

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

R.No.....

Subject: Strategic Management  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 531  
Time: 4:00 Hours

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

Tick the *best* answers.

1. The fundamental purpose for the existence of any organization is described by its:
  - a. policies
  - b. mission
  - c. procedures
  - d. strategy
2. The fundamental purpose of an organization's mission statement is to:
  - a. create a good human relations climate in the organization
  - b. define the organization's purpose in society
  - c. define the operational structure of the organization
  - d. generate good public relations for the organization
3. The acronym SWOT stands for:
  - a. special weapons for operations timeliness
  - b. strengths weaknesses, opportunities and threats
  - c. services worldwide optimization and transportation
  - d. strengths worldwide overcome threats
4. Which one of the followings is not a characteristic of strategic management that makes it different from other types of management?
  - a. It is interdisciplinary.
  - b. It has an external focus.
  - c. It has an internal focus.
  - d. It concerns the present direction of the organization.
5. Which one of the followings is an issue considered in developing corporate strategies?
  - a. What business(es) are we in?
  - b. What direction are we going?
  - c. What resources do we have to implement our strategies?
  - d. What businesses are we in and what to do with those businesses?
6. Which one of the followings is NOT a major element of the strategic management process?
  - a. Formulating strategy
  - b. Implementing strategy
  - c. Evaluating strategy
  - d. Assigning administrative tasks
7. The term strategy is derived from a \_\_\_\_\_ word 'strategos'
  - a. Latin
  - b. Greek
  - c. Chinese
  - d. German
8. The term strategy is derived from the word 'strategos' which means:
  - a. tactics
  - b. leadership
  - c. generalship
  - d. management

9. The different levels of strategic decision making and strategy formulation in any organization does not include :
- a. financial
  - b. corporate
  - c. functional
  - d. business
10. The role of stakeholders includes :
- a. direct management
  - b. decision making
  - c. investments
  - d. all of the above
11. The corporate level is where top management directs:
- a. all employees for orientation
  - b. its efforts to stabilize recruitment needs
  - c. overall strategy for the entire organization
  - d. overall sales projections
12. Which one of the followings is NOT included in the Porter's Five Forces Model:
- a. potential development of substitute products
  - b. bargaining power of suppliers
  - c. rivalry among stockholders
  - d. rivalry among competing firms
13. What is meant by the term 'Stakeholder'?
- a. A person who is not related with a business.
  - b. A person who is related with a business.
  - c. A person who owns a business.
  - d. A person who purchases the shares of a business.
14. The goal of the organization's \_\_\_\_\_ is to capture the hearts and minds of employees, challenge them, and evoke their emotions and dreams.
- a. vision
  - b. mission
  - c. culture
  - d. strategy
15. A firm's mission :
- a. is a statement of a firm's business in which it intends to compete and the customers which it intends to serve.
  - b. is an internally-focused affirmation of the organization's financial, social, and ethical goals.
  - c. is mainly intended to emotionally inspire employees and other stakeholders.
  - d. is developed by a firm before the firm develops its vision.
16. The environmental segments that compromise the general environment typically will NOT include:
- a. demographic factors.
  - b. sociocultural factors.
  - c. substitute products or services.
  - d. technological factors.
17. An analysis of the economic segment of the external environment would include all of the followings except:
- a. interest rates.
  - b. international trade.
  - c. the strength of the U.S. dollar
  - d. the move toward a contingent workforce.
18. Product differentiation refers to the:
- a. ability of the buyers of a product to negotiate a lower price.
  - b. response of incumbent firms to new entrants.
  - c. belief by customers that a product is unique.
  - d. fact that as more of a product is produced the cheaper it becomes per unit.

19. Suppliers are powerful when:
- a. satisfactory substitutes are available.
  - b. they sell commodity products.
  - c. they offer a credible threat of forward integration.
  - d. they are in a highly fragmented industry.
20. The vision and mission statement can often be found:
- a. in the SEC report.
  - b. in annual reports.
  - c. on customer receipts.
  - d. on community news bulletins.

