



Business Management

Final Examination
Summer 2012
Module E

7 June 2012
100 marks - 3 hours
Additional reading time - 15 minutes

- Q.1 Fintex Company Limited (FCL) is in the advanced stage of implementing facilities for manufacture of home textile products such as curtain draperies, sofa cloth, bed linen, towels, table covers, etc.

FCL intends to market its products to customers through 20 company-owned retail outlets to be established in the major cities. FCL's Institutional Marketing Division (IMD) would sell the company's products, as well as workers uniforms to be procured from external vendors, to institutional customers such as hotels, hospitals, industrial companies and government organisations.

FCL's principal corporate objectives are to create a sustainable competitive advantage and obtain a firm foothold in the substantial and fast growing target market of middle class customers. These customers are keen shoppers who want quality products at affordable prices. FCL's IMD also wants to aggressively pursue marketing strategies to cater to the requirements of the institutional customers who are a source of repeat business.

Identify and explain briefly **four** Critical Success Factors which in your opinion would create sustainable long-term competitive advantage for FCL. (10 marks)

- Q.2 According to the Boston Consulting Group Matrix, business organisations which have multi-divisions and compete in different industries pursue separate strategies for their various business divisions. The BCG Matrix describes the characteristics of the markets and the relative competitive position of the various business divisions as **Stars**, **Cash Cows** and **Dogs**.

Explain the distinctive characteristics of each of these types of business divisions in terms of their relative market positions. Also mention the types of business strategies which should be pursued by each of these types of business divisions. (09 marks)

- Q.3 (a) Employee Training is an important function of Human Resource Department of Apollo Engineering Limited, a company which considers workers skills at the factory floor level to be critical for achieving the overall strategic objectives. The HR Department classifies the factory employees in 3 categories as follows:

- (i) Competent to perform in the present position.
- (ii) More than competent to perform in the present position.
- (iii) Not **yet** competent to perform in the present position.*

Note: These employees are **not incompetent*

Briefly discuss the Training Needs of employees in each of the above categories and explain how they would help Apollo Engineering Limited to improve motivation amongst the employees at all levels. (08 marks)

- (b) Appropriate Employee Compensation and Reward Packages are central to a healthy and enduring relationship between the employer and the employees. These Compensation and Reward Packages comprise of salaries and fringe benefits, pleasant working environment, career growth opportunities, challenging work, self-respect and sense of achievement, etc.

What principal objectives should an employer seek to achieve through a well-formulated Employee Compensation and Reward system for a service-oriented company operating in a competitive business environment? (06 marks)

- Q.4 (a) What is Wilful Misconduct? State why acts of Wilful Misconduct are considered as serious offences by employers. Identify **four** situations in which an employee may be guilty of Wilful Misconduct. **(04 marks)**
- (b) Sona Sugar Mills is being established in the outskirts of a small rural town. The management has engaged a Chief Security Officer to plan for the security of the employees and plant facilities.

State **five** measures which the Chief Security Officer should adopt to meet the objectives of security of employees and physical facilities of Sona Sugar Mills. **(05 marks)**

Q.5 Consumer Products are classified by marketers in different categories as follows:

- (i) **Convenience Products** detergents, packaged milk, newspapers, soft drinks, etc
 (ii) **Shopping Products** readymade clothes, furniture, carpets, shoes, etc
 (iii) **Speciality Products** televisions, refrigerators, branded watches, etc

The marketing mix of each category of Consumer Products comprises of the following ingredients:

Price <ul style="list-style-type: none"> • expensive • low price • high price 	Customer Buying Behaviour <ul style="list-style-type: none"> • less frequent purchase/keen comparison of price, quality and style • special purchase effort/brand loyalty • frequent purchase/less planning
Distribution <ul style="list-style-type: none"> • distribution in few outlets • widespread distribution at convenient locations • outlets in specialised markets/shopping malls 	Promotion <ul style="list-style-type: none"> • advertising and personal selling by producer/resellers • mass promotion/advertising by producer • carefully targeted promotion by producer/resellers

You are required to identify the most appropriate characteristics of each ingredient of the marketing mix for the above categories of Consumer Products. **(09 marks)**

- Q.6 All leading global business organisations possess certain distinctive capabilities and competitive advantages which set them apart from those companies whose operations are confined within their limited geographical areas.

Describe at least **six** core capabilities which are observed in leading global organisations regardless of their special lines of business. **(09 marks)**

- Q.7 (a) Research in a number of organisational settings shows that efforts to introduce major changes for achieving the objectives of corporate turn-around and improvements invariably meet with strong resistance from employees at various levels.

Identify the reasons why employees offer strong resistance to major organisational changes and prefer to continue with the existing status. **(05 marks)**

- (b) Explain the term Business Ethics and discuss its increasing significance in the present business environment. **(05 marks)**

- Q.8 (a) In the past two decades a number of Mergers and Acquisitions have been witnessed between some of the most prestigious and financially strong international corporations in a wide range of businesses such as pharmaceutical and automobile manufacturing companies, financial institutions, supermarkets, etc.

Narrate the principal objectives behind the mergers and acquisitions of companies which are considered to be financially sound and well-established in their own spheres of business.

(05 marks)

- (b) Differentiate between the characteristics of Strategic Decisions and Tactical Decisions.

(04 marks)

- Q.9 Firms ranking in second and third positions in highly competitive industries demonstrate significant business strengths and hold a sizeable share of the aggregate market. Often these firms have to make strategic marketing decisions whether to challenge the Market Leader to achieve the top position or to continue to hold on to their Market Follower status.

Discuss the concepts of Market Challenger Strategy and Market Follower Strategy and briefly explain the circumstances in which a firm would prefer to pursue a particular market strategy.

(10 marks)

- Q.10 (a) Multinational Corporations (MNCs) which have widely dispersed operations in several countries often prefer to centralise their cash management functions and conduct all their major cash operations from pools located in internationally recognised financial centres. This policy requires each subsidiary to retain minimum cash for its own transaction purposes and remit all excess funds to a central cash depository.

Explain the advantages which MNCs seek to achieve through centralised cash management policies and pooling of all excess cash balances at prominent international financial centres.

(06 marks)

- (b) Give **five** reasons why the process of Globalization has assumed great importance in the present business environment.

(05 marks)

(THE END)