

Mid-West University
Examinations Management Office
Surkhet, Nepal
End-Semester Examination-2080
Master of Business Administration (MBA)
Semester - III

Roll No.

Subject: Entrepreneurship and Technology Management
Full Marks: 100 Pass Marks: 50

Course Code: MGT :
Time: 4:00 Hours

SECTION A: MULTIPLE CHOICE QUESTIONS (20 × 1 = 20 MARKS) (TIME: 20 MINUTES)

Tick the best answers.

1. Which is/are trait(s) of a successful entrepreneur?
 - a. Risk-bearer
 - b. Organizer
 - c. Innovator
 - d. All of above.
2. Innovation as a hallmark for an entrepreneur is the view held by:
 - a. Richard Cantillon
 - b. Peter Drucker
 - c. Joseph A. Schumpeter
 - d. David C. McClelland
3. An individual who initiates, creates and manages a new business can be called _____
 - a. a leader
 - b. a manager
 - c. an entrepreneur
 - d. a professional
4. The employee who is entrusted with the responsibility to make innovation in the organization is called:
 - a. innovator
 - b. corporate entrepreneur
 - c. entrepreneur
 - d. none of above.
5. A competitor analysis is a detailed analysis of.....
 - a. the financial rewards.
 - b. a firm's competition
 - c. risk-taking
 - d. ethical obtain information
6. Creativity is the process of generating.....
 - a. a novel or useful idea.
 - b. opportunity recognition process
 - c. solution to a problem
 - d. flash of recognition
7. There is strong evidence that entrepreneurial behavior has a strong impact on.....
 - a. economic stability and strength
 - b. job creation and globalization
 - c. innovation
 - d. above of the all.
8. Why are small businesses important to a country's economy?
 - a. They give an outlet for entrepreneurs.
 - b. They can provide specialist support to larger companies.
 - c. They can be innovators of new products.
 - d. All of the above.
9. Which of these statements best describes the context for entrepreneurship?
 - a. Entrepreneurship takes place in small businesses.
 - b. Entrepreneurship takes place in large businesses.
 - c. Entrepreneurship takes place in a wide variety of contexts.
 - d. Entrepreneurship does not take place in social enterprises.
10. Which one of the following statements is false?
 - a. Market segmentation is a useful process for small businesses to undertake.
 - b. Selling is essentially a matching process.
 - c. A benefit is the value of a product feature to a customer.
 - d. It is a good idea for small businesses to compete solely on price.

11. State Industrial corporations engage in the development of _____.
 - a. industrial estates.
 - b. institutional estates.
 - c. individual investors.
 - d. agricultural entrepreneurs.
12.is used to accomplish the project economically in the minimum available time with limited resources
 - a. Project Scheduling
 - b. Network Analysis
 - c. Budget Analysis
 - d. Critical Planning
13. What should be the main worry of a company's founder who asks for capital in exchange for equity shares in their venture?
 - a. Valuation
 - b. Control
 - c. Capitalization
 - d. Legal formalities
14. If an entrepreneur takes decisions on behalf of their enterprise, it is known as _____.
 - a. routine decisions
 - b. strategic decisions
 - c. organizational decisions
 - d. personal decisions
15. What is the purpose of a feasibility study for starting a new venture?
 - a. Exploring for potential customers
 - b. Estimate sales
 - c. To understand if there are any barriers to success
 - d. None of the above
16. Which one of the followings is described as one of the Big Five personality traits?
 - a. Tolerance of others.
 - b. Need for achievement.
 - c. Propensity to leadership.
 - d. Locus of control.
17. Which one of the followings is least likely to influence the timing of new business births?
 - a. Government policies.
 - b. Profitability.
 - c. Consumer expenditure.
 - d. Weather conditions.
18. Which one of the following statements is false?
 - a. Market segmentation is a useful process for small businesses to undertake.
 - b. Selling is essentially a matching process.
 - c. A benefit is the value of a product feature to a customer.
 - d. It is a good idea for small businesses to compete solely on price.
19. The purpose of a good small business strategy is _____.
 - a. to increase turnover.
 - b. to increase profitability.
 - c. to achieve competitive advantage.
 - d. to achieve stated objectives.
20. Which one of the followings is a recognized disadvantage of setting up as a start-up as compared with other routes to market entry?
 - a. Less satisfaction of the owners
 - b. Less help from various agencies
 - c. More funds required
 - d. High failure rate

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Subject: Production and Operation Management
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Course Code: MGT 532
Time: 4: 00 Hours

SECTION A: MULTIPLE CHOICE QUESTIONS (20×1) = 20 MARKS/ (TIME: 20 MINUTES)

Tick the best answers.

1. Which one of the followings is NOT the part of a Simple Product Supply Chain?
 - a. Direct Suppliers
 - b. Final Customers
 - c. Management
 - d. Producer
2. Which one of the followings would NOT be considered a model used by decision makers in operations management?
 - a. Mathematical
 - b. Physical
 - c. Supply
 - d. Schematic
3. Which one of followings is NOT a supporting function in operations interface?
 - a. Legal
 - b. MIS
 - c. Accounting
 - d. Financing
4. Which one of the followings would be considered an input when converting inputs into outputs during the transformation process?
 - a. Land
 - b. Capital
 - c. Raw Materials
 - d. All of the above
5. What do you call plans for achieving organizational goals?
 - a. Mission
 - b. Goals
 - c. Tactics
 - d. Strategies
6. Which one of the followings would NOT be an example of partial productivity measures?
 - a. labor productivity
 - b. economic productivity
 - c. capital productivity
 - d. energy productivity
7. Which one of the followings is NOT a key question about product and service design from an organization's standpoint?
 - a. Is there demand for it?
 - b. Can we do it?
 - c. What level of management is appropriate?
 - d. What level of quality is appropriate?
8. The assessment of the environmental impact of a product or service throughout it's useful life is known as?
 - a. Product liability
 - b. Uniform commercial code
 - c. Life cycle assessment
 - d. Value analysis
9. Which one of the followings is NOT a phase in the product and service life cycle?
 - a. Introduction
 - b. Growth
 - c. Conclusion
 - d. Research
10. Which term refers to a design that results in products or services that can function over a broad range of conditions?
 - a. Robust Design
 - c. Reverse Engineering