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

Answer any **FIVE** questions:

1. What do you mean by strategic management? What are the challenges to strategic management? Explain. [2+4]
2. Briefly describe the nature of external (macro) environment audit. [6]
3. Write a short essay on porter's five force model. [6]
4. What is organizational knowledge? What are the techniques of internal analysis? Discuss. [2+4]
5. Explain the components of a mission statement. [6]
6. Explain the process of strategic implementation [3+3]
7. Write short notes (on any two)
  - a. merger and acquisition
  - b. BCG matrix
  - c. Mc-Kinsey 75 model

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

Answer any **TWO** questions:

8. "Successful strategy formulation does not guarantee successful implementation". Do you agree or disagree to the statement? Support your answer. [15]
9. How can organization culture promote better strategy execution? Discuss with examples. [15]
10. Explain the importance of matching organization structure with organizational strategy. [15]

**SECTION D: CASE STUDY (20 MARKS)**

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

Everyone loves Mickey Mouse and Donald Duck. Walt Disney's two largest segments are Media Networks and Parks and Recreation. Media Networks consists of ABC, ESPN, Disney films, newly acquired Lucas film, and 35 radio stations, among others. Parks and Recreation includes the Walt Disney theme parks in the United States, France, China, and Hong Kong, and the more recent Disney cruise line. Disney operates three other divisions: Studio Entertainment, Consumer Products, and Interactive Media. Walt Disney's actual vision statement is "To make people happy." However, an improved, author-proposed vision statement for Disney is "To offer the best family entertainment in the world through theme parks, cruises, movies, and radio and television coverage of news and sporting events globally." Walt Disney's actual mission statement is "To be one of the world's leading producers and providers of entertainment and information. Using our portfolio of brands to differentiate our content, services and consumer products, we seek to develop the most creative, innovative and profitable entertainment experiences and related products in the world."

However, an improved, author proposed Disney mission statement is as follows:

We are on a mission every day to serve customers young and old with outstanding family entertainment. By offering popular theme parks and Disney TV programming to our newly acquired ABC, ESPN, and cruise lines, we provide well-diversified family entertainment worldwide. We use many Disney characters such as Mickey Mouse and Donald Duck to excite customers globally. We produce apps for smart phones in the Interactive Media division. We give back generously to our communities and offer many internships for deserving college students. Everything we do at Disney is possible because of our great employees and fans worldwide.

**Questions**

- a. In what ways is the proposed vision statement better than Disney's actual vision statement? Explain. [10]
- b. Give your impression regarding mickey mouse and donald duck. [10]

**THE END**

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R.No .....

Subject: Production and Operation Management  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 532  
Time: 4: 00 Hours

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

Tick the *best* answers.

- Which one of the followings would NOT be considered a model used by decision makers in operations management?
  - Mathematical
  - Physical
  - Supply
  - Schematic
- Which one of the followings is considered as an output during the transformation process?
  - Processes
  - High service percentage
  - Finances
  - Equipment
- The measurements taken at various points in the transformation process for control purposes are called:
  - feedback
  - control charts
  - tracking
  - cost control
- Which type of variation is the result of a deliberate choice of a business?
  - Assignable
  - Variety
  - Random
  - Seasonal
- Which strategy focuses on reducing the time needed to accomplish a task?
  - Time-base strategy
  - Quality-based strategy
  - Operative strategy
  - Global strategy
- Which answer describes a reason why some organizations fail?
  - Neglecting operation strategy
  - Failing to consider customer wants and needs
  - Neglecting investments in capital and human resource
  - All of the above
- Coordinating the internal and external operations applies to :
  - inventory management
  - flexibility
  - supply chain management
  - location
- This concept is defined as the consideration of events and trends that present threats or opportunities to a company?
  - Core competencies
  - Productivity
  - The Balanced Scorecard (BSC)
  - Environmental scanning
- What do you call plans for achieving organizational goals?
  - Mission
  - Goals
  - Tactics
  - Strategies
- Which one of the followings would not be an example of partial productivity measures?
  - Labor productivity
  - Economic productivity
  - Capital productivity
  - Energy productivity
- The assessment of the environmental impact of a product or service throughout its useful life is known as:
  - product liability
  - uniform commercial code
  - life cycle assessment
  - value analysis

