



June 09, 2005

**BUSINESS MANAGEMENT**

(MARKS 100)

(3 hours)

Q.1 (a) What do you understand by the terms Acquisition and Merger? Briefly list the common reasons or justifications cited by the business leaders for doing acquisitions and mergers. (08)

(b) While expansion and diversification are obvious and desirable growth strategies for healthy businesses, sometimes companies are also left with no choice but to cease operations, withdraw from the market and thus abandon a particular business altogether. Although this might be the best option in a given situation, there are likely to be exit barriers to doing so.

What do you think could be some of these barriers that keep managers from taking the abandonment decision? (06)

Q.2. Fillers - the largest global brand in sports & leisure shoes – has been in the news in recent times for maintaining appalling working conditions in its offshore location factories in Asia. These factories – termed ‘sweatshops’ – are located in poor countries where government standards for minimum acceptable working conditions are non-existent, and thus labour exploitation is commonplace.

On learning about this shocking disparity between working conditions in the US factories and in those in the 3<sup>rd</sup> World countries, some Public Action Groups in the US started their protest against exploitation of labour by this large MNC. Under protest, they called for consumer boycott of Fillers products. The company had to make amends under pressure, and lost considerable consumer goodwill in the process.

If you were in charge of managing this ‘goodwill disaster’ for the company, what steps would you take to rectify the situation, from:

- An HR / Operational Management standpoint, to fix the working conditions and bring them up to international standards.
- A Public Relations standpoint, to recoup the lost goodwill with the host countries governments & communities where the factories are located, and in the eyes of consumers all over the world. (09)

Q.3 Incentive Pay Schemes tie an extra monetary reward for employees with their achievement of quantifiable performance targets. These incentive plans/schemes are considered to be a useful means of motivating and directing the efforts of employees towards overall organizational goals. However, incentive plans are not always successful in real life.

Highlight some common situations where incentive schemes fail to achieve their intended purpose. (06)

Q.4 Zodiac Corporation has long been the global leader in the business of photographic equipment, accessories, supplies and services. The key thrust of its R&D efforts has, for long, been on development of superior quality photographic films and paper. The advent of digital photography took Zodiac by surprise. While Zodiac was busy developing the better film, digital technology eliminated the need for films altogether. The company woke up to the changed market realities and set about covering lost ground. It has made considerable progress in adopting digital photographic technology, but has lost initiative and market share to the pioneers, in the time to catch up.

How would you describe Zodiac's (previous) orientation to its market? How should companies prevent their offerings from becoming obsolete in a dynamic market? (07)

Q.5 (a) Not-for-Profit Organisations, like charities, are not driven by the motive to maximise monetary gains. Do you think such organisations should still pursue the objective to carry out their activities *Economically, Effectively, and Efficiently*? (04)

(b) Many companies declare Ethics to be one of their Core Values that govern their business mission and strategies. Can you think of examples showing how earnest adoption of ethics as a core value can have a significant impact on the conduct of an organization towards the following stakeholders:

- Customers
  - Employees
  - Environment
  - Government and other regulatory agencies
- (08)

Q.6 (a) How would you define the process of Performance Appraisal? What in your opinion should be the general criteria of integrity and effectiveness based on which the process of Employees' Performance Appraisal should be assessed and evaluated? (09)

(b) List and briefly describe at least five ways in which on-the-job training can be imparted to employees. (05)

Q.7 Consumer goods are often classified under the following heads:

- Convenience Goods
- Shopping Goods
- Speciality Goods
- Unsought Goods

Explain with examples, the above classification. (08)

Q.8 Packaging is a key component of the physical product. The cost of packaging often comprises a substantial part of the total product cost. What do you think are the important functions that packaging serves in the effective marketing of a product? (05)

Q.9 MILEAGE International, a recognized name in the electronics market made a very aggressive entry into the Asia Pacific markets during 1990s. As compared to its close rivals PRODIGY and CONSUMER ELECTRIC, Mileage decided to invest in building its own organizations across these markets to position itself 'right' strategically and operationally rather than adopting a policy of indirect entry into these important markets. In the regional management, all the positions for Regional Directors, Functional Heads and Product Managers were filled with expatriates. Furthermore, in the newly established factories, Plant Managers were also called in from its European factories. Even at the national level, expatriates were placed on key positions such as Managing Directors, Finance Directors and Plant Managers.

The company during its establishment phase did quite well with these expatriates. Problems, however, started coming in at operational levels when the business was further expanded and performance of expatriate managers was seen affected. The company in its Board meeting decided to adopt a new organizational strategy of gradually replacing expatriates at national level with locals. As a first step to this strategy a local Director of Human Resources was selected and appointed and was given the task of preparing a phase wise replacement program in this connection.

- (a) Please trace reasons for placement of expatriates by MILEAGE International in Asia Pacific on a large scale during its establishment phase. (06)
- (b) Why did the company decide to go for a replacement program of expatriates with local managers? (06)

Q.10 "Real effect of abolition of the quotas against export of textiles and clothing from developing countries is still to come. With textile, clothing and fibers making up close to three quarters of Pakistan's exports, much needs to be done to face the new challenges." Key exporters and industry experts comment.

- (a) What are quotas and the basic economics/issues of having quotas in international trade? (05)
- (b) Describe any four implications of quota free regime and free trade under WTO (World Trade Organization) arrangements. (04)
- (c) How can Pakistan face the new challenges in textiles and clothing industry? Give at least four recommendations. (04)

**(THE END)**