11. The maximum time allowed at each workstation to complete its set of tasks on a unit is referred to as:
- a. cycle time
 - b. reciprocal time
 - c. line balancing
 - d. task time
12. Which one of the followings is a type of processing?
- a. Job shop
 - b. Batch
 - c. Repetitive
 - d. All of the above
13. A(n) _ is a standardized layout arranged according to a fixed sequence of assembly tasks.
- a. Product layout
 - b. Production line
 - c. Assembly line
 - d. Assembly sequence
14. What are the major differences between process layout from product layout?
- a. Process layout is used for intermittent processing and product layout is used for repetitive processing
 - b. Process layout is functional and product layout is sequential
 - c. Process layout is sequential and product layout is functional
 - d. Both a and b
15. Which one of the followings is NOT included in the billing of materials?
- a. Raw materials
 - b. Labor hours
 - c. Parts
 - d. Subassemblies
16. What is a product structure tree?
- a. Visual depiction of the requirements in a bill of materials where all components are listed by levels
 - b. Visual depiction of the requirements in a master schedule where all products are listed by demand.
 - c. Visual depiction of the requirements in inventory records where all components are listed by status.
 - d. All of the above
17. Which one of the followings is NOT a primary source of information for MRP?
- a. Master schedule
 - b. Inventory records
 - c. Bill of materials
 - d. Planned orders
18. The sum of the lead times required by sequential phases of a process is known as:
- a. LTSP
 - b. critical path
 - c. cumulative lead time
 - d. master schedule
19. What is an advantage of a regenerative system?
- a. Reflecting changes as they occur
 - b. Less processing costs
 - c. Up-to-date information for planning purposes
 - d. None of the above
20. What are classified as the main reports used by management?
- a. Planning Reports
 - b. Performance-Control Reports
 - c. Exception Reports
 - d. Primary Reports

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SECTION B: SHORT ANSWER QUESTIONS (5X6 = 30 MARKS)

Answer any **FIVE** questions:

1. Describe, with examples, the salient characteristics of successful entrepreneurs. [6]
2. "Entrepreneurship is a process of giving birth to an enterprise". Discuss. [6]
3. What are the differences between invention, innovation and technology? [6]
4. What do you mean by opportunity? Justify the need for and significance of opportunity identification and selection. [2+4]
5. What are the elements to be considered for technical feasibility analysis of business ideas? Describe. [6]
6. Discuss on Peter Drucker's entrepreneurial pitfalls. [6]
7. Examine the need for institutional finance for small enterprises in Nepal. [6]

SECTION C: LONG ANSWER QUESTIONS (2X15 = 30 MARKS)

Answer any **TWO** questions:

8. Delineate the profile of development of rural entrepreneurship in Nepal and discuss a suitable example. [15]
9. What do you mean by technology transfer? What are the major contributions of new technologies towards knowledge creation for entrepreneurship development in Nepal? Discuss. [15]
10. Given the vast scope for tourism-based entrepreneurship development in Nepal. Appreciate with evidences the role played by tourism entrepreneurship in the Nepalese economy. [15]

SECTION D: CASE STUDY (20 MARKS)

11. Read the **Case** given below and answer the following questions:

Coffee 2016

Andrea Illy is CEO of the global premium coffee company that bears his family's name. As one might expect, he is passionate about coffee – its science, its health benefits, its taste, its beauty. Illy also has a dream that someday soon the coffee market might be transformed into something approaching the market for wine. Where connoisseurs discuss the fine points of various origin coffees and blends, where customers are willing to pay a premium for the finest examples of the coffee-making art, and where the growers, roasters and baristas will be compensated fairly for the expertise they contribute to every cup. Unfortunately, the current coffee market differs from such an ideal. Coffee growers in most parts of the globe work at a barely subsistence level. One bad harvest (made all the more likely by the ravages of climate change) or a sudden decline in the commodity price of coffee can drop them below subsistence to hunger. Even in good times, growers have little incentive to improve their operation – they have minor contact with the roasters or customers and no knowledge of how their crops get translated into the cup. This disadvantages not only the grower but also the consumer – coffee sourced from good quality beans is hard to find.

Illy believes that the solution to the sad state of affairs is to initiate a "virtuous circle" that draws the grower, the roaster, the barista and customer together. Growers with better knowledge of the market will work to improve their crops or experiment with new varieties. Roasters and preparers will educate their customers as to the qualities of various beans, roasts and preparations. Customers, in turn, will be

willing to pay more for the best beans and that premium will be sent back up the chain to pay for even more quality and variety. And so on.

Certainly, there have been some positive signs. Indeed, many observers argued that a “third-wave” of transformation in the coffee market was already starting. (The first wave is said to have occurred when Maxwell House and Folgers made coffee a mass commodity, the second wave when Starbucks initiated a move to quality and higher prices.) Specialty coffee roasters had worked to build cafes and brands around origin-based beans sold directly to the roasters without reference to the commodity prices of coffee. With these third-wave roasters, every coffee came with a story of its origins and growers could count on occasionally eye-popping premiums for their beans.

As yet, specialty coffee represented a small sliver of the overall market and there were other signs that it might not ever grow beyond a small circle. New trends like coffee-based drinks and single-portion coffee in pods (e.g., K-cups, Nespresso) actually shifted more of the value-added towards roasters without a premium for growers. A consolidation was taking place among mass roasters that was even sweeping-up third-wave roasters in its wake. Observers argued that could lead to greater uniformity with even less emphasis on origin-based, direct-traded coffee.

Illy’s hope is that someone would come up with an innovation that would solidify the beginnings of the third wave and help reshape the market. Such a change would not necessarily have to involve illy café; Andrea Illy believes as the world’s premium brand, an increased emphasis on quality in the market would only help his company. The most important thing was to make the coffee supply chain more equitable and coffee better-tasting.

Questions

- a. What are the innovations applied by Illy? Discuss with an example. [7]
- b. Do you see any coffee related entrepreneurial opportunities located in Nepal? Explain your observations. [6]
- c. What are the reasons behind that coffee business is in exponential trends over the globe? [7]

THE END

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SECTION B: SHORT ANSWER QUESTIONS (6X5 = 30 MARKS)

Answer any FIVE questions:

1. What are the strategic importance of Process Selection in Production and Operations Management?
2. Product A is assembled from 2 units of S_1 and 3 units of S_2 . S_1 is made of 1 unit of C_1 , 4 units of C_2 , and 1 unit of C_3 . S_2 is made of 3 units of C_2 and 2 units of C_3 .
 - a. Draw a product structure diagram for product A.
 - b. How many sub components are needed to fill an order for 200 A's?
3. As an Operations Manager, briefly discuss the layout strategies .How can layout of the workspace affect the work-efficiency?
4. "The development of location strategy depends upon the type of firm being considered." Discuss.
5. A manufacturer of engines is required to purchase 4800 castings per year. These castings are subject to quantity discounts.

Quantity	Cost per unit \$
Less than 500 units	150
500 or more but less than 750 units	142
750 or more units	135

Annual holding cost expressed as a decimal fraction of the value of the unit is \$ 2.40. Procurement cost per order is \$ 750. Find most economic purchase lot size.

