

www.csepedia.com

Punjab Technical University

B.Tech. – Computer Science & Engineering (Sem. – 7th)

Principles of Engineering Economics &
Management Techniques

Subject Code: CS-408

Q:-1) What are Non-Manufacturing costs? (May 2013)

Ans:-1) **Non-manufacturing Costs:**

Non-manufacturing costs are those costs that are not incurred to manufacture a product. Examples of such costs are salary of sales person and advertising expenses. Generally non-manufacturing costs are further classified into two categories.

1. Marketing and Selling Costs
2. Administrative Costs

Marketing or Selling Costs:

Marketing or selling costs include all costs necessary to secure customer orders and get the finished product into the hands of the customers. These costs are often called order getting or order filling costs. **Examples of**

marketing or selling costs include advertising costs, shipping costs, sales commission and sales salary.

Administrative Costs:

Administrative costs include all executive, organizational, and clerical costs associated with general management of an organization rather than with manufacturing, marketing, or selling. **Examples of administrative costs** include executive compensation, general accounting, secretarial, public relations, and similar costs involved in the overall, general administration of the organization as a whole.

Q:-2) What is Break-even point? (May 2013)

Ans:-2) In economics & business, specifically cost accounting, the **break-even point** (BEP) is the point at which cost or expenses and revenue are equal: there is no net loss or gain, and one has "broken even."

Q:-3) Distinguish b/w Cost Estimation and Cost Accounting? (May 2013)

Ans:-3) **Cost Estimating** is the estimation of the cost of a goods or services prior to the actual production of the goods or services. Cost estimating is used in both the production of goods and services to perform a specified action.

Cost accounting or costing is different than cost estimating because it is an analysis of the costs to actually produce the goods or services. Cost accounting is done after the production while the cost estimating is done prior to the costing of the goods and services.

Q:-4) What are the characteristics of Human Resource Management?
(May 2013)

Ans:-4) Characteristics of Human Resource Management:-

1. It is only the functional area which is concerned with the human Resource as well as Functional area such as, Production, Marketing & Finance.
2. It is responsible for encouraging the employees to work hard through proper motivation.
3. Human Resource Management ensure right job through proper selection of employee.
4. Human Resource Management ensures availability and development of right skills in the organization through efficient Training and Development.
5. Human Resource Management also includes creating job satisfaction among employees working at different levels and in different departments of the organization.
6. It includes making fair remuneration to the employees i.e employees working in different department at same level should get same pay.

Q:-5) Write the importance of Induction.(May 2013)

Ans:-5) Importance of induction

When a newcomer joins an organization, he is an utter stranger to the people, work place and work environment. He may feel insecure, shy and nervous. Induction leads to reduction of these anxieties; dispels the irrational fears of present employees and hold colleagues responsible for assisting the new comer so that he may feel confident. A systematic induction process achieves following objectives and benefits:

(1) It promotes a feeling of belongingness and loyalty to the organization among new comers so that they may not form false impression regarding the company because the first impression is the last impression.

(2) It brings an agreement between organization goals and the personnel goals of the newcomers.

(3) It builds up the new employee's confidence in the organization and in himself so that he may become an efficient worker.

(4) It gives the new employee information regarding company viz. its structure, product, policies, rules and regulations, and facilities provided by the company such as cafeterias, locker room, time to break off, leave rules etc.

(5) It introduces new worker to the supervisor and fellow-workers with whom he has to work.

(6) It lessens or avoids the cost of replacing the worker in the early impressionable period because of lack of information or incorrect business impression.

Q:-6) Define Job Satisfaction. (May 2013)

Ans:-6) Job satisfaction is the level of contentment a person feels regarding his or her job. This feeling is based on an individual's perception of satisfaction. Job satisfaction can be influenced by a person's ability to complete required tasks, the level of communication in an organization, and the way management treats employees. There are often two different levels of job satisfaction: affective job satisfaction and cognitive job satisfaction. Affective job satisfaction is a person's emotional feeling toward the job as a whole. Cognitive job satisfaction is how satisfied a person feels concerning an aspect of his or her job, such as pay, hours, or benefits.

Q:-7) Define Sunk Cost. (Dec. 2012)

Ans:-7) Sunk Cost

Money already spent and permanently lost. Sunk costs are past opportunity costs that are partially (as salvage, if any) or totally irretrievable and, therefore, should be considered irrelevant to future decision making.

Q:-8) What are the advantages of Break-Even Analysis. (Dec. 2012)

Ans:-8) "The main advantage of **break-even analysis** is that it explains the relationship between cost, production volume and returns. It can be extended to show how changes in fixed cost-variable cost relationships, in commodity prices, or in revenues, will affect profit levels and break-even points. Break-even analysis is useful when used with partial budgeting or capital budgeting techniques. The major benefit to using break-even analysis is that it indicates the lowest amount of business activity necessary to prevent losses."