12. Which one of the followings is NOT a phase in the product and service life cycle?
- a. Introduction
  - b. Growth
  - c. Conclusion
  - d. Research
13. Which term refers to a design that results in products or services that can function over a broad range of conditions?
- a. Robust Design
  - b. Global Product Design
  - c. Reverse Engineering
  - d. Concurrent Engineering
14. Which one of the followings is a feature(s) of fixed automation?
- a. Minimal variety of products
  - b. Low cost, high volume.
  - c. Specialized equipment for a fixed sequence of operation.
  - d. All of the above
15. An organization that adopts automation should consider:
- a. what level of automation is appropriate?
  - b. how changes should be managed?
  - c. what are the risks of automating?
  - d. all of the above.
16. ....involves the cost of preventing a defect from occurring.
- a. Appraisal Costs
  - b. Failure Costs
  - c. Fixing Costs
  - d. Prevention Costs
17. Which failures are discovered after delivery to customer?
- a. External
  - b. Internal
  - c. Prevention
  - d. Quality
18. Restructuring the bill of materials, so that multiple occurrences of a component will coincide with the lowest level at which the component occurs is known as:
- a. one-level coding
  - b. component minimizing
  - c. low-level coding
  - d. MRP minimization
19. ERP software provides:
- a. a system to capture and make data available in real time
  - b. a capability to assess the feasibility of a proposed plan
  - c. a set of tools for planning and monitoring business processes to achieve goals of the organization
  - d. A and C
20. Which one of the followings is NOT included in the billing of materials?
- a. Raw materials
  - b. Labor hours
  - c. Parts
  - d. Subassemblies

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

Answer any **FIVE** questions:

1. There are three primary ways to achieve competitive advantage. Provide an example of each. Support your choices. [5+1]
2. Given the following data describing a line-balancing problem at ABC Company develop a solution allowing a cycle time of 3 minutes.

Task	Time in minutes	Predecessor(s)
A	1	-
B	1	A
C	2	B
D	1	B
E	3	C, D
F	1	A
G	1	F
H	2	G
I	1	E, H

- a. What is the efficiency of that line? [2]
- b. How many units can be produced in a 480- minute day? [1]
- c. What is the idle time per day? [1]
- d. What is the theoretical number of work stations? [1]
- e. How many works stations are required to assign all tasks? [1]
3. Compare and contrast between factor rating method and locational break even analysis for selecting new location. [6]
4. Briefly explain the supply chain strategies. [6]
5. A manufacturing company purchases 9000 parts of a machine for its annual requirements, ordering one month's requirement at a time. Each part costs Rs 20. The ordering costs/order is Rs 15 and the carrying charges are 15% of the average inventory per year. You have been asked to suggest a more economical purchasing policy for the company. What advice would you offer, and how much would it save the company per year? [6]
6. Briefly explain the customer participation in the design of services with relevant examples. [6]

7. Five jobs go through two work centers, as shown below:

Job	Hours required	
	Varnishing (Center 1)	Painting (Center 2)
R	4	5
S	17	7
T	14	12
U	9	2
V	11	6

What is the appropriate sequence for these jobs? Also compute total idle time of two centers. [4+2]

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

Answer any **TWO** questions:

8. "The development of location strategy depends upon the type of firm being considered." Discuss with suitable examples. [15]
9. The development of a new deluxe version of a particular software product is being considered. The activities necessary for the completion of this project are listed in the table below along with their costs and completion times in weeks.