6. Briefly explain Aggregate Planning and Material Requirement Planning.
7. The assembly line whose activities are given table has an 8-minute cycle time. Draw the precedence graph, and find the minimum possible number of one-person workstations. Then arrange the work activities into workstations so as to balance the line. What is the efficiency of your line balance?

Task	Performance time in Minutes	Task must follow this task
A	5	-
B	3	A
C	4	B
D	3	B
E	6	C
F	1	C
G	4	D, E, F
H	2	G
Total	28 minutes	

SECTION C: LONG ANSWER QUESTIONS (2X15 = 30 MARKS)

Answer any **TWO** questions:

8. You are given the following information of XYZ Project:

Activity	Predecessor(s)	Normal duration Days	Crashing duration days	Normal cost \$ in 1000	Crashing cost \$ in 1000
A	-	12	11	12	13
B	-	9	7	50	64
C	A	10	5	4	7
D	B	10	8	16	20
E	B	24	14	120	200
F	A	10	6	10	16
G	C	35	25	500	530
H	D	40	35	1200	1260
I	A	15	10	40	52
J	E,G,H	4	1	10	13
K	F,I,J	6	5	30	34

- What is the project expected completion date?
 - What is the total cost required for completing this project on normal time?
 - If you wish to reduce the time required completing this project by 3 days, which activity should be crashed, and how much will this increase the total cost?
9. "Global business trends have had great impact on Production and Operations Management." Discuss with suitable examples.
10. Ching-Chang Kau is considering opening a new foundry in Denton, Texas, Edwardsville, Illinois; or Fayetteville, Arkansas, to produce high-quality rifle sights. He has assembled the following fixed-cost and variable-cost data:

Location	Fixed cost per year	Variable cost per unit (\$)		
		Material	Labor	Overhead
Denton	\$ 200,000	0.20	0.40	0.40
Edwardsville	\$ 180,000	0.25	0.75	0.75
Fayetteville	\$ 170,000	1.00	1.00	1.00

- Graph the total cost line.
- Over what range of annual volume in each facility going to have a competitive advantage?

SECTION D: CASE STUDY (20 MARKS)

11. Read a **case** given below and answer the following questions:

Uber Technologies, Inc.

The \$41 billion dollar firm Uber Technology, Inc., is unsettling the traditional taxi business. In over 40 countries and 240 markets around the world, Uber and similar companies are challenging the existing taxi business model. Uber and its growing list of competitors, Lyft, Sidecar, and Flywheel in America, and fledging rivals in Europe, Asia, and India, think their smart phone apps can provide a new and improved way to call a taxi. This disruptive business model uses an app to arrange rides between riders and cars, theoretically a nearby car, which is tracked by the app. The Uber system also provides a history of rides, routes, and fees as well as automatic billing. In addition, driver and rider are also allowed to evaluate each other. The services are increasingly popular, worrying established taxi services in cities from New York to Berlin, and from Rio de Janeiro to Bangkok. In many markets, Uber has proven to be the best, fastest, and most reliable way to find a ride. Consumers worldwide are endorsing the system as a replacement for the usual taxi ride. As the most established

competitor in the field, Uber is putting more cars on the road, meaning faster pickup times, which should attract even more riders, which in turn attracts even more drivers, and so on. This growth cycle may speed the demise of the existing taxi businesses as well as provide substantial competition for firms with a technology-oriented model similar to Uber's. The Uber business model initially attempts to bypass a number of regulations and at the same time offer better service and lower fees than traditional taxis. However, the traditional taxi industry is fighting back, and regulations are mounting.

The regulations vary by country and city, but increasingly special licensing, testing, and inspections are being imposed. Part of the fee charged to riders does not go to the driver, but to Uber, as there are real overhead costs. Uber's costs, depending on the locale, may include insurance, background checks for drivers, vetting of vehicles, software development and maintenance, and centralized billing. How these overhead costs compare to traditional taxi costs is yet to be determined. Therefore, improved efficiency may not be immediately obvious, and contract provisions are significant.

In addition to growing regulations, a complicating factor in the model is finding volunteer drivers at inopportune times, a sober driver and a clean car at 1:00 a.m. New Year's Eve does cost more. Consequently, Uber has introduced "surge" pricing. Surge pricing means a higher price, sometimes much higher, than normal. Surge pricing has proven necessary to ensure that cars and drivers are available at unusual times. These higher surge prices can be a shock to riders, making the "surge price" a contentious issue.

Discussion Questions

- a. The market has decided that Uber and its immediate competitors are adding efficiency to our society. How is Uber providing that added efficiency?
- b. Do you think the Uber model will work in the trucking industry?
- c. In what other areas/industries might the Uber model be used?
- d. What are the lessons you learned from this case?

THE END

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Subject: Total Quality Management
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SECTION A: MULTIPLE CHOICE QUESTIONS (20×1 = 20 MARKS) (TIME: 20 MINUTES)

Tick the best answers.

1. A is a plot of two variables in X and Y axis showing whether they are related or not.
 - a. control chart
 - b. affinity diagram
 - c. scatter diagram
 - d. block diagram
2. has been given responsibilities to provide the relevant quality related service in line with current requirements of the consumers and the suppliers in Nepal
 - a. Nepal Bureau of standards and metrology
 - b. Ministry of Industry, Commerce, and supplies
 - c. Department of Industry
 - d. Office of the Company registrar
3. Six Sigma was developed by.....
 - a. Samsung
 - b. Motorola
 - c. Apple
 - d. Nokia
4. Who is primarily credited for Loss function concept?
 - a. Shewhart
 - b. Taguchi
 - c. Fisher
 - d. Taylor
5. Which one is not traditional concept of quality?
 - a. Some minor defects and deviations are acceptable.
 - b. Low quality is due to poor working people.
 - c. Higher quality means higher costs, reduced profits.
 - d. Higher quality creates higher profits.
6. Which is a false statement?
 - a. Process capability study for process qualification is a prevention cost.
 - b. Set-up inspection is a prevention cost.
 - c. Employee training cost is a prevention cost.
 - d. Product quality planning cost is a prevention cost.
7. According to the modern concept of quality, which statement is false?
 - a. The quality control department is a separate unit, checking the finished products.
 - b. Improve the processes in advance to eliminate the reasons for the low quality.
 - c. Low quality is due to poor labor management.
 - d. Sincere evaluation and respect for people is the key to higher quality.
8. According to six sigma, the nonconformance rate per- million unit is:
 - a. 3.4
 - b. 3.64
 - c. 3.6
 - d. 3.54
9. Total Quality Management (TQM) focuses on
 - a. Employee
 - b. Customer
 - c. Supplier
 - d. All of the above

