
 - (c) creating an organizational strategy map
 - (d) determining appropriate salary and bonuses

- 59 Which of the following is NOT one of the recommended guidelines for setting effective employee goals?
- (a) assigning specific goals
 - (b) assigning measurable goals
 - (c) assigning challenging but doable goals
 - (d) administering consequences for failure to meet goals
- 60 The primary purpose of providing employees with feedback during a Performance appraisal is to motivate employees to _
- (a) apply for managerial positions
 - (b) remove any performance deficiencies
 - (c) revise their performance standards
 - (d) enroll in work-related training programs
- 61 Aligning and evaluating the employee's performance with company's set goals is called
- (a) appraisal management
 - (b) performance management
 - (c) hierarchy of management
 - (d) off-the-job training
- 62 The first step in 'appraising process' is
- (a) defining the job
 - (b) training session
 - (c) feedback session
 - (d) interview sessions
- 63 _____ is the personnel activity by means of which the enterprise determines the extent to which the employee is performing the job effectively.
- (a) Job evaluation
 - (b) Work evaluation
 - (c) Performance evaluation
 - (d) None of the above
- 64 The technique that have been used to evaluate an employee in comparison with other employees
- (a) Ranking
 - (b) Forced choice
 - (c) Essay evaluation

- (d) Critical incident technique
- 65 a/an _____ is a plan or programmes to motivate individual or group performance.
- (a) Incentive scheme
 - (b) Promotion scheme
 - (c) Reward
 - (d) None of the above
66. Performance management should be seen as a process which is a:
- (a) Once a year task
 - (b) Twice a year task
 - (c) Ongoing process or cycle
 - (d) Is engaged in when the appraisals are carried out
- 67 Many schemes that reward employees and managers for something additional to their normal level of performance fail. Why?
- (a) The link between extra pay and achievement is unclear
 - (b) They are detrimental to trade union agreements
 - (c) PRP is controversial
 - (d) Everyone should receive the same
- 68 A performance rating system is:
- (a) A grade or score relating to overall performance
 - (b) Details of extent to which work objectives were met
 - (c) Last years objectives
 - (d) Achievements during the year
- 69 To be effective a points based rating systems require:
- (a) Close management control
 - (b) Comprehensive, reliable and consistent information
 - (c) Objectivity in assessments
 - (d) 360% assessments
- 70 Key performance indicators are used in situations when:
- (a) When objectives cannot easily be expressed in terms of numbers
 - (b) When targets might be expressed in terms of delivery of a project

- (c) When objectives can be established which are supportive or secondary to the organizations central objectives.
- (d) Objectives that can be quantified using financial values.

Ans. (1)(e), (2)(a), (3)(c), (4)(a), (5)(b), (6)(c), (7)(e), (8)(b), (9)(a), (10)(c), (11)(c), (12)(a), (13)(d), (14)(b), (15)(c), (16)(b), (17)(d), (18)(a), (19)(d), (20)(d), (21)(d), (22)(a), (23)(c), (24)(b), (25)(d), (26)(a), (27)(e), (28)(d), (29)(a), (30)(d), (31)(d), (32)(c), (33)(b), (34)(b), (35)(d), (36)(d), (37)(d), (38)(d), (39)(a), (40)(c), (41)(d), (42)(d), (43)(b), (44)(d), (45)(d), (46)(c), (47)(a), (48)(b), (49)(a), (50)(c), (51)(a), (52)(c), (53)(a), (54)(c), (55)(c), (56)(a), (57)(a), (58)(c), (59)(d), (60)(b), (61)(b), (62)(a), (63)(c), (64)(a), (66)(a), (66)(c), (67)(a), (68)(a), (69)(b), (70)(c).

II Short Answer Type Questions:

1. Write short notes on:
 - (a) Meaning of Performance Appraisal.
 - (b) Objectives of Performance Management.
2. Explain the conceptual model of performance management regarding its applications in organizations.
3. What are techniques with the help of which biases and subjectivity involved in appraisal system can be removed or at least lessened?
4. How can you say that 'performance appraisal system' is a part of 'performance management system'?
5. Distinguish between objectives and performance standards.
6. Differentiate between performance management and performance appraisal.
7. Write short note on Competencies.
8. Explain five factor model of job performance in organizations.
9. Performance Management is strategic in nature. Discuss
10. Why are the employers moving to performance management?
11. Discuss the pre-requisites and characteristics of Performance Management
12. Differentiate between Performance Appraisal and Performance Management
13. What are the components of Performance management system?
14. Is performance review same as the performance appraisal?
15. What are the purposes of Performance Management?
16. Why should managers even bother to do performance management.
17. Are there legal reasons to do performance management correctly?
18. What are the important components of a performance appraisal system format?

19. How is appraisal system used as a tool to chalk out employee's career progression?
20. How does appraisal help in counselling interview?
21. Describe some of the important tools required in managing performance.
22. What is the relevance of Competency Mapping in the performance management of an employee?

II Long Answer Type Questions:

1. Define Performance Management? Why should it be studied? Explain performance management model with its relevance in modern learning organization.
2. Performance appraisal is not merely for
 - (a) “Appraisal but is for accomplishment and improvement of performance”. Discuss.
 - (b) “Good Raters are born not made”. Discuss.
3. Discuss the objectives of Performance appraisal. Also, explain the hallmarks of modern performance appraisal philosophy?
4. “Performance feedback leads to both improved performance & improved attitude.” Comment and explain the full circle feedback (360° Feedback System).
5. Distinguish between the performance appraisal & performance management.
6. Discuss the basic functions of performance appraisal system
7. “The biases of performance appraisal system are unavoidable’. Justify
8. Briefly explain the relationship between the performance management system and other HR functions.
9. What are the primary purposes of performance management? When should each purpose be emphasized?
10. Discuss in brief the philosophy behind Performance Management. What is the pre-requisite of Performance Management?
11. What is performance management? What do you mean by performance objectives and standards? Does it help in role clarity, accountability and effectiveness?
12. Discuss the philosophy lying under Performance. “The Process Conceptual model helps out the organization to decide a process which can be developed operated and reviewed.” Discuss .
13. Performance Management is an integral part of effective HRM.
14. Define Performance Management. What are the primary purposes of performance management? How is it different from Performance Appraisal?
15. Discuss the strategies of Performance Management.
16. Explain five factor model of job performance in organizations.
17. Should I continue to do performance management and staff appraisals even if pay is not based on the results?

18. What are the benefits of self-evaluation and self-appraisal? Wont employees evaluate themselves unrealistically high.
19. Is there a cost to poor performance management and employee reviews? What are the consequences of poor communication about performance?
20. Why does most performance appraisal or management fail?
21. Is performance management related to employee empowerment? Support your answer with appropriate arguments.
22. What are the pre-requisites of a 360 degree appraisal system? What are the main phases of a 360 degree appraisal system?
23. What is (or was) the primary motivation for performance model design or for initiatives to redesign it? Who belong to its main users and for what purposes is the model designated? Are (or were) requirements and rules for the model design specified in advance?
24. Why should managers provide on-going feedback to employees about their performance? How does it help in protégé development?
25. What is performance management? What do you mean by performance objectives and standards? Does it help in role clarity, accountability and effectiveness?
26. Who do you understand by the term 'employee mentoring'? How can mentoring programmes contribute to individual and organizational effectiveness?

UNIT - II

I Multiple Choice Questions:

- 1 Which of the following is not a type of performance appraisal?
 - (a) 45 degree appraisal.
 - (b) Customer appraisals.
 - (c) Appraisal of managers.
 - (d) Team based appraisal

- 2 Why might an organization use multiple systems of appraisal? Select all that apply.
 - (a) To prevent the misuse of performance appraisal systems by line managers.
 - (b) Different systems for different part of the organization.
 - (c) Different systems for different organizational groups.
 - (d) To provide employees with a choice of methods.
 - (e) To separate reward and non-reward aspects of appraisal.

- 3 Which of the following is not a reason why performance appraisal is used by organizations?
 - (a) To allocate financial rewards.