Q:-9) What are the main causes of Depreciation. (Dec. 2012)

Ans:-9) The main causes of depreciation may be divided into two categories, namely:

1. Internal Cause and
2. External Causes

Internal Causes:

Depreciation which occurs for certain inherent normal causes, is known as internal depreciation. The main causes of internal depreciation are:

- **Wear and Tear:**

Some assets physically deteriorate due to wear and tear in use. More and more use of an asset, the greater would be the wear and tear. Physical

deterioration of an asset is caused from movement, strain, friction, erosion etc. An obvious example of this is motor car which rapidly wears out. Other assets like this are building, plant, machinery, furniture, etc. The wear and tear is general but primary cause of depreciation.

- **Depletion:**

Some assets declines in value proportionate to the quantum of production, e.g. mine, quarry etc. With the raising of coal from coal mine the total deposit reduces gradually and after sometime it will be fully exhausted. Then its value will be reduced to nil.

External Causes:

Depreciation caused by some external reasons is called external depreciation. The main external causes are as follows:

- **Obsolescence:**

Some assets, although in proper working order, may become obsolete. For example, old machine becomes obsolete with the invention of more economical and sophisticated machine whose productive capacity is generally larger and cost of production is therefore less. In order to survive in the competitive market the manufacturers must must install new machines replacing the old ones. Again, it may happen that the articles produced by old machine are no longer saleable in the market on account of

change of habit and taste of the people. In such a case the old machine, although in good working condition, must be discarded and the new one purchased.

- **Efflux of Time:**

Some assets diminish in value on account of sheer passage of time, even though they are not used e.g., leasehold property, patent right, copyright etc. Suppose we take a lease of a house for 10 years for \$10,000. Its annual depreciation will be \$1,000 ($10,000/10$), irrespective of whether the house has been used or not. Because with the end of lease after 10 years, the house will go out of possession.

- **Accident:**

Assets may be destroyed by abnormal reasons such as fire, earthquake, flood etc. In such a case the destroyed asset must be written off as loss and a new one purchased.

Q:-10) Define Worker's Participation in Management. (Dec. 2012)

Ans:-10) Workers Participation in Management gives the worker a sense of importance, pride and accomplishment; it gives him the freedom of opportunity for self-expression; a feeling of belongingness with the place of work and a sense of workmanship and creativity.

The concept of workers' participation in management encompasses the following:

- It provides scope for employees in decision-making of the organization.
- The participation may be at the shop level, departmental level or at the top level.
- The participation includes the willingness to share the responsibility of the organization by the workers.

Q:-11) Define Cost Sheet. (May 2012)

Ans:-11) Cost sheet

A document that reflects the cost of the items and services required by a particular project or department for the performance of its business purposes. For example, a departmental cost sheet might include the material costs, labor costs and overhead costs incurred over a given time frame by a department and it therefore provides a record of costs that are chargeable to that department.

Q:-12) Define Depreciation. (May 2012)

Ans:-12) Depreciation:- A noncash expense that reduces the value of an asset as a result of wear and tear, age, or obsolescence. Most assets lose their value over time (in other words, they depreciate), and must be replaced once

the end of their useful life is reached. There are several accounting methods that are used in order to write off an asset's depreciation cost over the period of its useful life. Because it is a non-cash expense, depreciation lowers the company's reported earnings while increasing free cash flow.

Q:-13) What is Human Resource Planning. (May 2012)

Ans:-13) Human resource planning means deciding the number and type of the human resources required for each job, unit and the total company for a particular date in order to carry out organizational activities. It is a process by which an organization moves from its current manpower position to its desired manpower position. It is influenced by the strategic management of the co.

Q:-14) Define Fixed Cost. (Dec. 2011)

Ans:-14) Fixed Cost

A cost that does not change with an increase or decrease in the amount of goods or services produced. Fixed costs are expenses that have to be paid by a company, independent of any business activity.

An example of a fixed cost would be a company's lease on a building. If a company has to pay \$10,000 each month to cover the cost of the lease but does not manufacture anything during the month, the lease payment is still due in full.

Q:-15) What is the use of Psychological Test. (Dec. 2011)

Ans:-15) Psychological tests are used to assess a variety of mental abilities and attributes, including achievement and ability, personality, and neurological functioning.

Q:-16) Define Motivation. (Dec. 2011)

Ans:-16) Motivation is defined as the process that initiates, guides and maintains goal-oriented behaviors. Motivation is what causes us to act, whether it is getting a glass of water to reduce thirst or reading a book to gain knowledge.

It involves the biological, emotional, social and cognitive forces that activate behavior.

Q:-17) Define Recruitment. (Dec. 2010)

Ans:-17) Recruitment is the process of finding and hiring the best-qualified candidate (from within or outside of an organization) for a job opening, in a timely and cost effective manner. The recruitment process includes analyzing the requirements of a job, attracting employees to that job, screening and selecting applicants, hiring, and integrating the new employee to the organization.

Q:-18) What is Stress Interview. (Dec. 2010)

Ans:-18) A **Stress Interview** takes place when a job applicant is placed in a stressful situation to see how they react. The candidate may be asked repeated difficult or inappropriate interview questions, there may be multiple interviewers at once or sequential interviews, or the candidate may be kept waiting, treated rudely, or otherwise put in an intimidating position.