10. Which statement do you disagree to?
- Delighted customer produces a 'wow' reaction.
 - Delighting the customers will lead to repurchase behaviour or customer loyalty.
 - Customer delight is, to take great pleasure or joy.
 - A delighted customer is high price sensitive.
11. Which statement is true?
- Customer never defines quality.
 - Quality is not strategic issue.
 - Quality is the responsibility of quality control department.
 - Top management must provide the leadership for quality.
12. To find out dissatisfiers. The best starting point is:
- Market Research
 - Benchmarking
 - Brainstorming
 - Customer complaints
13. Who is known as a father of modern-day statistical quality control? Select correct option:
- Shewhart
 - Deming
 - Juran
 - Crosby
14. What is quality? Select correct option:
- Meeting and exceeding the customer's expectations
 - Adding factors to make the customer happy
 - The degree to which the project meets requirements
 - Conformance to management's objectives
15. According to Deming, Quality problems appear _____.
- Due to management
 - Due to method
 - Due to machine
 - Due to material
16. Quality is the free statement of
- Deming
 - Juran
 - Crosby
 - Ishikawa
17. The concept of Just-in Time (JIT) was originated in:
- the U.S.A.
 - Japan
 - German
 - the U. K.
18. While setting Quality objective, _____ must be considered.
- Customer needs
 - Organizational needs
 - Supplier needs
 - Worker needs
19. Improving quality through small, incremental improvements is a characteristic of what type of quality management system?
- Just-in-time
 - Six-Sigma
 - TQM
 - Kaizen
20. To achieve the objectives and stimulate innovation, an organization should encourage _____.
- the involvement of its human resource
 - the involvement of its process
 - the involvement of its system
 - the involvement of its capital

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SECTION B: SHORT ANSWER QUESTIONS (5X6 = 30 MARKS)

Answer any **FIVE** questions:

1. Describe the concept of quality with reference to a product. Why is quality important? [6]
2. Differentiate between kaizen and innovation [6]
3. Write about quality management and improvement initiatives in Nepal. [6]
4. Write down the contribution of Deming. [6]
5. Describe controlled variables and uncontrolled variables in experimental design with suitable examples and its application in Nepalese manufacturing industry. [4 + 2]
6. Describe the cause-and-effect diagram with the help of a suitable example.
7. Write short notes (on any two):
 - a. Scatter diagram [3]
 - b. NS Certification [3]
 - c. European quality award [3]

SECTION C: LONG ANSWER QUESTIONS (2X15 = 30 MARKS)

Answer any **TWO** questions:

8. Output depends on input and conversion process, material supplied by suppliers; and also employees play significant role in the conversion process. Give your advice to top level executives of a Nepalese manufacturing organization describing how it can build competitive advantage from supplier and existing employee. Include some recommendations of suitable policy and programs in this connection. [7 + 8]
9. ABC Manufacturing Organization is provided following data.

Sample number	Measurements in length cm				
	1	2	3	4	5
1	42	65	75	78	74
2	39	44	80	81	85
3	41	54	68	77	80
4	59	89	90	98	84
5	62	78	61	94	99
6	67	73	81	95	67

- Required: Draw control charts for mean and range. Is the process under control? [6 + 7 + 2]
10. Appraisal cost never increases quality of product and external failure cost is higher risky than internal failure cost. Give your own opinion regarding of above statements. [8 + 7]

SECTION D: CASE STUDY (20 MARKS)

11. Read the Case given below and answer the following questions:

A Toyota quality is about catering to customers. The business plan is called the Toyota Touch, because it calls for a long-term philosophy placing the customer first. In achieving quality, Toyota pays close attention to the people it brings into the fold. At Toyota Motor Manufacturing plant in Canada, applicants had to demonstrate communication skill, departmental flexibility, the ability to work in teams, and the initiative to seek the ability to work in teams and the initiative to seek out weakness and improve them. "We wanted people who wanted to do things differently," recalled Bill Taylor,

Toyota's vice-president of manufacturing. Experience in the auto industry was not a prerequisite. In fact, Taylor was among the few employees who could claim any such experience. The plant in Canada is responsible for part of Toyota's success there. It is equipped with up-to-date machinery and is clean and well-lit. Local competitors, such as Honda Canada Inc. Hyundai and Cami Automotive Inc. (a joint venture between General Motor and Suzuki Motors Co.) do not enjoy the same benefits. Most important, however, is the Toyota touch philosophy, which is interwoven into all operations. Decorating the wall are signs such as. "Customer satisfaction: the heart out of business". At Toyota though "customer" is a word defined very generally. Managers do not expect initial line workers to be thinking about the end-user all the way down the line. "My customer is the person in front of me," noted line worker Victoria Schumacher. "And I'm the customer of the person before me." This shows the respect co-workers in the company. For example, when an error occurs, the line stops and the workers together attempt to fix it. There is no blame-throwing or sulking. "What is significant is what the team does with the problem after the line is stopped," explained Taylor. "No one points a finger at the worker responsible for the problem. Instead, the team focuses its energy on the problem. You have to give people room to solve problems themselves. At the same time, Toyota uses errors to the company's benefit through the Japanese process of kaizen, or continuous improvement. "When a team sees a problem, it comes up with a better way to do the job," noted AdriaanKorstanje, manager of public affairs.

Evidence of kaizen is scattered throughout the Toyota plant. For example, the air-driven tracks from which power tools hang-within workers' comfortable reach-resulted from a worker's suggestion. And it was the company's maintenance team that built the tracks. Workers also come up with the idea for the set of rollers that batteries slide down, making the job easier for the workers who install batteries in cars.

Kaizen has also come in the form of challenges to employees. Unlike other North American auto manufactures, Toyota does not employ a single industrial engineer. Instead, Toyota relies on Toyota employees. In 1990, when the company wanted to increase productivity from 50,000 to 65,000 cars a year, management challenged employees to make it happen. Through Kaizen, employees were able to improve processes and reduce total production time by 30 seconds a car, a significant reduction.

The philosophy of Kaizen extends also to the administrative offices. A sense of community exists among the 200 administrative employees, most of whom work in a single open room approximately the size of a gymnasium. " It took some adjustment", commented Bill Easdale, senior vice president of administration and former vice-president of personnel and industrial relations at de Havil and Aircraft of Canada Ltd. " I came from an organization where the executive offices were big and leather-lined, and has their own washrooms. We had secretaries who watched over our appointments. Here, if people have a question, they just walk up to your desk. It gets a little noisy at times but I welcome the change. The biggest difference is that my own productivity has dropped, but the productivity of the people who work with me has gone way up. And that's the way it should be, " At Toyota, quality is not about superficial glamour inside the plant. Rather, it is about the way managers treat employees, co-workers treat one another, and the company treats its customers. It is a way of life.