- (b) To clarify and define performance expectations.
 - (c) To determine promotion.
 - (d) Because it is a legal requirement.
 - (e) To improve team, individual, and corporate performance.
 - (f) To motivate employees.
- 4 What is the meaning of upward appraisal?
- (a) Line managers rate the performance of employees.
 - (b) Employees rate the performance of their manager.
 - (c) Senior managers rate the performance of line managers.
 - (d) Employees rate the performance of their peers.
- 5 What is meant by 360 degree appraisal?
- (a) A system where the line manager rates subordinates simultaneously.
 - (b) A system where feedback is obtained from peers subordinates and supervisors.
 - (c) A system where a senior manager rates all line managers simultaneously.
 - (d) A system where every employee rates another employee chosen at random.
- 6 Which of the following statements about 360 degree appraisal is not true?
- (a) 360 degree appraisal may be linked to pay awards.
 - (b) 360 degree appraisal is normally conducted anonymously.
 - (c) 360 degree appraisal has origins in the 1970s US army.
 - (d) Feedback may comprise both open and closed questions.
 - (e) The data generated is normally highly accurate, valid and meaningful.
- 7 What is the purpose of a 'mystery shopper'?
- (a) A person who pretends to be a manager to test the service process.
 - (b) A person pretends to be a real customer to test the service encountered.
 - (c) A person who pretends to be an employee to test service process.
 - (d) A person who works for a competitor and pretends to be a customer to test the service encountered.
- 8 Which of the following statements is not true?
- (a) Some performance appraisal systems have become bureaucratic.
 - (b) The introduction of performance appraisal in the public sector has been controversial.
 - (c) Deming believed performance appraisal was central to quality management.
 - (d) Some line managers do not take the appraisal processes seriously.

- 9 Employees with need for achievement desire challenging jobs over which they have control
- (a) Low
 - (b) Medium
 - (c) High
 - (d) No
10. Which statement about job satisfaction is most correct
- (a) It causes performance
 - (b) It can affect turnover
 - (c) It cannot be measured
 - (d) It does not affect absenteeism
- 11 Job analysis is a process of gathering information about the
- (a) Job holder
 - (b) Job
 - (c) Management
 - (d) Organization
- 12 The final process of a job analysis is the preparation of two statements, namely,
- (a) Job observation and job description
 - (b) Job specification and job observation
 - (c) Job description and job specification
 - (d) None of the above
- 13 The process of grouping of similar types of works together is known as
- (a) Job classification
 - (b) Job design
 - (c) Job evaluation
 - (d) Job description
- 14 The system of ranking jobs in a firm on the basis of the relevant characteristics, duties, and responsibilities is known as
- (a) Job evaluation
 - (b) Job design
 - (c) Job specification
 - (d) Job description
- 15 The written statement of the findings of job analysis is called
- (a) Job design

- (b) Job classification
 - (c) Job description
 - (d) Job evaluation
- 16 Designing a job according to the worker's physical strength and ability is known as
- (a) Ergonomics
 - (b) Task assortment
 - (c) Job autonomy
 - (d) None of the above
- 17 Which of the following is not a component of job design?
- (a) Job enrichment
 - (b) Job rotation
 - (c) Job reengineering
 - (d) Job outsourcing
- 18 Moving employees from one job to another in a predetermined way is call
- (a) Job rotation
 - (b) Job reengineering
 - (c) Work mapping
 - (d) Job enrichment
- 19 Stress that result in negative energy and decreases performance and health.
- (a) Distress
 - (b) Worries
 - (c) Burnout
 - (d) Eustress
- 20 A non stress prone person who is relaxed, agreeable and easy going.
- (a) Type A personality
 - (b) Type B personality
 - (c) Pessimist
 - (d) Stressors
- 21 A person who looks at the positive aspects of every situation.
- (a) Optimist
 - (b) Pessimist
 - (c) Type A personality
 - (d) Type B personality

22. A mentally or emotionally disquieting response to a difficult condition or situation.
- (a) Stress
 - (b) Worries
 - (c) Burnout
 - (d) Eustress
23. Sources of stress
- (a) Stressors
 - (b) Worries
 - (c) Strain
 - (d) Distress
24. Which of the following are guidelines for drafting and maintaining a good job description?
- (a) Indicating the scope and nature of the work and all important relationships
 - (b) Indicating the work and duties of the position
 - (c) Explaining the supervisory responsibility to the individuals
 - (d) All the above
25. One of the main reasons for the negative attitude of employees towards performance appraisal is
- (a) It is associated with pay
 - (b) It gives away how bad they are
 - (c) It tends to become subjective because of poor implementation
 - (d) It is not useful for any other organizational activity
26. Supratim has been promoted to the post of an Area Sales Manager just last week, but finds himself lacking in some areas. His performance can be improved by
- (a) Reprimanding him
 - (b) Training him
 - (c) Linking his pay to performance
 - (d) Providing him with an assistant
27. What do performance appraisals measure?
- (a) generic dimensions of performance
 - (b) performance of actual duties
 - (c) employee competency
 - (d) All the above

- 28 If a performance appraisal focuses on an employee's ability to "identify and analyze problems" or to "maintain harmonious and effective working relationships," then the performance appraisal is focused on measuring _____.
(a) generic dimensions of performance
(b) performance of actual duties
(c) employee competency
(d) achievement of objectives
- 29 If a performance appraisal focuses on an employee's quality and quantity of work, then the performance appraisal is focused on measuring _____.
(a) generic dimensions of performance
(b) performance of actual duties
(c) employee competency
(d) achievement of objectives
- 30 Who is in the best position to observe and evaluate an employee's performance for the purposes of a performance appraisal?
(a) peers
(b) customers
(c) rating committees
(d) immediate supervisor
31. The M in the acronym for SMART goals stands for _____.
(a) moderate
(b) measurable
(c) meaningful
(d) mid-range
(e) merit
- 32 The A in the acronym for SMART goals stands for _____.
(a) actionable
(b) appropriate
(c) attainable
(d) attitude
- 33 Which of the following is not one of the guidelines for effective goal setting?
(a) assign specific goals
(b) assign challenging but doable goals
(c) assign consequences for performance

- (d) encourage participation
34. The component of an effective performance management process that communicates the organization's higher level goals throughout the organization and then translates these goals into departmental goals is called _____.
- (a) role clarification
 - (b) goal alignment
 - (c) developmental goal setting
 - (d) direction sharing
35. The component of an effective performance management process that explains each employee's role in terms of his or her day-to-day work is called _____.
- (a) role clarification
 - (b) goal alignment
 - (c) developmental goal setting
 - (d) direction sharing
36. Participatively set goals result in higher performance than assigned goals when _____.
- (a) participatively set goals are more difficult
 - (b) assigned goals are more difficult
 - (c) the rewards are also higher
 - (d) participatively set goals are used consistently
 - (e) the goals are doable
37. When using goal setting in performance management, the goals should be _____.
- (a) easy
 - (b) challenging
 - (c) specific
 - (d) All the above
38. Goals should be _____, but not so difficult that they appear impossible or unrealistic.
- (a) easy
 - (b) challenging
 - (c) specific
 - (d) All the above
39. Performance management should be a process which is a:
- (a) Once a year task
 - (b) Twice a year activity

- (c) Ongoing process or cycle
 - (d) Is engaged in when the appraisals are carried out
40. Performance management is an interlinked process because:
- (a) It interlinks the organization with the globalized market
 - (b) It interlinks with other key processes such as business strategy, employee development, total quality management and other business processes.
 - (c) It interlinks the individual goals with the organizational goals.
 - (d) It interlinks the management and subordinates
41. First step in appraising process is
- (a) defining job
 - (b) training session
 - (c) feedback session
 - (d) interview sessions
42. Which of the following terms refers to the process of evaluating an employee's current and/or past performance relative to his or her performance standards?
- (a) Recruitment
 - (b) Employee selection
 - (c) Performance appraisal
 - (d) Employee orientation
43. SMART goals are best described as _
- (a) specific, measurable, attainable, relevant, and timely
 - (b) straight forward, meaningful, accessible, real, and tested
 - (c) strategic, moderate, achievable, relevant, and timely
 - (d) specific, measurable, achievable, relevant, and tested
44. All the following are reasons for appraising an employee's performance EXCEPT _
- (a) assisting with career planning
 - (b) correcting any work-related deficiencies
 - (c) creating an organizational strategy map
 - (d) determining appropriate salary and bonuses
45. Which theory concerns the use of objectives to manage performance?
- (a) Probability theory
 - (b) Goal theory
 - (c) Results theory
 - (d) Outcomes theory

46. Organizing draws heavily on the supervisor's:
- (a) Conceptual skills.
 - (b) Good human relations skills.
 - (c) Technical skills.
 - (d) Decision-making skills.
47. For a supervisor, conceptual skills would include:
- (a) Recognizing how the work of various employees affects the performance of the department as a whole.
 - (b) The specialized knowledge and expertise used to carry out particular techniques or procedures.
 - (c) The ability to communicate with, motivate, and understand people.
 - (d) The ability to analyze information and reach good decisions.
48. Planning of Performance requires:
- (a) Translating the job description into objectives and measures
 - (b) Assessing your culture
 - (c) Setting aligned KPA's and Objectives
 - (d) All of the above
49. Performance Management is:
- (a) The activity where a line manager sets objectives for his/her staff
 - (b) To develop punitive steps to address poor performance
 - (c) To ensure all stakeholder requirements will be met
 - (d) To comply with the requirements of HR
50. Maintaining performance includes:
- (a) Checking up staff to ensure they perform optimally
 - (b) Provide coaching and training where gaps exist
 - (c) Formal feedback and Disciplining poor performance
 - (d) None of the above
- 51 Which of the following is most likely NOT a role played by the HR department in the performance appraisal process?
- (a) conducting appraisals of employees
 - (b) monitoring the effectiveness of the appraisal system
 - (c) providing performance appraisal training to supervisors
 - (d) ensuring the appraisal system's compliance with EEO laws