Activity	Normal Time	Crash Time	Normal Cost	Crash Cost	Immediate Predecessor
A	4	3	2,000	2,600	-
B	2	1	2,200	2,800	A
C	3	3	500	500	A
D	8	4	2,300	2,600	A
E	6	3	900	1,200	B, D
F	3	2	3,000	4,200	C, E
G	4	2	1,400	2,000	F

- a. What is the project expected completion date? [5]
  - b. What is the total cost required for completing this project on normal time? [5]
  - c. If you wish to reduce the time required completing this project by 3 weeks, which activity should be crashed, and how much will this increase the total cost? [5]
10. Auto pistons [155 mm] are produced in a forging process, and the diameter is a critical factor that must be controlled. From the sample sizes of 10 pistons produced each day, the mean and the range of this diameter have been as follows:

Day	Mean	Range
1	156.9	4.2
2	153.2	4.6
3	153.6	4.1
4	155.5	5.0
5	156.6	4.5

Construct the 3-sigma mean chart and range chart for this dimension using the sample data and comment the results.

[15]



## SECTION D: CASE STUDY (20 MARKS)

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

### Chatsworth – the adventure playground decision

Chatsworth, the home of the 12th Duke and Duchess of Devonshire, is one of the finest and most palatial houses in the UK, set in over 1,000 acres of parkland in the Peak District National Park in central England. The original house was built over 400 years ago and rebuilt starting in the 17th century. The house is vast, with 175 rooms, lit by over 2,000 light bulbs, and with a roof that covers 1.3 acres.

Chatsworth's many rooms are full of treasures including famous works of art by painters including Rembrandt, and tapestries, sculptures, valuable furniture, musical instruments and even 63 antique clocks which need winding every day.

The gardens cover over 105 acres with over five miles of footpaths that guide visitors past fountains, small and large (the largest is 28 metres high), cascades, streams and ponds, all of which are fed by gravity from four large artificial lakes on the moors above the grounds. The gardens are a mix of formal and informal areas. There are sculptures, statues, rock gardens, a maze and garden views that constantly change with the seasons, all managed and maintained by a team of 20 gardeners. Both the house and gardens are open from March to December and are just two of the experiences available to visitors. Others include the orangery gift shop, restaurant and farm shop, which are open all year round, and the surrounding parkland which is open to visitors for walking, picnics and swimming in the river. The whole estate is owned and managed by an independent charity.

Close to the house and gardens, with a separate admission charge, is the farmyard and adventure playground. The farmyard is a popular attraction for families and provides close encounters with a variety of livestock including pigs, sheep, cows, chickens and fish. The staff provide daily milking demonstrations and animal handling sessions. The woodland adventure playground is accessed through the farmyard and is one of the largest in the country with a range of frames, bridges, high-level walkways, swings, chutes and slides.

Simon Seligman is the Promotions and Education Manager at Chatsworth. As head of marketing he is closely involved in the design and development of new services and facilities. He explained the way they do this at Chatsworth.

'It is a pretty abstract and organic process. Looking back over the last 25 years we either take occasional great leaps forward or make frequent little shuffles. The little shuffles tend to be organic changes usually in response to visitor feedback. The great leaps forward have been the few major changes that we decided we wanted to bring about.'

One of those great leaps forward was the decision to replace the children's adventure playground attached to the farmyard. Simon explained, 'The existing adventure playground was clearly coming to the end of its life and it was time to make a decision about what to do with it. It was costing us about £18,000 each winter to maintain it and these costs were increasing year on year. We believed we could get a better one for around £100,000. The trustees asked me, the deputy estate manager with line responsibility for the farmyard and the farmyard manager to form a group and put forward a report to the trustees setting out all the options. We asked ourselves several detailed questions and some fundamental ones too, such as why are we replacing it, and should we replace it at all. We came up with four options, remove it, do nothing, replace with similar, replace with substantially better.' It was felt that removing the playground altogether was a realistic option. The Duke and Duchess had a view that Chatsworth should be true to its roots and traditions. Whereas one could make an argument

for a farmyard being part of a country estate, an adventure playground was considered to fit less well. The downside would be that the lack of an adventure playground, which is a big attraction for families with young children, could have an impact on visitor numbers. However, there would be a saving in terms of site maintenance.