Questions:

- a. What is the meaning of Toyota touch? Explain the importance of the Toyota Touch philosophy. [5]
- b. What are the factors that lead to Toyota's success in Achieving high level of quality? [5]
- c. How has Toyota emphasized on customer satisfaction and respect to people? [5]
- d. Explain the Kaizen practices in Toyota for continuous improvement. [5]

THE END

Mid-West University
Examinations Management Office
Surkhet, Nepal
End-Semester Examination-2080
Master of Business Administration (MBA)
Semester - III

Roll No.

Subject: Corporate Law
Full Marks: 100 Pass Marks: 50

Course Code: MGT 535
Time: 4:00 Hours

SECTION A: MULTIPLE CHOICE QUESTIONS (20 × 1 = 20 MARKS) / (TIME: 20 MINUTES)

Tick the **best** answers.

1. The remedy available in case of the breach of a negative term of the contract:
 - a. suit for specific performance
 - b. suit for quantum meruit
 - c. suit for injunction
 - d. suit for rescission
2. Pam agreed to sell beans to Nanu and promised that they were Mexican beans. It turned out that they were kidney beans. Nanu could challenge the contract for:
 - a. breach of contract
 - b. mistake
 - c. undue Influence
 - d. misrepresentation
3. What are the types of liquidation?
 - a. Mandatory and voluntary
 - b. Compulsory and mandatory
 - c. Regulatory and proceedings
 - d. Compulsory and voluntary
4. Delegated legislation is
 - a. made by Judiciary
 - b. made by Parliament
 - c. made by Executives
 - d. made by foreign country
5. A contract can be made
 - a. impliedly
 - b. verbally
 - c. writing
 - d. all of the above
6. A private limited company can issue its shares to the public provided
 - a. it increases its capital
 - b. it converts itself in public limited company
 - c. it increases the number of shareholders
 - d. it resolves a decision through Annual General Meeting to issue in the public
7. Interns can be hired by
 - a. publishing vacancy announcement
 - b. head hunt by HR department
 - c. entering into agreement between the company and educational institution
 - d. none of the above
8. Female employees get days as a public holidays in a year
 - a. 13
 - b. 14
 - c. 12
 - d. 15
9. A limited liability is
 - a. liability limited to the number of purchased shares
 - b. liability limited to the work instructed
 - c. liability towards the employees
 - d. liability towards the shareholders

10. Force majeure means
- a. force used by the government
 - b. act of God
 - c. force of public
 - d. major force used by the police
11. How many days does labor law provide for fathers as paternity leave?
- a. 10 days
 - b. 15 days
 - c. 21 days
 - d. 12 days
12. 'Benefit and Detriment' are the elements of
- a. acceptance
 - b. consideration
 - c. free consent
 - d. none of the above
13. The basis of partnership business is
- a. partnership agreement
 - b. registered certificate
 - c. memorandum of association
 - d. articles of association
14. IPO means
- a. Initial public offering
 - b. International public organization
 - c. Intentional public office
 - d. Initial public organization
15. FITTA means
- a. Foreign Investment and Technology Transfer Act
 - b. Foreign Investment and Transfer and Technology Act
 - c. For Information Technology Transfer Act
 - d. Foreign Information on Technology Talk Association
16. What do you mean by equity investment?
- a. Investment in shares
 - b. Investment in technology
 - c. Investment in loan
 - d. None of the above
17. If an employee is absent for 30 days without approval shall be
- a. warned
 - b. increment shall be deducted
 - c. terminated
 - d. suspended
18. That international women's day is a compulsory leave is.....
- a. true
 - b. false
 - c. only for women
 - d. for both men and women
19. MOA means
- a. Memorandum of Association
 - b. Means of Agreement
 - c. Meeting of Association
 - d. None of the above
20. Invitation of offer is
- a. making actual offer
 - b. inviting someone to make an offer
 - c. accepting an invitation
 - d. counter offer

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Time: 4:00 Hours

You are required to answer in your own words as far as applicable. The figures in the margin indicate full marks.

SECTION B: SHORT ANSWER QUESTIONS (5X6 = 30 MARKS)

Answer any *FIVE* questions:

1. How mediation is different from arbitration in resolving commercial disputes?
2. Define law and its sources.
3. In what way do patents and trademarks have different protection clauses?
4. Define the doctrine of caveat emptor with an example.
5. What are the usual agendas taken to the annual general meeting of a company?
6. What are the criteria to keep interns in an organization?
7. Define limited liability..

SECTION C: LONG ANSWER QUESTIONS (2X15 = 30 MARKS)

Answer any *TWO* questions:

8. It is said that 'leaves are not a matter of right, but they are just facilities'. However, there are exceptions to this rule. Explain with appropriate provisions of labor laws on leaves.
9. How does a board of directors play a role in the governance of the company?
10. Explain the nature and the types of intellectual property

SECTION D: CASE STUDY (20 MARKS)

11. Read the **Case** given below and answer the following question:

A seller and a buyer entered into a contract for the sale of textiles. The seller provided samples of its fabrics to the buyer, on the basis of which the latter determined its collection of sandals to be presented to its customers. After selecting a certain fabric, the buyer placed an order. However, the seller proposed a substitute for the ordered fabric and, shortly after that, it communicated the impossibility of delivery unless a larger quantity of fabric was ordered. After refusing both these offers, the buyer deducted its lost profits for the non-production of the sandals with the unavailable fabric from one of the invoices due to the seller. The seller claimed the complete payment of all the invoices, while the buyer counterclaimed damages for breach of contract alleging the late delivery of several fabrics and the non-delivery of the specific fabric.

The binding character of the contract principle says that: 'A contract validly entered into is binding upon the parties. It can only be modified or terminated in accordance with its terms or by agreement or as otherwise provided in these Principles.'

- a. Analyze the facts and resolve as per the remedies of contract.

[20]

THE END

Mid-West University
Examinations Management Office
Surkhet, Nepal
End-Semester Examination-2080
Master of Business Administration (MBA)
Semester - III

Roll.No.

Subject: Organizational behavior
Full Marks: 100 Pass Marks: 50

Course Code: MGT 535.
Time: 4:00 Hours

SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 20 = 20 MARKS)/ (TIME: 20 MINUTES)

Tick the *best* answers.