- 52 What is the first step in the appraisal process?
- (a) giving feedback
 - (b) defining the job
 - (c) administering the appraisal tool
 - (d) making plans to provide training
- 53 When designing an actual appraisal method, the two basic considerations are
- (a) who should measure and when to measure
 - (b) when to measure and what to measure
 - (c) what to measure and who should measure
 - (d) what to measure and how to measure
- 54 All of the following are usually measured by a graphic rating scale EXCEPT_
- (a) generic dimensions of performance
 - (b) performance of 'actual duties
 - (c) performance of co-workers
 - (d) achievement of Objectives
- 55 Which of the following is the easiest and most popular technique for appraising employee performance?
- (a) alternation ranking
 - (b) graphic rating scale
 - (c) Likert
 - (d) MBO
- 56 Which performance appraisal technique lists traits and a range of performance values for each trait?
- (a) behaviourally anchored rating scale
 - (b) graphic rating scale
 - (c) forced distribution
 - (d) critical incident
- 57 Which of the following, if true, best supports the argument that a graphic rating scale is the most appropriate performance appraisal tool for Suzanne to use?
- (a) The firm wants Suzanne to evaluate her subordinates on an ongoing basis and to keep a log of critical incidents.
 - (b) Employees in Suzanne's department who are categorized in the bottom 10% of the firm's employees will be immediately dismissed.

- (c) Suzanne wants to ensure that the firm is protected from employee discrimination lawsuits, so she has conducted a job analysis of each position.
 - (d) Suzanne wants a quantitative rating of each employee based on competencies important to the firm, such as problem-solving skills.
- 58 Which performance appraisal tool requires supervisors to categorize employees from best to worst on various traits?
- (a) digital dashboard
 - (b) critical incident method
 - (c) graphic rating scale
 - (d) alternation ranking method
- 59 Which performance appraisal tool is being used when a supervisor places predetermined percentages of rates into various performance categories?
- (a) behaviorally anchored rating scale
 - (b) graphic ranking scale
 - (c) alternation ranking
 - (d) forced distribution
- 60 Kendra needs to rate five of her subordinates. She makes a chart of all possible pairs of employees for each trait being evaluated. Then, she indicates the better employee of each pair with a positive symbol on the chart. Finally, she totals the number of positive symbols for each employee. Which method of performance appraisal has Kendra most likely used?
- (a) comparison ranking scale
 - (b) graphic ranking scale
 - (c) alternation ranking
 - (d) paired comparison
- 61 The process that enables manager to make comparison between employee's and his department goals is
- (a) direction sharing
 - (b) goal alignment
 - (c) rewards and recognition
 - (d) coaching and development support
- 62 An integral part of feedback process is
- (a) direction sharing
 - (b) goal alignment
 - (c) ongoing performance monitoring
 - (d) coaching and development support

- 63 In 360-degree feedback, the ratings are collected from
- (a) supervisors
 - (b) subordinates
 - (c) peers
 - (d) all of above
- 64 When the action plan is prepared for correcting performance deficiencies is
- (a) satisfactory-promotable interview
 - (b) satisfactory-not promotable interview
 - (c) unsatisfactory-correctable interview
 - (d) unsatisfactory-uncorrectable interview
- 65 The manipulation of appraisal rating based on 'age' is an example of
- (a) lenient/strict tendency
 - (b) bias
 - (c) central tendency
 - (d) different tendencies
- 66 The quality and timeliness of work is classified as
- (a) "what you are measuring"
 - (b) "how you are measuring"
 - (c) "what are the set standards"
 - (d) "the rules of performance appraisals"
- 67 The employers generally use feedback to
- (a) employee development
 - (b) avoid central tendency and biases
 - (c) rank someone
 - (d) hire the employee
- 68 The building blocks of performance management are
- (a) 3
 - (b) 4
 - (c) 6
 - (d) 6
- 69 The disadvantage of graphic rating scale is
- (a) halo effect

- (b) bias
- (c) central tendency
- (d) all of above

Ans. (1)(a), (2)(b), (3)(d), (4)(b), (5)(b), (6)(e), (7)(b), (8)(c), (9)(c), (10)(c), (11)(c), (12)(b), (13) (a), (14)(a), (15)(a), (16)(d), (17)(a), (18)(a), (19)(b), (20)(a), (21)(a), (22)(a), (23)(d), (24)(d), (25)(c), (26)(b), (27)(d), (28)(c), (29)(a), (30)(d), (31)(b), (32)(c), (33)(d), (34)(d), (35)(a), (36)(a), (37)(d), (38)(b), (39)(c), (40)(b), (41)(a), (42)(c), (43)(a), (44)(c), (45)(b), (46)(a), (47)(a), (48)(c), (49)(c), (50)(c), (51)(a), (52)(b), (53)(d), (54)(c), (55)(b), (56)(b), (57)(d), (58)(d), (59)(d), (60)(d), (61)(b), (62)(d),(63)(d), (64)(c), (66)(b), (66)(a), (67)(a), (68)(d), (69)(c), (70)(d).

II Short Answer Type Questions:

- 1 Write short note on E – HR.
- 2 Explain in brief who can conduct appraisals?
- 3 Explain 360° degree appraisal.
- 4 Write in brief about Performance software programs.
- 5 No single method of performance appraisal system can be considered ideal in all circumstances. Comment
- 6 Explain the components and determinants of performance appraisal system
- 7 What are the advantages and disadvantages of the performance appraisal system?
- 8 Explain the concept and importance of 360 degree feedback system’
- 9 How can performance agreement help in modifying employee's behavior?
- 10 Point out the contribution of performance management system to organizations’ success?
- 11 How has talent management regained the importance of re-defining performance management?
- 12 Describe some of the important tools required in managing performance.
- 13 What is the essence of ‘performance management’ in learning organizations?
- 14 Explain in brief DRA’s (Developing Process Standard).
- 15 Elaborate briefly about identifying and measuring employee performance.
- 16 What do you understand by performance standard?
- 17 What is the significance of developing performance standards?
- 18 There are several components important for an effective performance management process. Name and explain five of these components
- 19 Explain what the SMART acronym tells us about goal setting
- 21 What is the relevance of Competency Mapping in the performance management of an employee?

- 22 How can I retain the talent in the organization during a recession and without a dedicated budget?
- 23 Which module is included in technological solution? For whom is the technological solution intended?
- 24 Why are some employees involved in talent management process and then rejected?
- 25 How can one overcome the obstacle raised by the strong worker's committee before launching a systematic process?
- 26 How do you run an effective employee development plan?
- 27 Is performance management related to strategic planning?
- 28 What factors make performance appraisals legally defensible?
- 29 Explain how an MBO program works and describe the six steps involved in this type of program.
- 30 What are the characteristics of an effective appraisal system?
- 31 What are the various basis of the performance reviews.

II Long Answer Type Questions:

- 1 What are the newer methods of Rating? What are their merits & demerits? Does these methods became successful in correcting the weaknesses of traditional rating?
- 2 Elaborate on identifying and measuring employee performance.
- 6 Using a live example of at least 2 companies, explain any one of the type of performance appraisal system, which seems suitable to you the most?
- 7 Explain the essentials of an effective performance appraisal system.
- 8 How can we say that performance measures are the most critical part of the performance appraisal system?
- 9 'Planning has a significant role in performance management'. Justify
- 10 How can you say that performance agreement has standard formats based on set norms? Explain with help of an example
- 11 Explain the Major Components related to an effective performance management system. What are the effective performance measures? What should one do to ensure that your performance measures are useful?
- 12 What do you understand by Key Result Areas. Explain importance of Key Result Areas in Performance Management.
- 13 Explain different approaches used for Performance Measurement
- 14 State how you would like your job performance to be assessed, in the job that you held recently or hold currently.
- 15 What are the advantages and disadvantages of the different source of information used to evaluate the performance of employees?

