

Sample Questions for Logical Skill (MMM & MAS)

Directions for questions 1 to 5: Read the following passage and answer the questions that follow it.

In May 1993, the Swedish automobile major, Volvo AB (Volvo) announced the closure of its car manufacturing facility at Uddevalla, Sweden, barely five years since its launch in 1989. A year later, the company had to shut down yet another world-famous facility, the car assembly plant at Kalmar, which is also in Sweden.

Reacting to the two closures within a year's gap, analysts said Volvo's human centric approach towards automobile manufacturing was no longer feasible in the fiercely competitive scenario of the 1990's with most companies striving hard to improve production efficiency. Volvo was well recognized in the industry for its employee-friendly policies ever since its inception.

Guided by the 'Volvo Way,' the company had made conscious efforts to implement job enrichment concepts such as job rotation, job enlargement and employee work groups in its manufacturing facilities. In the late 1960s and early 1970s, when the company faced the problem of increasing employee turnover and absenteeism, it introduced these concepts and obtained positive results.

Volvo was inspired to build a new facility keeping this work design as a basis. This reiterated the company's belief that the industry needed to adapt itself to the people's requirements and not vice versa. This concept was implemented successfully in other plants of the company too in the 1970s. The best practices in Human Relations (HR) tried and tested in these plants were passed on to new plants established in the 1980s. While investing heavily in developing new plants like Kalmar and Uddevalla, where new work design concepts were implemented, Volvo was conscious of the risks involved and the possible effect on the company's financial performance if the experiments failed.

Acknowledging this, Gyllenhammar, in Harvard Business Review wrote, 'Volvo's Kalmar plant, for example, is designed for a specific purpose: car assembly in working groups of about 20 people. If it didn't work, it would be a costly and visible failure, in both financial and social terms. We would lose credibility with our people and those who are watching from outside'.

Gyllenhammar's apprehensions proved correct when Volvo closed down the Kalmar plant in 1994. However, Volvo's efforts in bringing changes in work design offered valuable lessons to both the academic and corporate community.

Analysts appreciated Volvo for its constant emphasis on learning from experiences and implementing the lessons so learnt in its new initiatives. This contributed significantly to the development of human centric production systems. These systems brought to life several theories and concepts, which had earlier only been enunciated in textbooks but rarely practised with the kind of seriousness with which Volvo did.

1. Which of the following best captures Volvo's philosophy of work?

- (A) Employees should update their skills according to the changing needs of the company.
- (B) Industry needs to adapt itself to the employee's requirements.
- (C) In order to maximize profits more emphasis should be laid on employee welfare.
- (D) A company can gain recognition only through its pro-employee policies.
- (E) Lavish financial incentives given to employees go a long way in keeping afloat employee morale.

Answer: B

2. Which of the following is perceived to be the main reason for the closure of Volvo's manufacturing facility?

- (A) The so-called employee friendly policies which did more harm than good to the employees.
- (B) The aggressively competitive scenario of the 90s.
- (C) The incongruity between Volvo's human-centric work philosophy and the aggressively competitive atmosphere of the 90s.
- (D) The mismatch between the number of workers and the work involved.
- (E) Increasing absenteeism among the employees.

Answer: B

3. Which of the following is a positive outcome of Volvo's fiasco?

- (A) It offered an opportunity to learn from experience.
- (B) The lessons learnt from the mistakes were implemented in new ventures.
- (C) It led to the development of human-centric production systems.
- (D) The human-centric production system helped to put into practice theories and concepts which were enunciated only in text books.
- (E) All of these

Answer: E

4. The closure of Volvo's new manufacturing facilities does not detract from the value of the example that was set in the area of

- (A) Business strategy

- (B) Cost-benefit analysis
- (C) Business growth
- (D) Human resource optimization
- (E) Brand building

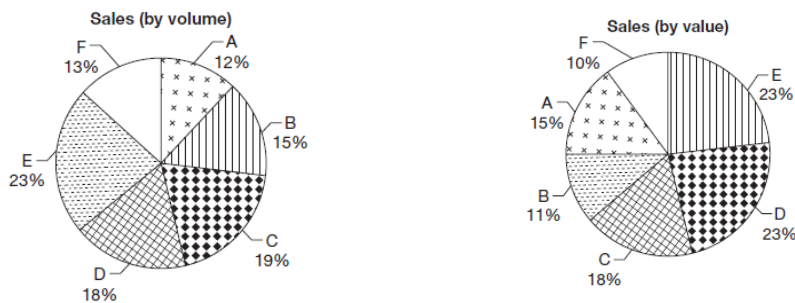
Answer: C

5. According to Gyllenhammar if the new concepts failed it would be a ‘costly failure’ because

- (A) The credibility of the company was at stake.
- (B) It would mean huge financial losses for the company.
- (C) It may impact on company’s image.
- (D) It would be demoralizing for the employees.
- (E) All of these

Answer: E

Directions for questions 6 to 7: Answer the questions based on the information given below.



6. For which product is the selling price per unit the highest?

- (A) A
- (B) B
- (C) C
- (D) D

Answer : D

7. For how many of the given products is the selling price per unit more than the average selling price of all the six units?

- (A) 1
- (B) 2
- (C) 3
- (D) 4

Answer : B

Directions for questions 8 and 9: The break-up of costs is exactly the same as the breakup of sales (by volume).

8. If the company made an overall profit, then at most how many products did it incur a loss?

- (A) 3 (B) 4 (C) 2 (D) 5

Answer : A

9. If the company did not make a loss on any of the six products, then the overall profit percentage is at least -----.

- (A) 25% (B) 33.33% (C) 40% (D) None of these

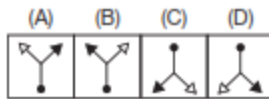
Answer : D

10.

Problem Figure



Answer Figure



Answer: A
