

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN

Final Examinations Winter 2008



December 4, 2008

BUSINESS MANAGEMENT

(MARKS 100)

(3 hours)

- Q.1 Orient Cement Limited (OCL) aspires to be included in the category of a select group of progressive companies in the country and is considering a proposal for introducing significant changes in its labour welfare policies which would offer tangible benefits to the workers. This would include construction of a housing colony, provision of medical benefits, subsidized canteen facilities, besides payment of partial fees for dependent children of the employees.

In your opinion what important benefits would accrue to OCL by introducing welfare-oriented labour policies?

(06)

- Q.2 It is widely realized that companies pass through various stages of growth during the different periods of their existence. State **four** dominant characteristics which would be apparent in a company which is in:

- (a) the start-up or initial stage of its business;
- (b) the rapid and dynamic growth stage of its existing business.

(06)

- Q.3 Shakeel Ahmed, a competent and hard working young officer, is at the initial stage of his professional career in a leading insurance company. He has an ambitious goal to reach senior management position within a period of seven years. He intends to plan his career path well in advance and pursue a Personal Development Plan (PDP) with a high degree of zeal and commitment.

- (a) What do you understand by Personal Development Plan?
- (b) What are the principal advantages of adopting and pursuing a well-formulated Personal Development Plan?

(03)

(04)

- Q.4 New Age Automobile Company Limited intends to diversify its operations by establishing a separate division for manufacture of a less-expensive brand of tractors. The tractors would be used primarily by agriculturists having small farm-holdings. The Management is contemplating whether to promote personnel from the automobile division for certain middle-level technical positions in the tractor division and induct new entry level personnel in the automobile division, or alternatively recruit foremen level personnel from external sources for the tractor division by advertising for the positions in the news media.

Narrate and explain briefly the advantages and disadvantages of internal promotion and transfer of foremen level personnel for the tractor division from the automobile division.

(10)

- Q.5 (a) What are the distinctive ingredients of Vision and Mission Statements? (03)
- (b) It has been observed that certain companies adopt, with minor modifications and changes in emphasis, the basic ingredients of Vision and Mission Statements of the more successful rival companies in an attempt to achieve similar results.

Describe the drawbacks of adopting such an approach in formulation of Vision and Mission Statements. (04)

- Q.6 Corporate and Business Strategies of marketing-focused organizations operating in different product lines pursue entirely different approaches depending on **customer**, **competitor** and **inter-functional** orientations. The features of each of the different types of orientations are:

Customer Orientation:	Entire focus on customer e.g. Jeweler boutique selling expensive designer jewelry to a select niche market.
Competitor Orientation:	Emphasis on plans and actions of competitors as only few competitors dominate the market e.g. branded edible oil.
Inter-functional Coordination:	Marketing is considered to be an all-encompassing company-wide responsibility and all the departments are geared to contribute towards the marketing efforts e.g. a shipyard manufacturing ocean-going vessels for major foreign buyers.

List **four** characteristics which, in your opinion, would determine the direction of marketing policies and efforts in each of the above three types of business orientations. (09)

- Q.7 (a) Currently, a large number of progressive companies are in the various stages of adopting policies of Corporate Social Responsibility. Explain what do you understand by the term Corporate Social Responsibility. (03)
- (b) In your opinion what are the major concerns which prevent organizations from adopting and implementing comprehensive policies of Corporate Social Responsibility? (05)

- Q.8 (a) Governments in developing countries are often concerned that global companies with substantial financial and technical resources are in a position to exploit the opportunities in a manner which are detrimental to the interests of the host countries. It is also feared that the domestic industries which are in the infant stages of their development may face grave problems due to the highly aggressive policies of the global companies.

Identify and briefly explain **six** types of policy decisions which governments in the developing countries may take to meet the threats from the global companies. (09)

- (b) Multinational Enterprises are classified as Ethnocentric, Polycentric and Geocentric companies depending on the strategies and policies pursued by their top management.

List the distinguishing characteristics of each of the above types of international companies. (06)

- Q.9 Paragon Polyester Company Limited (PPCL), a Korean company, is considering a proposal for a substantial investment to establish a polyester plant in a foreign country. PPCL has considerable technology and expertise in its particular line of business which is available in only a few countries. PPCL is examining the pros and cons of setting the project as a wholly-owned subsidiary company or entering into a joint venture with one of the local entrepreneurs.

In your opinion, what are the distinctive advantages and disadvantages of undertaking overseas manufacturing operations through a wholly-owned subsidiary company? (08)

- Q.10 Strategists involved in the marketing of Fast Moving Consumer Goods (FMCG) keep a close watch on the various stages of the Life Cycle of their products and adjust their strategies accordingly.

List the type of marketing-mix strategies of Products, Pricing, Distribution and Sales Promotion which should be pursued to meet the requirements of the products which are in the **introduction, growth, maturity and decline** stages of their product life cycle. (12)

- Q.11 Briefly explain the following:

- (a) Business Ethics
- (b) Core Competence
- (c) Environment Management
- (d) Job Description

(12)

(THE END)