- 16 Identify the various performance criteria(standards) that can be established.
- 17 Explain important characteristics of performance metrics.
- 18 Discuss the effectiveness of behaviourally anchored rating scale (BARS) in performance criteria. Develop KRAs for an HR manager and identify five important performance criteria for assessing the performance.
19. Your organization is a world renowned Knowledge process outsourcing company mainly catering to billing function of global organizations. You have been recruited by your company to perform the outsourced jobs of one of the leading IT Company based in USA. The company has over 50000 employees in their payroll. Billing and employees claim form processing is a part of your major duty, which as a team leader you do with five graduates who are reporting to you. The job is absolutely protocol bound and requires your mandate (acceptance and non-acceptance) instantly. Accuracy in decision making and speed of work both are essential parts of your and other team members' job. Identify what could be your performance domains and dimensions. Develop your answer with specific examples.
21. Designing a reward strategy based on performance is the key to organizational successes. Justify the statement citing relevant examples.
22. Explain the concept of skill and competency based compensation designs. What are its important obstacles?
23. Define Performance Management. "The Process Conceptual model helps out the Organization to decide a process which can be developed operated and reviewed." Discuss.
24. "Without setting performance criteria, the Performance Management process will not give the desired results." Do you agree?
25. What are the effective performance measures? What should you do to ensure that Performance measures are useful? Explain different approaches used for Performance Measurement.
- 26 How is performance management being applied to health care organization? What are the main models, approaches and indicators involved?
- 27 What is performance management? How the concepts and practice of performance management evolved over time?
- 28 What is the evidence and what are the valid methods for improving the quality of care and outcomes using human resources interventions.
- 29 How are human resource performance indicators at national and operational levels derived, applied and used?
- 30 What are the different models related to quality improvement and performance management systems?
- 31 Performance agreement aims at helping the staff to develop, put in place at least one more chance to meet the expectation of the staff members. Explain.
- 32 Performance agreement plan is one of the example of 'management by objective' plan. Provide suitable evidence to support the statement.

- 33 What are the challenges faced by managers in implementing performance appraisal process? How can quality of performance ratings be improved?
- 34 What are the challenges faced by managers in implementing performance appraisal process? How can quality of performance ratings be improved?
- 35 Explain the concept of skill and competency based compensation designs. What are its important obstacles?

UNIT - III

I Multiple Choice Questions:

- 1 One of the following is future oriented appraisal technique.
- (a) MBO
 - (b) Rating scale
 - (c) Checklist
 - (d) BARS
 - (e) Field Review method
- 2 The basis of performance standards is:
- (a) Managers
 - (b) HR plans
 - (c) Employee
 - (d) Job analysis
3. Many schemes that reward employees and managers for something additional to their normal level of performance fail. Why?
- (a) The link between extra pay and achievement is unclear
 - (b) They are detrimental to trade union agreements
 - (c) PRP is controversial
 - (d) Everyone should receive the same
4. As little as 20% of all human performance problems is attributable to individual employees; as much as 80% of all such problems is attributable to the work environments or systems in which employees work. An example of such problems would be:
- (a) Because people are often absent from work
 - (b) Because people at work don't perform
 - (c) Because low standards of performance are legitimised
 - (d) Because of barriers created to reduce performance

- 5 Performance plans to be successful and sustainable the plan must
- (a) Provide for independent employee voice and participation
 - (b) The decision to initiate a new plan
 - (c) Its design
 - (d) The generation of suggestions for continuous improvement.
 - (e) All of the above
- 6 Key performance indicators are used in situations when:
- (a) When objectives can not easily be expressed in terms of numbers
 - (b) When targets might be expressed in terms of delivery of a project
 - (c) When objectives can be established which are supportive or secondary to the organisations central objectives
 - (d) Objectives that can be quantified using financial values
- 7 Which of the following is not a major personnel selection method?
- (a) Focus groups
 - (b) Biodata
 - (c) Graphology
 - (d) References
- 8 Work-sample tests:
- (a) Normally make use of many different complementary predictors
 - (b) Do not necessarily have any obvious link with the job in question
 - (c) Often use in-tray or in-basket exercises for selecting shop floor workers
 - (d) Require candidates to conduct a sample of the work required for the job
- 9 Which of the following is not a major evaluative standard for personnel selection procedures?
- (a) Administrative convenience/practicality
 - (b) Discrimination
 - (c) Applicant reactions
 - (d) Faith validity
- 10 The statistical technique of meta-analysis:
- (a) Estimates the amount of sampling error in one study to derive a more accurate estimate of the validity coefficient
 - (b) Changes the magnitude of the validity coefficient by removing the effect of the sampling error

- (c) Changes the estimated variance in observed coefficients and hence widens the confidence interval around the mean coefficient
 - (d) Cumulates the results from many separate studies to obtain a more stable indication of the effect under investigation
- 11 Selection interviews are likely to be subjective, unreliable and vulnerable to bias if:
- (a) The interviewers have been trained in interviewing candidates
 - (b) The interviewers use their empathy and intuition to evaluate each interviewee
 - (c) The questions are used consistently across interviewers and interviewees
 - (d) The interviewer questions are based on a job analysis
- 12 In general, it has been shown that the single best predictor of job performance across different jobs and organizational settings is which of the following?
- (a) Personality tests
 - (b) Work-sample tests
 - (c) Cognitive ability tests
 - (d) Handwriting analysis
- 13 Which of the following situations does not necessarily lead to bias and unfairness to certain groups in selection?
- (a) An employer applies a requirement for applicants which a larger proportion of one ethnic group finds considerable harder to comply with
 - (b) A psychometric test produces different test scores for different subgroups of candidates
 - (c) Subgroup differences in test scores are used to select characteristics that are not directly related to job performance
 - (d) A validity study is based on only one subgroup but then used to select members of another
- 14 Reward management in the modern era involves:
- (a) Just dealing with issues of pay
 - (b) A total reward approach
 - (c) Dealing solely with trade unions
 - (d) Dealing solely with legal issues

- 15 How organizations should be rewarding their employees is based:
- (a) On best practice
 - (b) Is arbitrary
 - (c) Is based on understanding behavioral theories
 - (d) Is based on Herzberg theory
- 16 Herzberg (2003) and Kohn (1993a) have consistently taken the view that rewards such as performance related pay fail to deliver because:
- (a) They are viewed as 'hygiene factors'
 - (b) They are motivators
 - (c) They are unfair
 - (d) They are unwelcome by trade unions
- 17 Circumstances in which rewards normally impact on behavior are:
- (a) When given a pay increase
 - (b) When the wage or salary is seriously out of line with expectations
 - (c) Will not occur as pay is a 'hygiene factor'
 - (d) In all cases
- 18 The individual most associated with first recognizing the link between pay and performance was:
- (a) Mayo
 - (b) F.W Taylor
 - (c) Herzberg
 - (d) Kohn
- 19 The incentivized level of effort and performance can only be accessed through additional financial payments that are between:
- (a) 5 - 10%
 - (b) 10 - 15%
 - (c) 25 - 33%
 - (d) 34 - 40%
- 20 A set wage or salary is an expression of what type of reward?
- (a) Rewards as rights
 - (b) Rewards as those which are contingent
 - (c) Rewards which are discretionary
 - (d) PRP

- 21 Paying people, a monthly salary would not be suitable in which circumstances?
- (a) When employing people on a part-time basis
 - (b) For those on regular fixed incomes
 - (c) When overtime varies, and is a large part of the remuneration
 - (d) When employing people on a temporary basis
- 22 Annualized hours refers to:
- (a) Those individuals who are seasonal workers
 - (b) Those employees working on shifts
 - (c) Full-time permanent employees
 - (d) Calculating working time on an annual rather than a weekly basis
- 23 The defining feature of incremental payment systems is:
- (a) A fair day pay for a fair day's work
 - (b) Cost of living
 - (c) Length of service
 - (d) The quantity of qualifications achieved
- 24 Performance appraisals serve as building blocks of
- (a) Recruiting
 - (b) Career planning
 - (c) Manpower planning
 - (d) Selecting
- 25 Which of the following technique is least susceptible to personal bias?
- (a) Forced choice
 - (b) Critical incidents
 - (c) Rating scales
 - (d) BARS
- 26 A disadvantage of rating scales is
- (a) Cost
 - (b) Feedback
 - (c) Time involved
 - (d) Quantitative of scores
- 27 The simplest and most popular technique for appraising performance is the _____ method.
- (a) Alternation ranking

- (b) Forced distribution
 - (c) Critical incident
 - (d) Graphic rating scale
- 28 The _____ performance appraisal method ranks the highest employees and lowest employees in alternate order.
- (a) Paired comparison
 - (b) Behaviorally anchored rating scale
 - (c) Forced distribution
 - (d) Alternation ranking
- 29 Supervisors using the forced distribution appraisal method can protect against bias claims by:
- (a) Using multiple raters.
 - (b) Appointing a review committee.
 - (c) Training raters to be objective.
 - (d) All of the above.
- 30 A problem(s) with management by objectives is (are) that it can:
- (a) Be time consuming.
 - (b) Result in unmeasurable objectives.
 - (c) 1 and 2
 - (d) None of the above.
- 31 Rating an employee high on several traits because he or she does one thing well is called the:
- (a) Bias problem.
 - (b) Central tendency.
 - (c) Halo effect.
 - (d) Unclear standards.
32. Which of the following is not a role played by the HR department regarding performance appraisals?
- (a) Training of supervisors
 - (b) Monitoring the appraisal system
 - (c) Appraising of employees
 - (d) Ensuring compliance with EEO laws
 - (e) Advising regarding appraisal tools and procedures

