

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN

Final Examinations Winter 2007



December 6, 2007

BUSINESS MANAGEMENT

(MARKS 100)
(3 hours)

- Q.1 Super Candy Company Limited is engaged in the manufacture of sweets, candies, chocolates and bubble gums consumed by children. The Company has achieved phenomenal growth in the preceding 3-4 years. This growth is attributable to the highly aggressive marketing and promotional efforts launched by the incoming Marketing Director who has considerable experience in the confectionary industry. During this period, the strength of the employees has increased from 250 to 500. It is envisaged to induct 300 more workers during the next 24 months. The Human Resource Management functions have been largely neglected and are not capable of addressing the needs of a large-sized company aspiring to be the “industry leader.”
- As the newly appointed General Manager, Human Resources, identify **six** functions of HR management which would receive your urgent attention. Give brief reasons for considering these functions important for the sound planning and development of HR practices in the company. (12)
- Q.2 A large number of business organizations pursue **Related** and **Unrelated Diversification Strategies** to increase their share of the market and also their overall profitability. Explain what do you understand by the terms “Related Diversification” and “Unrelated Diversification”? (05)
- Q.3 (a) Explain the difference between “strategic objectives” and “financial objectives”. (04)
(b) Give two examples each of strategic and financial objectives of a company engaged in the manufacture of fast moving consumer goods. (04)
- Q.4 Explain what do you understand by Corporate Social Responsibility (CSR)? What are the essential features of CSR-conscious organizations? (06)
- Q.5 Define Product Life Cycle. What characteristics of Sales, Costs, Profits and Competition are dominant during the different stages of the Product Life Cycle? (10)
- Q.6 All progressive organizations have formal Employee Performance Appraisal (EPA) systems and considerable time and effort is spent periodically in the compilation, processing and review of the EPA information.
- Identify **four** main reasons for giving EPA function high importance in Human Resource Management. (08)

- Q.7 Explain the following concepts:
- Branded Merchandise
 - Competitive Advantage
 - Global Company
 - Contract Manufacturing
- (12)**
- Q.8 (a) It is observed through various empirical studies that employee motivation holds the key to the success of leading organizations in widely diversified business situations.
- Identify **six** factors which in your opinion would contribute towards achievement of high levels of motivation.
- (06)**
- (b) Explain the concept of benchmarking. Why do firms undertake benchmarking exercises?
- (06)**
- Q.9 Briefly explain what are the different entry barriers which make it difficult for prospective new comers to make investment in any particular industry.
- (06)**
- Q.10 (a) The last two decades have witnessed significant growth in all spheres of international business operations and this trend continues to gain further momentum. In your opinion, what are the advantages which global companies seek to achieve by pursuing international operations?
- (09)**
- (b) Identify any **five** constraints which in your opinion act as impediments towards attracting foreign investments in a typical underdeveloped country.
- (05)**
- Q.11 Space Age Game Technologies Ltd has developed an entirely new line of electronic game cube for playing video games for children between the ages of 10-15 years. This new game cube has been developed after considerable market research and at a very high initial R&D cost. The company has created awareness of the unique features of this new product through selective promotion campaigns, including physical demonstrations at prestigious electronic stores. After careful evaluation of the various pricing options, the management has decided to launch the new product by pursuing a “market-skimming strategy.”
- (a) Briefly state what is meant by market-skimming strategy.
- (b) In your opinion what are the factors which could have contributed to the management’s decision to select this pricing strategy?
- (07)**

(THE END)