1. Which one of the following statements is true regarding perception?
 - a. Perception of reality is independent of one's personality.
 - b. Our perception of a target is not affected by the context of the situation in which the perception is made.
 - c. Our perception of reality can be different from the objective reality.
 - d. Our perception of reality is independent of our past experiences.
2. Which one of the followings is an example of internally caused behavior?
 - a. An employee was late for a team meeting because of a heavy downpour.
 - b. An employee was laid off because the company was attempting to cut costs by laying off employees.
 - c. An employee was fired from work because they violated a company policy.
 - d. An employee could not attend an interview because of a delayed flight.
3. Under ERG theory, "R" stands for _____
 - a. rationality
 - b. responsibility
 - c. remuneration
 - d. relatedness
4. Operant conditioning argues that.....
 - a. behavior is reflexive
 - b. behavior is unlearned
 - c. behavior is a function of its consequences
 - d. the tendency to repeat a behavior is very strong
5. Organisation structure primarily refers to
 - a. how activities are coordinated and controlled
 - b. how resources are allocated
 - c. the location of departments and office space
 - d. the policy statement developed but the firm
6. Praveen is dissatisfied with his job but believes that his supervisor is a good man who will do the right thing. Praveen has decided that if he just waits, conditions will improve. Praveen's approach to this problem is termed as:
 - a. exit
 - b. voice
 - c. loyalty
 - d. neglect
7. Mr. Sajeev rated Mr. Rajiv high in his job evaluation because both belong to the same area and graduated from the same university. It is an example of:
 - a. central tendency
 - b. halo effect
 - c. similar-to-me effect
 - d. misperception

8. On which of the following problems, an OB study would be least likely to be used to focus?
 - a. An increase in absenteeism at a certain company
 - b. A fall in productivity in one shift of a manufacturing plant
 - c. A decrease in sales due to growing foreign competition
 - d. An increase in theft by employees at a retail store
9. Which one of the following is not an attribute of physiological individual difference?
 - a. Appearance
 - b. Complexion
 - c. Attitude
 - d. Body shape
10. _____ is the attractiveness of the members towards the group or resistance to leave it
 - a. Group norms
 - b. Group behavior
 - c. Group cohesiveness
 - d. Group structure
11. What is the most relevant application of perception concepts to OB?
 - a. The perceptions people form about each other
 - b. The perceptions people form about their employer
 - c. The perceptions people form about their culture
 - d. The perceptions people form about society
12. Which of the following is not correct for the organizational behavior?
 - a. Organizational behavior is an integral part of management
 - b. Organizational behavior is a disciplinary approach
 - c. Organizational behavior helps in analysis of behavior
 - d. Organizational behavior is goal-oriented
13. Satish has a low absenteeism rate. He takes the responsibility for his health and has good health habits. He is likely to have a(an):
 - a. internal locus of control
 - b. external locus of control
 - c. core locus of control
 - d. high emotional stability level
14. Belief, opinion, knowledge, emotions feelings intention are the components of
 - a. OB
 - b. job satisfaction
 - c. attitude
 - d. personality
15. Charismatic leaders are perceived as initiators and managers of change rather than custodians of the status quo.
 - a. True
 - b. False
16. Some of OB's challenges and opportunities include all of the following except
 - a. reinforcing the importance of traditional methods of management
 - b. offering specific insights to improve interpersonal and people skills
 - c. helping us learnt to cope in a continues changing world
 - d. facilitating the improvement of quality and employee productivity
17. Components of attitude can majorly be segregated in to _____ types
 - a. 7
 - b. 4
 - c. 3
 - d. 6

18. Which one of the following statements is valid regarding shared organisational values?
- a. The international values influence shared organisational values
 - b. Shared organisational values are distinct for various components of a diverse workforce
 - c. Shared organisational values are unconscious wants or affective desires that guide the behaviour of the society
 - d. Shared organisational values are a myth
19. "Values determine the extent to which individuals accept organisational pressure and goals."
This statement implies that
- (I) employees are not bothered by organisational values.
 - (II) employees look for consistency between their values and organization's values.
 - (III) employees may even quit the organization.
- a. (I), (II), and (III) can be implied from the given statement.
 - b. (I) and (III) can only be implied from the given statement.
 - c. (II) and (III) can only be implied from the given statement.
 - d. (I) and (II) can only be implied from the given statement.
20. Factors that may prevent dissatisfaction is
- a. motivators
 - b. intrinsic needs
 - c. hygiene factor
 - d. achievement

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Subject: Organizational behavior
Full Marks: 100 Pass Marks: 50

Course Code: MGT 535.
Time: 4:00 Hours

You are required to answer in your own words as far as applicable. The figures in the margin indicate full marks.

SECTION B: SHORT ANSWER QUESTIONS (5X6 = 30 MARKS)

Answer any **FIVE** questions:

1. 'Resolving conflict is an especially important skill. Our personal conflict resolution styles help us understand how we individually approach conflict resolution. But effective conflict management also involves recognizing and altering underlying structural sources of potential conflict'. Comment.
2. How does individual's perception affect decision making process?
3. 'Changing an organization's culture is feasible but difficult'. Do you agree? Why?
4. Present the modern organisational structures that an organisations can adopt.
5. You are a CEO of a multi-unit company. In one of your unit's performances has been declining rapidly for the last six months. Although the unit head is committed manager, he cannot do much, because according to him, even though the managers individually are responsible, they lack some technical computer knowledge, and do not function as a team. What are the OB issues and challenges involved in this and what will you do and why?
6. Describe a situation where you used teamwork to overcome a challenge in an organisational setting.
7. "Attitudes are important because they affect job behavior". Explain.

SECTION C: LONG ANSWER QUESTIONS (2X15 = 30 MARKS)

Answer any **TWO** questions:

8. 'Leader's behaviour should be adjusted to the maturity level of the followers'. Based on the statement explain the Situational Leadership Theory with examples.
9. "People have often researched what it is that makes us behave the way we do. Behaviors can come from different influences like environmental factors or personality traits". Discuss how leaders can use the big five traits to motivate employees in the light of the statement.
10. Review the hygiene and motivators in the two-factor theory of motivation. Do you agree to the distinction between hygiene factors and motivators? Are there any hygiene factors that you would consider to be motivators?

SECTION D: CASE STUDY (20 MARKS)

11. Read the **Case** given below and answer the following questions:

Gideon is 28 years old and lives in Uppingham with his young family. He commutes to his job on the mainline train into St Pancras station. He's worked in The City throughout his early career in finance. He goes on to work for a well-known global hedge fund management company and has responsibility for the management of several funds.

Recently Gideon's team had been downsized, resulting in more work and more pressure being placed upon him. He now takes on the day-to-day activities of not only his own portfolios, but also those of the people who have left. The downsizing wasn't discussed with anyone in the team, and to increase the workload on him even further, the management firm recently acquired new clients through the takeover of a smaller US-based fund management company, some of whom have very

diverse portfolios and demanding needs. The increased pressure and demand was all getting a bit too much for Gideon to cope with as one of the difficulties was his newly-acquired US clients only operate after 2pm UK time which meant a lot of his communication had to be done late afternoon and into the evenings, to coincide with US-time zones.