33. When designing an actual appraisal method, the two basic considerations are _____.
(a) who should measure and when to measure
(b) when to measure and what to measure
(c) what to measure and who should measure
(d) what to measure and how to measure
(e) when to measure and how to measure
34. The most popular technique for appraising performance is the _____ method.
(a) alternation ranking
(b) graphic rating scale
(c) Likert
(d) MBO
(e) constant sum rating scale
35. Which performance appraisal technique lists traits and a range of performance?
(a) alternation ranking
(b) graphic rating scale
(c) Likert
(d) MBO
(e) constant sum rating scale
36. What do performance appraisals measure?
(a) generic dimensions of performance
(b) performance of actual duties
(c) employee competency
(d) all of the above
37. Who is the primary person responsible for doing the actual appraising of an employee's performance?
(a) the employee's direct supervisor
(b) the company appraiser
(c) the human resource manager
(d) none of the above
38. Suppose you have five employees to rate. You make a chart of all possible pairs of employees for each trait being evaluated. Then, you indicate the better employee of the pair for each pair. Finally, you add up the number of positives for each employee. In this case, you have used the _____ method of performance appraisal.
(a) graphic ranking scale
(b) constant sum ranking scale

- (c) alternation ranking
 - (d) paired comparison
39. Jason is generally considered unfriendly at work. His supervisor rates him low on the trait “gets along well with others” but also rates him lower on other traits unrelated to socialization at work. Jason’s performance appraisal may be unfair due to ____.
- (a) impression management
 - (b) bias
 - (c) stereotyping
 - (d) halo effects
40. What is another term for 360-degree feedback?
- (a) feedback loop
 - (b) multi-source assessment
 - (c) upward feedback
 - (d) circle feedback
41. Rating of all employees equal such as 'good' is called
- (a) lenient tendency
 - (b) strict tendency
 - (c) biasing tendency
 - (d) central tendency
42. New performance appraisal systems and incentives usage is part of
- (a) mobilize commitment
 - (b) consolidation of gains
 - (c) creating guiding coalition
 - (d) reinforcement of new programs
43. Which of these is an issue while designing an appraisal programme?
- (a) Quality
 - (b) What methods of appraisal are to be used
 - (c) Quantity
 - (d) Cost of effectiveness
44. When appraisals are made by superiors, peers, subordinates and clients then it is called ____.
- (a) 360 degree feedback
 - (b) 180 degree feedback

- (c) Self – appraisal
 - (d) None of the above
45. Which company first developed the 360 degree system of appraisal?
- (a) Wipro in 1990
 - (b) Godrej Soaps in 1991
 - (c) General Electric, US in 1992
 - (d) None of the above
46. Which factors lower the accuracy rate of the rater?
- (a) The rater is aware of personal biases and is willing to take action to minimize their effect
 - (b) Performance factors are properly defined
 - (c) The rater has documented behaviors to improve the recall
 - (d) The rater is unable to express himself or herself honestly and unambiguously
47. Which is the simplest and most popular technique for appraising employee performance?
- (a) Rating Scales
 - (b) Critical Incident
 - (c) Cost accounting
 - (d) BARS
48. Which of these is a major weakness of the forced distribution method?
- (a) Assumes that employee performance levels always conform to a normal distribution
 - (b) Work is reliable
 - (c) The error of central tendency
 - (d) None of the above
49. What do behaviourally anchored scales represent?
- (a) The scales are anchored by descriptions of actual job behavior
 - (b) Superiors would feel comfortable to give feedback
 - (c) A range of descriptive statements of behaviour varying from the least to the most effective
 - (d) None of the above
50. Who conducts the field review method?
- (a) Peers
 - (b) Supervisor
 - (c) Subordinates
 - (d) Someone from corporate office or the HR department

51. Which of the following is one of the primary complaints regarding the use of the forced distribution method for performance appraisals?
- (a) difficult to implement
 - (b) harm to employee morale
 - (c) high costs of administration
 - (d) standardization of group sizes
52. The first step in developing a behaviorally anchored rating scale is to _____
- (a) develop performance dimensions
 - (b) generate critical incidents
 - (c) compare subordinates
 - (d) reallocate incidents
53. Wilson Consulting is a management consulting firm with seventy employees. As associate vice president of marketing, Suzanne Boyle is responsible for conducting performance appraisals of the twelve employees under her direct supervision. Suzanne plans to use the critical incident method to evaluate the performance of her subordinates. Which of the following, if true, undermines the argument that the critical incident method is the most appropriate performance appraisal tool for Suzanne to use?
- (a) Employee performance standards are closely aligned with Wilson Consulting's long-term strategic plans.
 - (b) Other departments at Wilson Consulting have seen employee performance improve because of providing ongoing evaluations.
 - (c) Suzanne will be conducting performance appraisals in conjunction with the HR manager to ensure EEO compliance.
 - (d) Due to economic difficulties, the firm will be laying off the two lowest performing employees in Suzanne's department.
54. Which of the following best describes a behaviorally anchored rating scale?
- (a) chart of paired subordinates ranked in order of performance
 - (b) combination of narrative critical incidents and quantified performance scales
 - (c) diary of positive and negative examples of a subordinate's work performance
 - (d) predetermined percentages of subordinates in various performance categories
55. Stacey is using a behaviorally anchored rating scale as a performance appraisal tool. She has already asked employees and supervisors to describe critical incidents of effective and ineffective job performance. What should Stacey do next?
- (a) create a final appraisal instrument

- (b) develop performance dimensions
 - (c) rank employees from high to low
 - (d) reallocate the incidents
- 56 What is the primary disadvantage of developing a behaviorally anchored rating scale?
- (a) costly
 - (b) time consuming
 - (c) unreliable
 - (d) lack of feedback for subordinates
- 57 Which of the following terms refers to setting specific measurable goals with each employee and then periodically reviewing the progress made?
- (a) behaviorally anchored rating scale
 - (b) management by objective
 - (c) narrative form technique
 - (d) forced distribution
- 58 It is most important that supervisors who choose management by objectives as a performance appraisal tool use _____
- (a) SMART goals
 - (b) EPM systems
 - (c) computerized notes
 - (d) graphic rating scales
- 59 All the following are benefits of using computerized or Web-based performance appraisal systems EXCEPT _____
- (a) merging examples with performance ratings
 - (b) helping managers maintain computerized notes
 - (c) allowing employees to perform self-evaluations
 - (d) enabling managers to monitor employees' computers
- 60 Which of the following is a performance appraisal problem that occurs when a supervisor's rating of a subordinate on one trait biases the rating of that person on other traits?
- (a) recency effect
 - (b) halo effect
 - (c) central tendency
 - (d) discrimination

- 61 The performance management distinct feature is
- (a) continuous evaluating
 - (b) continuous re-evaluating
 - (c) never evaluating performances
 - (d) evaluating for salary purposes
- 62 When the person's performance is not satisfactory but can be improved is
- (a) satisfactory-promotable interview
 - (b) satisfactory-not promotable interview
 - (c) unsatisfactory-correctable interview
 - (d) unsatisfactory-uncorrectable interview
- 63 The 'unclear standards' usually results in
- (a) unfair appraisals
 - (b) fake appraisals
 - (c) true appraisals
 - (d) Both A and B
- 64 The meaning of 'direction sharing' is
- (a) communicating line authority
 - (b) staff authority
 - (c) communicating company's higher-level goals
 - (d) communicating future HR policies
- 65 When the person's performance is satisfactory but not promotable, such type of an interview is
- (a) satisfactory-promotable interview
 - (b) satisfactory-not promotable interview
 - (c) unsatisfactory-correctable interview
 - (d) unsatisfactory-uncorrectable interview
- 66 The human resource department plays/serves as
- (a) advisory role
 - (b) line authority
 - (c) hiring department only
 - (d) training department only
- 67 An advantage of Management by Objectives (MBO) is
- (a) avoids central tendency and biases
 - (b) jointly agreed performance objectives

- (c) provides behavioral anchors
- (d) ongoing basis evaluation

68 The situation, subordinates collude to rate high with each other, known as

- (a) logrolling
- (b) dialog rolling
- (c) up rating
- (d) lenient/strict tendency

69 A company's HR team is responsible for

- (a) training of supervisors
- (b) monitor the appraisal system affectivity
- (c) training the employees
- (d) all of above

70 The steps involves in employer's movement for performance management is

- (a) total quality
- (b) appraisal issues
- (c) strategic planning
- (d) all of above

Ans. (1)(a), (2)(c), (3)(a), (4)(d), (5)(e), (6)(c), (7)(a), (8)(d), (9)(d), (10)(d), (11)(b), (12)(c), (13)(b), (14)(b), (15)(b), (16)(a), (17)(b), (18)(b), (19)(c), (20)(a), (21)(c), (22)(d), (23)(c), (24)(b), (25)(d), (26)(d), (27)(a), (28)(d), (29)(b), (30)(c), (31)(c), 31 (d), 32(c), 33(d), 34 (b), 35(b), 36(d), 37(a), 38 (d), 39 (d), 40 (b), 41 (d), 42(d), 43(b),44(a),45(c),46(d),47(a), 48 (a), 49 (c), 50 (d) 51 (b), 52(b), 53(d),54(b),55(b),56(c),57(b), 58 (a), 59 (d), 60 (b), (61)(b), (62)(c),(63)(d), (64)(c), (66)(b), (66)(a), (67)(b), (68)(a), (69)(d), (70)(d).

