



Business Management

Final Examination
Winter 2012
Module E

6 December 2012
100 marks - 3 hours
Additional reading time - 15 minutes

- Q.1 A sound system of Environment Scanning is of critical importance in the formulation of Strategic Plans of any progressive company operating in a fast-changing and competitive business environment.

Hawk Engineering Limited (HEL) is engaged in the business of manufacturing of small motors which are installed in printers. HEL has made substantial investments in manufacturing facilities and R&D and has developed its own in-house technology and manufacturing processes. This gives HEL competitive advantage over its rivals in terms of meeting the stringent requirements of its quality conscious customers. Important customers of HEL are the original equipment manufacturers of precision laser printers. Although motors account for a nominal proportion of the cost of the laser printers, their efficient and reliable performance are of crucial importance for HEL's customers who provide performance guarantees for their products. HEL is one of the few firms who manufacture these types of small motors. It is able to achieve high profit margins and returns on its investments because of the superior quality of its products for which its customers are willing to pay premium prices.

Identify and explain briefly **four** factors which HEL should monitor closely to anticipate the emerging business environment in which it operates and its impact in the formulation of its Strategic Plans.

(10)

- Q.2 (a) Sitara Limited is a well-known manufacturer of a wide range of chromium plated sanitary fittings in Pakistan. The company has recently negotiated several long-term contracts for export of various items of sanitary fittings. Consequently, the work force would have to be increased significantly in a short period to expand the production. Prior to recruiting the new workers, Adnan Khan, the Human Resources Manager, intends to prepare a HR Skills Information Database of the existing employees.

Briefly discuss the purpose, usefulness and relevance of compilation of HR Skills Information Database in the areas of recruitment, training and development and succession planning of Sitara Limited

(06)

- (b) A number of firms prefer to conduct Performance Appraisal of their skilled workers on a quarterly basis rather than as an annual exercise.

Identify **three** advantages of pursuing this policy of quarterly Performance Appraisal of skilled workers.

(03)

- (c) Although companies experiencing high rate of employee turnover are in a position to recruit new workers quickly to replace the outgoing employees, most of them are not aware of the real costs of the high rate of turnover of their employees.

Briefly describe the different types of costs which are associated with high rate of turnover of employees.

(04)

- Q.3 (a) What is meant by the term Customer Database?

(02)

- (b) Why, in your opinion, it is useful for a commercial bank planning to launch its credit card marketing scheme to create, maintain and update the database of its existing and prospective customers?

(07)

Q.4 Identify the strategies/policies/objectives which are being pursued in each of the following cases:

- (i) Poshak Fashions (PF) are designers and manufacturers of superfine cotton garments and have their two outlets in Karachi and Lahore. PF produces only limited quantities of their exclusive designs of garments for the narrow niche market of the most fashion-conscious customers. PF introduces new designs of garments for the coming season and the unsold inventory at the end of the previous season is sold at lower prices to other retailers in the country after removing PF's prestigious labels.

PF is pursuing a _____ market strategy.

- (ii) Super Beverages believes that the world is one big market for its products and its various subsidiaries and divisions pursue a uniform marketing strategy for sale of its products in different countries.

Super Beverages has adopted a _____ strategy for marketing its products in different countries.

- (iii) Sarmad Group is a pioneer in the textile industry in the country. The second generation entrepreneurs of this Group have ambitious plans to launch new ventures in telecommunications, electronic media and real estate development.

The Group is now seeking to follow _____ strategy.

- (iv) To press for their demands, employees of Citizens Bank Limited have decided to work strictly according to the terms of their contract of employment and refuse to perform any extra tasks, resulting in slow down of banking services and causing inconvenience to customers.

The employees of Citizens Bank Limited are pursuing _____ policy.

- (v) Good Meats has recently established several retail outlets to sell selected cuts of choice meats and establish its own brand name in a high growth market before new competitors enter this market and set up their business on similar lines.

Good Meats wants to seize the _____ advantage of this market.

- (vi) Neptune Chemicals, a manufacturer of industrial chemicals, has established independent units who would be responsible for development of their own marketing strategies within the company's overall market and customer focus to be able to serve the needs of the various categories of customers more efficiently.

The independent units are _____ of Neptune Chemicals.

(06)

- Q.5 (a) HR Managers often deal with delinquent employees and encourage them to change their attitude and behaviour and adopt a positive approach towards their responsibilities to the organisation. Consequently, HR Managers have to exercise considerable discretion and provide proper guidance to the employees, rather than resort to immediate extreme punitive measures.

Identify and explain briefly the various stages of dealing in a fair and equitable manner with employees involved in wrongful behavior/actions.

(08)

- (b) The trend of outsourcing of certain activities by business firms to external entities has gained considerable momentum in the past few years.

Identify **four** advantages which, in your opinion, these firms expect to derive from outsourcing of selected business activities to external entities.

(04)

- Q.6 (a) Explain briefly the factors which have contributed to the creation and significant expansion of Global Markets during the preceding 20-25 years.

(06)

- (b) Briefly explain the salient features of the terms which are usually incorporated in a typical Franchising Agreement. Give **one** example of a Franchise Relationship between an international company and a Pakistani enterprise.

(05)

- Q.7 (a) Progressive business organizations, which have substantial share of the market, are continuously engaged in the planning of their marketing strategies to achieve specific objectives in their existing markets and also to identify and seize opportunities in new markets.

Explain briefly the various objectives which these organizations aim to achieve through their marketing strategies in their existing markets as well as in the new markets. (07)

- (b) Successful companies make concerted efforts to retain their competitive advantages vis-à-vis their competitors as an ongoing exercise encompassing all spheres of their business operations.

Narrate **six** measures which these companies usually take to retain and further consolidate their competitive advantages. (06)

- Q.8 (a) Blue Transport Company (BTC) operates a fleet of 150 buses which provides inter-city transport services. The company takes considerable pride in the superior quality of its services. BTC accords a high degree of importance to the human relationship management of its employees, comprising of the ticketing staff, drivers and maintenance crew as it believes that the commitment of its staff is a critical factor for the success of its business.

Describe the benefits that BTC expects to derive by pursuing a well-conceived policy of good human relations management between the employer and the employees. (05)

- (b) What is meant by Competency-based Job Descriptions? (03)

- Q.9 Zest Dairy Company Limited intends to launch a new line of frozen fruit yogurts in the major cities which would cater to the tastes of the customers for packaged food products. Assume that you are their advertising media advisor and have to give a presentation on the advantages and disadvantages/limitations of placing advertisements for the new yogurt products on each of the following media channels:

- (i) Television
- (ii) Widely Circulated Newspapers and
- (iii) Billboards (Hoardings)

Identify and list **three** advantages and disadvantages/limitations of placement of advertisements of **each** of these different types of media. Explanations and illustrations are **not** required. (08)

- Q.10 (a) Eagle Limited (EL) is a large conglomerate. The company is planning to establish a joint venture in Centralia, a country which has several untapped sectors. EL foresees attractive opportunities for development of its business in Centralia. EL is therefore, keen to pursue corporate and business policies which would be perceived favourably, not only by the joint venture partner but also by the government and other stakeholders. Adoption of these policies would facilitate EL to expand its business in future.

Briefly describe **four** policies which, in your opinion, EL may pursue for achieving its long term business objectives. (06)

- (b) State the main reasons why leading companies obtain cross-border financing including equity, debt and bank financing in different countries. (04)

(THE END)