Gideon was working all hours, getting up at 5.30am to get the 6.30am commuter train into London, working through his lunch and working late into the evenings. He never saw his family anymore and at weekends he was too tired to do anything but sleep. His health was suffering, his sleep was disturbed, and he felt anxious, acting out of character, being short-tempered as he was always thinking about meeting core deadlines and performance ratios. His work life balance had dissolved. The firm had put so much pressure on him to ensure high fund performances across the portfolio that he was very stressed and scared of appearing weak at work if he mentioned this to his employers. Gideon knew that people had been axed from his team, so to make fuss could point the finger at him being next for redundancy! He kept quiet for several months, but in the end, he cracked under the burden of work and demands placed on him.

His 'burn-out' meant that he virtually collapsed mentally and couldn't cope with even minor tasks. His speech was affected, he could not eat, sleep or socialize at all. He had lost all his confidence in himself. The anxiety and stress of work had taken so much out of him that he was a shadow of his former self and the colleagues around him were quick to ignore his plight. The signs were obvious, he was not acting himself at all, but no one took any notice.

After finally acknowledging to himself that he was not himself and arranging to see his GP, he was signed off for 3 weeks for Stress at Work. Upon telling his work he had been certified unfit for 3 weeks his HR Manager rang him to discuss his condition. They took very little notice of the reasons behind his illness, and instead turned the situation on him, saying that it was his own illness which had contributed to him performing badly at work, and not their incompetence of managing workflows or people effectively. They blamed being disorganized and that 'he had taken his eye off the ball' they were not sympathetic to his situation whatsoever despite him making it abundantly clear what the causes of his stress, anxiety and depression were and how he could not continue working at the same pace.

During his 3 weeks off, his employer placed Rupert, a colleague into his role (a career-hungry fund manager) and made it clear that he had been doing an amazing job in Gideon's absence, and that his job would soon be advertised on the internal noticeboard if he wasn't coming back to the office at the end of his 3 week period of convalescence. The threat of losing his job angered Gideon and the whole situation seemed very unfair to him. In his mind, his situation and associated stress problems were all the employer's making and that they simply weren't holding themselves accountable. All the employer was interested was getting the job done. They had no time to spare a thought about the impact of their drive was having on Gideon. They did not consider they had any duty to look after Gideon. In fact, they were angry at Gideon for not being at work. Gideon did not return to work where his employer wrote to him to advise that his role was no longer available, serving him with his statutory notice period as his employment had been terminated.

Gideon's wife had heard about Lawson-West's employment law team from a friend and recommended he contact us. We immediately went into action, listening to Gideon about his employer's inability to manage his stress in the workplace and that they were in fact contributory to it and then unilaterally dismissing him. It was clear to our team that Gideon had not been treated fairly. His employer had failed to follow any of the guidelines of the ACAS Code, or the fairness defined in Employment Law when unfairly dismissing him. Gideon's employer also had not considered the possibility that Gideon may suffer from a Disability and that the dismissal could have been an act of discrimination.

Lawson-West supported Gideon under a No Win No Fee Agreement to fight his case. The case threatened to go all the way to the Employment Tribunal, but, because of the strength of evidence against the employer, and Gideon's ability to demonstrate that there had been no justifiable reason for his dismissal and that any performance related difficulties the employer tried to suggest could be

refuted as this was only because of their failures of care towards him, they managed to reach an agreement.

Gideon now works for a niche fund management company in Aldgate and enjoys working alongside his new colleagues who all embrace relaxing with a glass of wine or two on a Friday evening in their favourite City wine bar – a far cry from the Friday nights of working intense hours he had experienced before.

- a. What are the few of the symptoms of work related stress in the case? Explain your reasons.
- b. Do you think Gideon overcomes hedge fund stress and being unfairly dismissed? Why?

THE END

Mid-West University
Examinations Management Office
Surkhet, Nepal
End-Semester Examination-2080
Master of Business Administration (MBA)
Semester - III

Subject: International Business Strategy
Full Marks: 100 Pass Marks: 50

Roll No.....
Course Code: MGT 536
Time: 4: 00 Hours

SECTION A: MULTIPLE CHOICE QUESTIONS (20 × 1 = 20 MARKS) (TIME: 20 MINUTES)

Tick the *best* answers.

1. A tax on goods imported into a country is....
 - a. VAT
 - b. tariff
 - c. depreciation
 - d. charge
2. Which one of the followings is not the developed economy?
 - a. Canada
 - b. Japan
 - c. The United States
 - d. Bangladesh
3. Free market, planned and mixed economies are the types of
 - a. economic system
 - b. political system
 - c. cultural system
 - d. social system
4. The theory of absolute advantage is given by....
 - a. Adam Smith
 - b. David Ricardo
 - c. Ohlin and Heckscher
 - d. FW Taussig
5. Global sourcing refers to ...
 - a. buying raw materials from the companies outside home country
 - b. buying services from the companies outside home country
 - c. buying components from the companies outside home country
 - d. all of the above
6. Which one was established on 1st Jan. 1995?
 - a. IMF
 - b. WTO
 - c. GATT
 - d. ITO
7. The theory of comparative advantage is given by.....
 - a. Adam smith
 - b. David Ricardo
 - c. Ohlin and Heckscher
 - d. None of the above
8. The Goods or service purchased and brought in from another country is...
 - a. export
 - b. import
 - c. franchise
 - d. licensing
9. Ultimately WTO was formed by replacing.....
 - a. ITO
 - b. GATT
 - c. IMF
 - d. ADB
10. The business activity that occurs within one country is known as:
 - a. foreign trade
 - b. domestic business
 - c. international business
 - d. a trade barrier

11. What occurs once imported goods is more than exported one?
 - a. Trade deficit
 - b. Trade barrier
 - c. Trade surplus
 - d. NoneOf above
12. Which one of following trade policies limits the specified quantity of goods to be imported?
 - a. Quota
 - b. Anti-dumping
 - c. Revenue tariff
 - d. None of the above
13. The outsourcing of components is an example of the globalization of.....
 - a. production
 - b. purchase
 - c. marketing
 - d. all of the above
14. A Multinational Corporation (MNC) is defined by.....
 - a. carrying out the production in more than one country
 - b. having the sales in more than one country
 - c. having a multi ethnic workforce
 - d. having the suppliers in more than one country
15. Which one of the following modes of entry permits the greatest degree of control over overseas operation?
 - a. Licensing
 - b. Wholly owned subsidiary
 - c. Franchising
 - d. Management contracting
16. The cooperative agreement between potential or actual competitors is.....
 - a. licensing
 - b. joint venture
 - c. strategic alliances
 - d. assembling
17. Which one is the type of political system?
 - a. Organized
 - b. Democratic
 - c. Controlled
 - d. Planned
18. The regional trade agreement is the treaty signed by countries to.....
 - a. encourage the free movement of goods and services across borders
 - b. discourage the free movement of goods and services across borders
 - c. encourage the free movement of goods and services within borders
 - d. None of the above
19. Which one of the followings is the international trade?
 - a. Trade between districts
 - b. Trade between countries
 - c. Trade between provinces
 - d. None of the above
20. The market wherein exchange rates sell and buy and one's prices resolve on is called the.....
 - a. international capital market
 - b. international bond market
 - c. foreign exchange market
 - d. all of the above

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Time: 4: 00 Hours

You are required to answer in your own words as far as applicable. The figures in the margin indicate full marks.

