

Solving One of the Variants of Necktie Paradox for Business Proposals

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Abstract : This abstract figures out an uncertainty problem pertaining to evaluating business proposals or concept notes in an organisation. Let us consider business proposal evaluation process (BPEP) for execution of corporate research cum business projects in the organisation. Assume that two concept notes X and Y of BPEP are approved: one of them is a full-fledged type (100% financial approval given by the organisation) - X and other one is a conditional type (a partial financial approval given by the organisation) - Y. Then a penalty criteria has been introduced during the process. At the end of annual appraisal, if both of them complete as per the goals and objectives committed or figured out at the time of concept note submission, then both will get an incentive of \$N from the organisation. If one of them doesn't fulfill the goals and objectives at the year-end appraisal, then d% reduction or cut will be levied on the project budget for the next year. If X fulfills the goals and objectives and Y doesn't, then X gets a gain of d% on Y's previous year budget and Y gets a loss of d% from the previous year budget for the next year. And vice-versa. Further, an incentive of \$N will be given to those who gains. This process is a part of Necktie paradox and inherits an uncertainty principle on X or Y getting more than \$N even if X or Y performs well. Solving the above problem and generalizing on finitely many concept notes will be a challenging task.

Keywords : concept notes, necktie paradox, annual appraisal, project budget and gain or loss

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