



December 09, 2004

BUSINESS MANAGEMENT

(MARKS 100)

(3 hours)

- Q.1 (a) What do you understand by the term “Value Chain”? (03)
- (b) Can the performance of a business organization be measured in non-financial ways? If yes, how can this be done? What is meant by a “Socially Responsible” Business? Give your understanding of the concept of Corporate Social Responsibility (CSR) supported by at least two examples of companies you think exhibit CSR Values. (06)
- (c) A major international cigarette company is running advertisements about how it is working to save the environment by planting trees etc. What is your opinion about the ethical issues arising from situations like this in which companies that sell a potentially injurious product show their keenness to help society or the environment? Give your argument on why this is “right” or “wrong”. (07)

Q.2 Excel Chemicals has been operating as a leading fertilizer company in Pakistan for the last 35 years. At the time of its inception, the company was the sole manufacturer of fertilizer, and in no time created a monopoly situation by driving out the imported brands from the market. Over the years, several other companies entered the fertilizer market by investing heavily in manufacturing facilities. Excel Chemicals saw rapid loss of its market share in the next two decades to the new entrants. The cost advantages that it initially enjoyed, owing to its world class manufacturing plant that was run on near-capacity levels, were also eroded due to ever reducing demand for its brands, resulting in dwindling profitability. The competitors not only came in with smaller and more cost-efficient manufacturing facilities, but also brought in innovative products that were clearly differentiated from Excel’s single standard product offering. These differentiated offerings catered separately to different crops, different application timing, and different soil types in different parts of the country.

Today, while Excel Chemicals still enjoys market share leadership, it no longer leads in terms of profitability. It still makes a decent amount of profit on its operations, and has an awesome cash flow position.

The Board of Directors is meeting to conduct a marketing strategy review of the company. They will decide on short-term and long-term marketing strategies to adopt in order to ensure that the:

- company regains its competitive advantage in the core fertilizer business, and
- pursues other high growth business opportunities, both inside and outside the agriculture sector

You, as Head of Strategic Planning, have been asked to present your recommendations in the meeting. Using the **Ansoff Product / Market Matrix** Concept, how would you make recommendations under the following strategic growth options:

- Market Penetration
- Market Development
- Product Development
- Diversification

(10)

Q.3 (a) Different people in an organisation have different styles of learning, depending on what type of persons they are. Describe the learning styles best suited to the following personality types:

- (i) Theorists
- (ii) Reflectors
- (iii) Activists
- (iv) Pragmatists

(06)

(b) The interview is an extremely popular and effective method of selecting employees. List and briefly describe the different types of interview used in selection process.

(07)

Q.4 Quality has become an increasingly important factor in determining business advantage. How does a company that is positioning itself on high quality product assess its relative quality as perceived by its customers? When customers are not prepared to pay a premium for increased quality, what should a company do to still gain a potentially attractive competitive advantage? Give an example to prove your point.

(10)

Q.5 What are the pitfalls in strategic planning that management in an organization should watch out for or avoid? Identify any five pitfalls.

(08)

Q.6 (a) What do you understand by the term **Political Risk** faced by multinationals? What are the common manifestations of this risk in everyday business?

(04)

(b) The Pakistan automotive industry has recently been the subject of heated discussions in the media due to the very rapid demand growth for cars witnessed in the country, and its consequent problems of insufficient supply, delayed availability, and high prices. The automotive industry represents sizeable foreign investment in Pakistan. As a safeguard to their ROI, and in return for the promised technology transfer and increasing extent of local manufacture (under the Deletion Programmes), the multinational car assemblers have been protected through trade barriers. Consumers accuse these companies of charging much higher prices than in the country next door, and complain about having to suffer long delivery periods against their fully paid orders.

What possible policy measures can the Pakistan government exercise to make sure that the multinational automotive manufacturers operating in the country:

- Transfer technology and help develop local industry
- Charge competitive prices from local consumers

(08)

- Q.7 What do you understand by the **Investors in People standard** of TQM? Elaborate on the key areas of performance where an organization needs to perform satisfactorily for obtaining the standard. (09)
- Q.8 Any business deciding to go international broadly has two modes of entry into the overseas market: through Exporting, or through Overseas production. Describe the following strategic options available under each of the above options of the above-noted modes of international business. (08)
- Indirect Exporting
 - Direct Exporting
 - Licensing
 - Joint Venture
- Q.9 Do you agree that mature and declining products must be replaced with newer products? Give an example from your own experience where you have seen this happen. How does your example relate to the stages of product development? Describe the Product Development Process in detail. What are the factors that might hinder this process? (10)
- Q.10 Define **Benchmarking**, and describe the process involved in this exercise. What are **Internal, Functional** and **Competitive** types of Benchmarking? (04)

(THE END)