SECTION B: SHORT ANSWER QUESTIONS (5X6 = 30 MARKS)

Answer any **FIVE** questions:

1. Based on your understanding, define regional economic integration and discuss the benefits of it for member countries. [2+4]
2. What is currency and foreign exchange? Why are they so important to international business? [3+3]
3. Based on what you have learned about barriers to international trade, discuss the different types of international trade barriers? [6]
4. Discuss the cost and benefits of FDI for the host and home country with examples. [3+3]
5. Why are the World Bank and the IMF relevant for global businesses? [6]
6. Define WTO and discuss its importance to global trade. Do you think that WTO was essential to promoting world trade or would we be in the same place today without it? Why or why not? [1+2+3]
7. Discuss the types of control mechanisms applied in international business? [6]

SECTION C: LONG ANSWER QUESTIONS (2X15 = 30 MARKS)

Answer any **TWO** questions:

8. If you were the manager of global business development for a new consumer-products firm, How would you review the prospects for Nepal? Use the information available to you to support your answer. Does Nepal offer a growing and strong market for consumer products? Is the government stable? Is the economy stable? Are the legal, political, and economic institutions transparent and have the concerned reforms been effective? How would you evaluate market and its potential customers? What concerns would you express to your management? [15]
9. How would you describe the modern challenges and complexities in international business domain? Present a descriptive list of their possible solutions or remedies? [7+8]
10. One of your friends is working for a US business that is evaluating whether it should go internationally. You have been asked to present the pros and cons of going internationally. Your friend knows that you are studying international business and has asked you for guidance based on what you have learned. Suggest him about the methods/modes available for local businesses to go internationally. [15]

SECTION D: CASE STUDY (20 MARKS)

11. Read the Case given below and answer the following questions:

General Electric, the company that Thomas Edison founded, and now the largest industrial conglomerate in America, produces a wide array of goods and services, from medical equipment, power generators, jet engines, and home appliances, to financial services and even television broadcasting (GE owns NBC, one of America's big three network broadcasters). This giant company with revenues of close to \$180 billion is no stranger to international business. GE has been operating and selling overseas for decades. During the tenure of legendary CEO Jack Welch, GE's main goal was to be number 1 or 2 *globally* in every business in which it participated. To further this goal, Welch sanctioned an aggressive and often opportunistic foreign direct investment strategy. GE took advantage of economic weakness in Europe from 1989 to 1995 to invest \$17.5 billion in the region, half of which was used to acquire some 50 companies. When the Mexican *peso*

collapsed in value in 1995, GE took advantage of the economic uncertainty to purchase companies throughout in Latin America. And when Asian slipped into a major economic crisis in 1997–1998 due to turmoil in the Asian currency markets, Welch urged his managers to view it as a buying opportunity. In Japan alone, the company spent \$15 billion on acquisition in just six months. As a result, by the end of Welch's tenure in 2001, GE earned over 40 percent of its revenues from international sales, up from 20 percent in 1985.

Welch's GE, however, was still very much an American company doing business abroad. Under the leadership of his successor, Jeffery Immelt, GE seems to be intent on becoming a true *global* company. For one thing, international revenues continue to grow faster than domestic revenues, passing 50 percent of the total in 2007. This expansion is increasingly being powered by the dynamic economies of Asia, particularly India and China. GE now sells more wide-bodied jet engines to India than in the United States, and GE is a major beneficiary of the huge infrastructure investments now taking place in China as that country invests rapidly in airports, railways, and power stations. By 2012, analysts estimate that GE will be generating 55 to 60 percent of its business internationally. To reflect the shifting center of gravity, Immelt has made some major changes in the way GE is organized and operates. Until recently, all of GE's major businesses had head offices in the United States and were tightly controlled from the center. Then in 2004, GE moved the head office of its health care business from the United States to London, the home of Amersham, a company GE had just bought. Next, GE relocated the headquarters for the unit that sells equipment to oil and gas companies to Florence, Italy. And in 2008, the company moved the headquarters for GE Money to London. Moreover, it gave country managers more power. Why is GE doing this? The company believes that to succeed internationally, it must be close to its customers. Moving GE Money to London, for example, was prompted by a desire to be closer to customers in Europe and Asia. Executives at GE Health Care like London because it allows easier flights to anywhere in the world. GE has also shifted research overseas. Since 2004 it has opened R&D centers in Munich, Germany; Shanghai, China; and Bangalore, India. The belief is that by locating in those economies where it is growing rapidly, GE can better design equipment that is best suited to local needs. For example, GE Health Care makes MRI scanners that cost \$1.5 million each, but its Chinese research center is designing MRI scanners that can be priced for \$500,000 and are more likely to gain sales in the developing world. GE is also rapidly internationalizing its senior management. Once viewed as a company that preferred to hire managers from the Midwest because of their strong work ethic, foreign accents are now frequently heard among the higher ranks. Country managers, who in the past were often American expatriates, increasingly come from the regions in where they work. GE has found that local nationals are invaluable when trying to sell to local companies and governments, where a deep understanding of local language and culture is often critical. In China, for example, the government is a large customer, and working closely with government bureaucrats requires a cultural sensitivity that is difficult for outsiders to gain. In addition to the internationalization of their management ranks, GE's American managers are increasingly traveling overseas for management training and company events. In 2008, in a highly symbolic gesture, GE Transportation, which is based in Erie, Pennsylvania, moved its annual sales meeting to Sorrento, Italy from Florida. "It was time that the Americans learnt to deal with jet lag," according to the head of the unit.

Questions

- a. Why do you think GE has invested so aggressively in foreign expansion? What opportunities is it trying to exploit? [4+3]
- b. What is GE trying to achieve by moving some of the headquarters of its global businesses to foreign locations? How might such moves benefit the company? Do these moves benefit the United States? [2+2+3]
- c. What is the goal behind trying to "internationalize" the senior management ranks at GE? What do you think it means to "internationalize" these ranks? [3+3]

THE END