II Short Answer Type Questions:

- 1 Write short notes on Assessment Centre
- 2 Explain in brief the requirement of Appraisal for recognition & Reward.
- 3 Explain Key aspects of performance and development reviews
- 4 What are the various basis of the performance reviews.
- 5 Differentiate between Performance appraisal and Potential appraisal
- 6 Performance management is a back bone for any organization. Explain
- 7 'An increment in the performance of an organization can only be done with the help of employee development'. Explain

- 8 Explain the relevance of documentation of performance management?
- 9 Give a brief review on Management by Objectives.
- 10 Discuss the merits and demerits of critical incidents technique and graphic rating scale.
- 11 Discuss the various problems associated with performance appraisal.
- 12 What are the characteristics of an effective appraisal system?
- 13 Up to what extent review skills are required in performance?
- 14 Elucidate upon 360° degree appraisal system with suitable case example
- 15 Write short notes on the following:
 - a. 360 degree performance appraisal
 - b. Annual Stock Taking
16. Explain the importance of performance reviews in organizations.
17. Explain the concept of performance management documentation.
18. Why is it important for managers to appraise subordinates' performance? Provide three reasons for performance appraisals
19. What is a behaviorally anchored rating scale (BARS)? How would one go about developing a BARS?
20. Explain how an MBO program works and describe the six steps involved in this type of program.
21. Explain important characteristics of performance metrics.
22. Explain the importance of performance reviews in organizations.
23. Explain the concept of performance management documentation.
24. List few performance planning factors.
25. List few performance evaluation factors.
26. How does performance monitoring relate to leadership development?
27. Is the Employee Capable of Working Independently with Little to No Supervision?
28. Does the Employee Effectively Communicate with Others.
- 29 Explain five factor model of job performance in organizations.
- 30 "The biases of performance appraisal system are unavoidable'. Justify
- 31 How has talent management regained the importance of re-defining performance management?
- 32 What is the relevance of Competency Mapping in the performance management of an employee?
- 33 How can performance agreement help in modifying employee's behavior?

III Long Answer Type Questions:

- 1 What are the major purposes of performance appraisal? Explain the step that are involved in appraisal process.

- 2 There is often a feeling among employees
 - (a) That their performance is not evaluated objectively. Explain to what extent such feeling is correct.
 - (b) What are your suggestions to improve the acceptability and utility of performance appraisal system?
- 3 In deciding who is to appraise others what are the various possibilities? Cite advantages and disadvantages of each.
- 4 Construct a plan for a post-appraisal interview with an employee who has performed poorly.
- 5 "Management by objectives is not a technique of performance appraisal, but it denotes a systematic process of performance appraisal." Explain critically.
- 6 Explain performance reviews and management documentation.
- 7 List out those organizational and individual factors that can have an adverse effect on the performance appraisal of a subordinate while being appraised
- 8 Differentiate the concepts of 'performance based pay systems' and 'performance based development systems'?
- 9 Many different people can conduct performance appraisals. What are the various alternatives?
- 11 In detail explain the process of performance reviews?
- 12 Explain performance reviews and management documentation.
- 13 Explain in brief the barriers to performance appraisal and how these barriers can be overcome?
- 14 Elaborate in brief modern methods of performance appraisal.
- 15 Elucidate upon 360° degree appraisal system with suitable case example.
- 16 Elaborate in brief modern methods of performance appraisal.
- 17 Is feedback to rater the same as the one of the rate? Compare their purposes and processes.
- 18 None of the methods of appraising performance is valid or reliable. Each has its own strengths and weaknesses. Explain this statement in detail.
- 19 Explain the concept of performance management Audit. How is Performance Management audit different from the financial audit? Discuss the structure and the steps involved in Performance Audit.
20. Why should managers provide on-going feedback to employees about their performance? How does it help in protégé development?
21. Performance appraisal is plagued by rating errors. Elaborate the statement.
22. What are the challenges faced by managers in implementing performance appraisal process? How can quality of performance ratings be improved?
23. What is meant by performance monitoring? Describe the essential steps of performance monitoring.
24. What four techniques can help to avoid and/or minimize appraisal problems like bias, leniency, and central tendency?

25. Describe the four basic types of appraisal interviews.
26. What is performance management? What do you mean by performance objectives and standards? Does it help in role clarity, accountability and effectiveness?
27. What are the challenges faced by managers in implementing performance appraisal process? How can quality of performance ratings be improved?
28. Performance appraisal is plagued by rating errors. Elaborate the statement.
29. What is meant by performance monitoring? Describe the essential steps of performance monitoring.
30. Explain performance management cycle in detail.
31. Explain the different approaches and techniques of performance appraisal.
32. How can the performance system help the employees
33. Explain the attributes considered in evaluating performance.
34. Explain the performance appraisal process in detail.
35. Explain the concept of skill and competency based compensation designs. What are its important obstacles?
36. Briefly explain the relationship between the performance management system and other HR functions.
37. “Performance feedback leads to both improved performance & improved attitude.” Comment and explain the full circle feedback.
38. “Performance appraisal is not merely for appraisal but is for accomplishment and improvement of performance”. In light of this statement, discuss the modern methods of Performance Appraisal.
39. Explain the concept of skill and competency based compensation designs. What are its important obstacles?

UNIT – IV

I Multiple Choice Questions:

1. A dyadic relationship between two persons: a manager who is offering help, and employee to whom such help is given.
 - (a) Counselling
 - (b) Helping
 - (c) Mentoring
 - (d) time Management

- 2 It is a relationship in which at least one of the parties has the intent of promoting the growth, development, maturity, improved functioning, improved coping with life of other.
- (a) Counselling
 - (b) Helping
 - (c) Mentoring
 - (d) Time Management
- 3 An adjustment in your attitude and behavior towards meeting daily demand.
- (a) Counselling
 - (b) Helping
 - (c) Mentoring
 - (d) Time Management
- 4 The use of an experienced person to teach and train someone with less knowledge in the given area.
- (a) Counselling
 - (b) Helping
 - (c) Mentoring
 - (d) Time Management
- 5 A person who looks at the negative aspect of every situation.
- (a) Optimist
 - (b) Pessimist
 - (a) Type A personality
 - (b) Type B personality
- 6 Different types of pay plans related to performance are:
- (a) Individual or piece rate system
 - (b) Group
 - (c) Organizations
 - (d) All the above
- 7 Within the umbrella of group reward system comes.
- (a) Equal pay
 - (b) Individual performance based pay
 - (c) Pay with group threshold
 - (d) Pay with individual threshold
 - (e) All the above

- 8 Success of the organization can be measured in terms of
- (a) Profitability
 - (b) Profit
 - (c) Sales
 - (d) Increase in value of shares
 - (e) All the above
- 9 A structured questionnaire method for collecting data about the personal qualities of employees is called
- (a) Functional job analysis
 - (b) Management position description questionnaire
 - (c) Work profiling system
 - (d) None of the above
- 10 The method that depends mainly on the ability and experience of the supervisors for gathering relevant information about the job is called the
- (a) Task inventory analysis method
 - (b) Technical conference method
 - (c) Diary maintenance method
 - (d) Critical incident method
- 11 The discussion of an employees' problem with the general objective of helping the worker cope with it.
- (a) Counseling
 - (b) Training
 - (c) Education
 - (d) Job rotation
- 12 A broader, long educational programme offered to carry out non-technical functions more effectively.
- (a) Counseling
 - (b) Training
 - (c) Education
 - (d) Development
- 13 The act of increasing the knowledge and skills of an employee for doing a particular job
- (a) Counseling