The 'do nothing' option would entail patching up the playground each year and absorbing the increasing maintenance costs. This could be a low-impact option, in the short term at least. However, it was felt that this option would simply delay the replace or remove decision by five years at most. The current playground was no longer meeting international safety standards so this could be a good opportunity to replace the playground with something similar. It was estimated that a like-for-like replacement would cost around £100,000. Replacing the playground with a substantially better one would entail a much greater cost but could have an impact on visitor numbers. Simon and his team keep a close eye on their competitors and visit them whenever they can. They reported that several other attractions had first-rate adventure playgrounds.

Installing a substantially better playground could provide an opportunity for Chatsworth to leapfrog over them and provide something really special.

'We tried to cost out all four alternatives and estimate what we thought the impact on visitor numbers might be. We presented an interim report to the Duke and the other trustees. We felt that maintaining the status quo was inappropriate and a like-for-like replacement was expensive, especially given that it would attract little publicity and few additional visitors. We strongly recommended two options: either remove the playground or go for a great leap forward. The trustees asked us to bear in mind the "remove" option and take a closer look at the "substantially better" option.'

Three companies were asked to visit the site, propose a new adventure playground and develop a site plan and initial design to a budget of £150,000. All three companies provided some outline proposals for such a figure but they all added that for £200,000 they could provide something really quite special. Furthermore, the team realized that they would have to spend some additional money putting in a new ramp and a lift into the farmyard at an estimated £50,000. It was starting to look like a very expensive project. Simon takes up the story, 'One of the companies came along with a complete idea for the site based on water, which is a recurring theme in the garden at Chatsworth. They had noticed the stream running through the playground and thought it could make a wonderful feature.

They told us they were reluctant to put up a single solution but wanted to work with us, really engage with us, to explore what would really work for us and how it could be achieved. They also wanted to take us to visit their German partner who made all the major pieces of equipment. So, over the next few months, together, we worked up a complete proposal for a state-of-the-art adventure playground, including the structural changes in the farmyard. The budget was £250,000. To be honest, it was impossible to know what effect this would have on visitor numbers, so in the end we put in a very conservative estimate that suggested that we would make the investment back in seven years.

Over the next few years we reckon the playground led to an increase in visitor numbers of 85,000 per year and so we recouped our investment in just three years.'

### Questions

- a. What do you think about to make up the concept, package and process for the adventure playground? [6]
- b. Describe the four options highlighted in the case in terms of their feasibility, acceptability and vulnerability. [8]
- c. What does the concept of interactive design mean for a service such as the adventure playground described here? [6]

THE END

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

*Tick the best answers.*

1. Which one of the followings is for environment management?
  - a. ISO-9000
  - b. ISO-14000
  - c. ISO-26000
  - d. ISO-31000
2. The elements and sequence of Juran trilogy are to
  - a. analyze, improve, control
  - b. plan-do-study-act
  - c. plan-control-improve
  - d. measure-analyze-improve-control
3. .... is used to identify the forces and factors that may influence the problem or goal.
  - a. Cost-benefit analysis
  - b. Forced field analysis
  - c. Brainstorming
  - d. Customer supplier relationship checklist
4. Total quality control, laid out 14 steps to quality improvement processes written by ....
  - a. feigenbaum
  - b. juran
  - c. shewhart
  - d. deming
5. A graph to identify and plot problems or detects in descending order of frequency is known as .....
  - a. pareto chart
  - b. flow chart
  - c. control chart
  - d. block diagram
6. Malcolm Baldrige National Quality Award for quality achievement established by ....
  - a. the U. S. A.
  - b. Japan
  - c. the U. K.
  - d. China
7. Quality system registration is the assessment and audit of a quality system by a third party is known as .....
  - a. auditor
  - b. evaluator
  - c. registrar
  - d. supervisor
8. Quality Function Deployment is a planning tool used to fulfill.....
  - a. supplier expectation
  - b. employee expectation
  - c. customer expectation
  - d. organization's expectation
9. In  $2^K$  Factorial Designs, K is...
  - a. level
  - b. factor
  - c. both
  - d. none of the above
10. Which one is not an internal failure cost?
  - a. Internal scrap is internal failure cost.
  - b. Re-work is internal failure cost.
  - c. Energy cost for remelting of rejected castings is internal failure cost.
  - d. Warrant claimed by customer is internal failure cost