- (b) Training
 - (c) Education
 - (d) Development
- 14 An approach that puts material to be learned into highly organized, logical sequences that trainee could respond
- (a) Counseling
 - (b) Training
 - (c) Education
 - (d) Vestibule training
- 15 Learning principle includes all but
- (a) Participation
 - (b) Repetition
 - (c) Feedback
 - (d) Repatriation
- 16 Needs assessment should consider all but
- (a) the person
 - (b) supervisor input
 - (c) key changes
 - (d) training objectives
17. Technological obsolescence of engineers can be easily prevented by
- (a) Behavior modeling
 - (b) Lectures
 - (c) Coaching
 - (d) Lab. Training
18. Training evaluation criteria include all but
- (a) Reactions
 - (b) Learning
 - (c) Behavior
 - (d) Relevance results
- 19 Many schemes that reward employees and managers for something additional to their normal level of performance fail. Why?
- (a) The link between extra pay and achievement is unclear
 - (b) They are detrimental to trade union agreements
 - (c) PRP is controversial

- (d) Everyone should receive the same
- 20 Many employees feel their firm's pay for performance plans are ineffective because:
- (a) Not everyone reacts to a reward the same way.
 - (b) Not all rewards are suited to all situations.
 - (c) The person must expect to receive a reward.
 - (d) One and two.
- 21 _____ helps in identifying the knowledge skill and attitude set that enables an individual to deliver the best performance in his job
- (a) Competency modeling
 - (b) Competency planning
 - (c) People competency
 - (d) Competency training
22. Which of the following options is not one of the approaches to HRM?
- (a) Human Resource approach
 - (b) Systems approach
 - (c) Contingent approach
 - (d) Statistical approach
23. Which approach states that no one management action or design will be suitable for all situations?
- (a) Human behavior approach
 - (b) Role approach
 - (c) Systems approach
 - (d) Contingent approach
- 24 HR department maintains a set of proposals and actions that act as reference points for managers in their dealings with employees. What is this called?
- (a) HR Guide
 - (b) HR ethics
 - (c) HR policy
 - (d) Managerial policy
- 25 Which of the following HR approaches is most popular currently
- (a) Human resources approach
 - (b) Scientific management approach

- (c) Systems approach
 - (d) Technical approach
- 26 All except one of the following are the different aspects of HRD
- (a) Job evaluation
 - (b) Training and development
 - (c) Career planning
 - (d) Performance appraisal
- 27 _____ helps organizations identify employee strengths and weaknesses to determine avenues for their career development
- (a) Gap analysis
 - (b) Individual assessment
 - (c) Organizational assessment
 - (d) Opportunity analysis
- 28 Understanding the career aspirations of an employee, determining his capabilities and competencies and identifying the gaps is termed
- (a) Need analysis
 - (b) Gap analysis
 - (c) Opportunity analysis
 - (d) Employee analysis
- 29 The process of rewarding employees by giving them a stake in the company, which further enhances their performance is called the
- (a) Gain sharing
 - (b) Annual bonus
 - (c) Employee stock plan
 - (d) Profit sharing
- 30 The problem with self-ratings is that:
- (a) Supervisors rate employees too highly.
 - (b) Supervisors accentuate differences and rigidify positions.
 - (c) Employees rate themselves higher than do supervisors.
 - (d) All the above.
- 31 The effect of negative aspect of employees' performance overshadows the evaluation of entire performance.
- (a) Halo Effect
 - (b) Horn Effect

- (c) Stereotyping
 - (d) Status Effect
- 32 Objective-based rating scales are:
- (a) Subjectively determined
 - (b) Based on a points-based system
 - (c) Measures of performance against objectives set
 - (d) Manager-allocated rating scales
- 33 To be effective a point based rating systems require:
- (a) Close management control
 - (b) Comprehensive, reliable and consistent information
 - (c) Objectivity in assessments
 - (d) 360% assessments
- 34 The process of evaluating an employee's current and/or past performance relative to his or her performance standards is called _____.
- (a) recruitment
 - (b) employee selection
 - (c) performance appraisal
 - (d) organizational development
- 35 The 'coaching of employees' does not include
- (a) planning
 - (b) preparation
 - (c) follow-up
 - (d) compensating employees
- 36 The mentoring by employees dealt with
- (a) longer span of time
 - (b) shorter span of time
 - (c) resetting salary schedules
 - (d) self-managing teams
- 37 Counseling the employees for second careers inside the firm is an example of
- (a) phased retirement
 - (b) preretirement counseling
 - (c) honoring experience
 - (d) modifying selection procedure

- 38 Mentoring is very useful when the mentors works for
- (a) same department
 - (b) different department
 - (c) informal training
 - (d) formal training
- 39 Competency Mapping includes mapping the employee with respect to his/her:
- (a) Traits
 - (b) Self-Concept
 - (c) Skills and Knowledge.
 - (d) All the above
- 40 _____ is a process with the help of which the employer, or the human resource team decides, that where would a person work best, as per his aptitude and temperament.
- (a) Training
 - (b) Performance Appraisal
 - (c) Competency Mapping
 - (d) Performance Monitoring
- 41 In traditional focus, providing opportunities for learning is part of
- (a) training and development
 - (b) performance appraisal
 - (c) recruiting and placement
 - (d) human resource planning
- 42 In career development focus, information about individual interests and preferences is part of
- (a) training and development
 - (b) performance appraisal
 - (c) recruiting and placement
 - (d) human resource planning
- 43 When employee's high expectations confront reality of boring job, it is called
- (a) promotions
 - (b) transfers
 - (c) reality shock
 - (d) formal training

- 44 Strategy employees seek to interesting jobs and greater advancement opportunities is included in
- (a) promotions
 - (b) transfers
 - (c) reality shock
 - (d) formal training
- 45 Direct non financial and financial payments received by employees for continuous work with company are classified as
- (a) benefits
 - (b) stock ownership
 - (c) loyalty scholarships
 - (d) all of above
- 46 Mentoring is very useful when mentors works for
- (a) same department
 - (b) different department
 - (c) informal training
 - (d) formal training
- 47 In career development, providing individual development plans for employees is part of
- (a) individual role
 - (b) manager role
 - (c) employer role
 - (d) line manager
- 48 Pay plan having a mix of 75% base salary and 25% incentives is classified as
- (a) combination plan
 - (b) non commission plan
 - (c) competitive plan
 - (d) non competitive plan
- 49 Factors influencing bonuses
- (a) eligibility
 - (b) fund size
 - (c) individual performance
 - (d) All of above
- 50 All incentive plans are surely
- (a) pay for performance

- (b) pay for skills
 - (c) pay for tenure
 - (d) pay for knowledge
- 51 Which of the following terms refers to an appraisal that is too open to interpretation?
- (a) unclear standards
 - (b) halo effects
 - (c) strictness
 - (d) biased
- 52 All of the following are considered best practices for administering fair performance appraisals EXCEPT _
- (a) explaining how subordinates can improve their performance
 - (b) clarifying in advance what the performance expectations are
 - (c) basing the appraisal on observable job behaviors
 - (d) using subjective performance data for appraisals
- 53 What usually occurs when employees rate themselves for performance appraisals?
- (a) Ratings are reliable but invalid.
 - (b) Ratings are subject to halo effects.
 - (c) Logrolling leads to unrealistic ratings.
 - (d) Ratings are higher than when provided by supervisors.
- 54 In most firms, a rating committee used for performance appraisals consists of ____ members.
- (a) 1-2
 - (b) 3-4
 - (c) 5-6
 - (d) 9-10
- 55 Which of the following terms refers to the process of allowing subordinates to rate their supervisor's performance anonymously?
- (a) supplemental evaluation
 - (b) downward feedback
 - (c) upward feedback
 - (d) peer evaluation

- 56 Which of the following terms refers to a performance appraisal based on surveys from peers, supervisors, subordinates, and customers?
- (a) 360-degree feedback
 - (b) team appraisals
 - (c) upward feedback
 - (d) rating committee
- 57 A performance appraisal assumes that an employee understood what his or her performance standards were prior to the appraisal.
- (a) True
 - (b) False
 - (c) According to situation
- 58 When an employee's performance is so poor that a written warning is required, the warning should _
- (a) identify the standards by which the employee is judged
 - (b) provide examples of employees who met the standards
 - (c) be mailed to the employee and to an EEOC representative
 - (d) provide examples of times when the employee met the standards
- 59 Which component of performance management refers to communicating a firm's higher-level goals throughout the organization and then translating them into departmental and individual goals?
- (a) role clarification
 - (b) goal alignment
 - (c) performance monitoring
 - (d) direction sharing
- 60 Rewards offered to labors involved in production, are categorized as;
- (a) Salary
 - (b) Fringe benefits
 - (c) Wage
 - (d) Commission
- 61 A written statement of policies and principles that guides the behaviour of all employees is called
- (a) code of ethics
 - (b) word of ethics
 - (c) ethical dilemma

- (d) None of the above
- 62 An empirical inquiry into the actual rules or standards of a particular group is
- (a) normative justice
 - (b) descriptive justice
 - (c) interpersonal justice
 - (d) None of the above
- 63 The HR policy which is based on the philosophy of the utmost good for the greatest number of people is covered under the
- (a) utilitarian approach
 - (b) approach based on rights
 - (c) approach based on justice
 - (d) None of the above
- 64 Which of the following is not usually the objective of a code of ethics?
- (a) to create an ethical workplace
 - (b) to evaluate the ethical components of the proposed actions of the employees
 - (c) to improve the public image of the company
 - (d) to enhance the profits of the business continuously
- 65 Which of the following is not a core principle of the Society for Human Resource Management's Code of Ethics?
- (a) professional responsibility
 - (b) fairness and justice
 - (c) professional development
 - (d) None of the above
- 66 Which of the following factors shapes the ethical behaviour of the members of an organization?
- (a) The supervisor's behavior
 - (b) organizational culture
 - (c) code of ethics
 - (d) All of the above
- 67 Payoffs associated with properly implemented ethics programs include:
- (a) increased stakeholder confidence.
 - (b) greater client/customer and employee loyalty.
 - (c) increased profits.
 - (d) decreased vulnerability to legal liability issues

- (e) all of the above

68 The implied, enforced, or felt obligation of managers, acting in their official capacities, to serve or protect the interests of groups other than themselves, is known as:

- (a) valuing diversity.
- (b) legal compliance.
- (c) social responsibility
- (d) professionalism.
- (e) a code of ethics.

69 Taking a stand on anti-animal testing, human rights protection, and environmental conservation is an example of a firm's:

- (a) ethics policy.
- (b) sense of social responsibility.
- (c) mission statement.
- (d) desire for legal compliance.
- (e) code of ethics.

70 The broad objectives of HR associations across the country include:

- (a) assisting in the provision of training in the field of HR
- (b) providing opportunities for information exchange.
- (c) serving as a voice for HR practitioners.
- (d) skills updating
- (e) all of the above.

Ans. (1)(a), (2)(b), (3)(d), (4)(c), (5)(a), (6)(d), (7)(e), (8)(e), (9)(c), (10) (a), (11) (d), (12) (b), (13) (d), (14) (d), (15) (d), (16) (b), (17) (d), (18) (c), (19) (a), (20) (c), (21) (a), (22) (d), (23) (d), (24) (c), (25) (a), (26) (a), (27) (b), (28) (a), (29) (c), (30) (d), (31) (b), (32)(c), (33)(c), (34)(c), (35)(d), (36)(a), (37)(b), (38)(a), (39)(d), (40)(c), (41)(a), (42)(d), (43)(c), (44)(b), (45)(a), (46)(a), (47)(c), (48)(a), (49)(d), (50)(a), (51)(a), (52)(d), (53)(d), (54)(b), (55)(c), (56)(a), (57)(a), (58)(a), (59)(d), (60)(c), (61)(a), (62)(b),(63)(a), (64) (d), (66) (d), (66) (d), (67) (e), (68) (c), (69) (b), (70)(e).

I Short Answer Type Questions:

- 1 Differentiate between training and mentoring
- 2 Explain the practical importance of Employee Stock Ownership Plan (ESOP).
- 3 How can feedback counseling act as a boon to the development of organization and help in attaining goal?.

- 4 Explain the concept of Coaching.
 - 5 Differentiate between recognition and reward.
 - 6 Write short notes on Performance management and job design
 - 7 Explain in brief the importance of communication skills in performance agreement plan.
 - 8 Briefly explain the process and purpose of management development?
 - 9 Explain the various methods of training.
 - 10 Explain whether and how the effectiveness of the training programmes can be evaluated.
 - 11 What are the various benefits that performance related pay can yield?
 - 12 Explain in brief the concept of ongoing mentoring and protégé development.
 - 13 What is the relationship between coaching and mentoring?
 - 14 Elaborate “Process of Judgment Vs Process of Analysis”.
 - 15 Elaborate on the traditional methods of appraisals.
 16. Discuss the benefits and challenges in appraising for recognition and reward.
 17. Explain the relevance of Performance related pay and its implications.
 18. Explain the concept of performance ethics.
 19. What are the purposes that performance related pay can yield?
 20. Write short notes on KSAs and KRAs
 21. Describe the concept and perspective on performance counselling? Illustrate your answer with suitable industry examples.
 27. Designing a reward strategy based on performance is the key to organizational successes. Justify the statement citing relevant examples.
 23. What is PMDS? How does PMDS work?
 24. How often should the performance review meetings be conducted?
 25. Is performance management related to strategic planning?
 26. What factors make performance appraisals legally defensible?
 27. What if supervisory assignments changed during the course of the review period? Who is responsible for conducting the evaluation?
- (e) Performance management is a back bone for any organization. Explain.
 - (f) A new policy is to be implemented organization-wide. You do not agree with this new policy. How do you discuss this policy with your staff?
 - (g) Discuss and differentiate between remediation, corrective action, and discipline.
 - (h) Discus the contribution of performance management system to organizations’ success?
 - (i) Performance Management is an integral part of effective HRM. Throw some light in this context.

III Long Answer Type Questions:

- 1 Briefly explain
 - (a) The Performance and Development Agreement
 - (b) Performance Development Plan. How is performance and development agreement different from performance and development plan?
- 2 What is overall performance rating? What are arguments for and against rating? What all should be taken care of while defining rating criterion?
- 3 There is an increasing emphasis on performance management in the corporate sector today. What suggestions would you give to an organization, which is trying to professionalize its performance appraisal systems?
- 4 Who do you understand by the term 'employee mentoring'? How can mentoring programmes contribute to individual and organizational effectiveness?
- 5 Identify the essentials as prescribed by Michael Armstrong that can make performance related pay as an effective compensation strategy.
- 6 Performance agreement aims at helping the staff to develop, put in place at least one more chance to meet the expectation of the staff members. Explain
- 7 Performance agreement plan is one of the example of 'management by objective' plan. Provide suitable evidence to support the statement
- 8 How is performance management an answer to the 'what', 'how' and 'when' aspects of the planned targets.
- 9 Explain the concept, scope and importance of 'annual stock taking' in performance management?
- 10 With suitable examples of the corporate world, explain the concepts of 'coaching', 'mentoring' and 'counselling'.
- 11 How does external environmental changes of the business affect the training and development function in human resource management?
- 12 "Training programmes are helpful to avoid personnel obsolescence". Discuss.
- 13 "Monitoring can be a potential strategy to overcome many maladies that include weak organizational citizenship behavior, weak organizational commitment, poor interpersonal relationships and poor integration of employees with the organization apart from performance related issues". Comment.
- 14 Proper recognition of employee performance is vital to keep employee motivated. However in practice recognition management is difficult as no recognition is as harmful as improper recognition. Comment.
- 15 Explain Monitoring and Protege Development in detail.
- 16 Explain various approaches to contingency pay?
- 17 In deciding who is to appraise others what are the various possibilities? Cite advantages and disadvantages of each.

18. What is the difference between Feedback Counselling and Coaching? How is it different from Annual Stock Taking in regards of performance?
19. Explain how environmental circumstances affect the design and implementation of a firm's performance management system.
20. How can organizations make their process of performance management more effective?
21. 'Performance management is no more a once in a year event, it is a continuous process through out the year'. Justify.
22. Discuss the concept of performance mentoring. In what way mentoring and coaching differ from each other? What are the psycho-social benefits of mentoring?
24. Explain the concept of skill and competency based compensation designs. What are its important obstacles?
25. Write short notes on the following Appraising for recognition and reward
26. Describe the concept and perspective on performance counselling? Illustrate your answer with suitable industry examples
27. Discuss the concept of performance mentoring. In what way mentoring and coaching differ from each other? What are the psycho-social benefits of mentoring?
28. Explain the concept of performance management Audit. How is Performance Management audit different from the financial audit? Discuss the structure and the steps involved in Performance Audit.
29. "Performance appraisal is not merely for appraisal but is for accomplishment and improvement of performance". In light of this statement, discuss the modern methods of Performance Appraisal.
30. Proper recognition of employee performance is vital to keep employee motivated. However in practice recognition management is difficult as no recognition is as harmful as improper recognition. Comment.
31. Describe the concept and perspective on performance counselling? Illustrate your answer with suitable industry examples.
32. Designing a reward strategy based on performance is the key to organizational successes. Justify the statement citing relevant examples.
33. What is PMDS? What are the stages involved in PMDS process?
34. What resources are available during performance appraisal process. Explain.
35. What if supervisory assignments changed during the review period? Who is responsible for conducting the evaluation?
36. What is the optimal outcome for performance management?
37. What are the challenges faced by managers in implementing performance appraisal process? How can quality of performance ratings be improved?
38. What is meant by performance monitoring? Describe the essential steps of performance monitoring.
39. Explain the process of performance reviews in detail?

40. How are human resource performance indicators at national and operational levels derived, applied and used?
41. Designing a reward strategy based on performance is the key to organizational successes. Justify the statement citing relevant examples