11. Out of the given statements which one is not TQM principle?
  - a. Customer satisfaction is top priority.
  - b. Top management must provide the leadership for quality.
  - c. Provides goods and services at minimum price.
  - d. Customer defines quality.
12. Which one of the followings would be considered an appraisal cost of quality?
  - a. Training workers to perform their jobs
  - b. Purchasing better tools for workers to perform their jobs
  - c. Running a functional test on each item before it is boxed for shipment
  - d. Repairing an item under the warranty
13. Who is responsible for increasing quality of the product?
  - a. Supplier
  - b. Chief executive officer
  - c. Operation manager
  - d. Everyone directly indirectly involves in the organization
14. Which one is not included in quality dimension?
 

a. Service	c. Loyalty
b. Conformance	d. Durability
15. Diamond represents \_\_\_\_\_ while plotting flow chart.
 

a. step in activity	c. direction of flow
b. decision making	d. none of the above
16. P-D-C-A stands for ....
 

a. Plan-Do-Check-Act.	c. Proceed-Do-Check-Act.
b. Plan-Do-Correct-Act.	d. Proceed-Do-Correct-Act.
17. .... introduces the cause-and-effect diagram.
 

a. Deming	c. Crosby
b. Juran	d. Ishikawa
18. \_\_\_\_\_ helps organization reduce employee turnover and absenteeism.
 

a. Job design	c. Wage revision
b. Training & development	d. All of the above
19. Which one of the following is not internal failure cost?
  - a. Rework, fixing of bugs detected in internal testing of software.
  - b. Internal scrap
  - c. Engineering and drawing changes to correct errors.
  - d. Performance testing by customer and unsatisfied
20. Control chart for variables is ....
  - a. Control chart for mean
  - b. Control chart for range
  - c. Control chart for mean and control chart range
  - d. p-chart and np-chart

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

Answer any **FIVE** questions:

1. Describe the importance of quality in education sector.
2. Describe the quality function deployment.
3. Write about the quality management and improvement initiatives in Nepal.
4. Describe the self-assessment model in quality management.
5. Appraisal cost never increases the quality of product. Why?
6. External failure cost is higher risky than internal failure cost. Justify it with a suitable example.
7. Write short notes (any two):
  - a. Flow chart
  - b. Cost benefit analysis
  - c. European quality award

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

Answer any **TWO** questions:

8. Write the role of employee and supplier for improving quality of product and service.
9. Explain in the perspective of Deming and Juran in total quality management.
10. The following data are given the weight of an automobile part. Five samples of four items each were taken on random sample basis (at an interval of 1 hour each).

Sample number	Weight of the parts in gram				
1	20	22	25	24	27
2	18	23	20	26	26
3	24	25	22	20	21
4	23	21	26	24	34
5	24	25	24	21	23
6	26	30	27	24	25

Required:

- a. Draw the control charts for mean and range. Is the process under control?

[7 + 6 + 2]

**SECTION D: CASE STUDY (20 MARKS)**

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

**The culture of quality at Arnold Palmer Hospital**

Founded in 1989, Arnold Palmer Hospital is one of the largest hospitals for women and children in the U.S., with 431 beds in two facilities totaling 676,000 square feet. Located in downtown Orlando, Florida, and named after its famed golf benefactor, the hospital, with more than 2,000 employees services an 18- county area in central Florida

is the only level 1 trauma center for children in the region. Arnold Palmer Hospital provides a broad range of medical services including neonatal and pediatric intensive care, pediatric oncology and cardiology, care for high-risk pregnancies, and maternal intensive care.

### **The issue of assessing quality health care**

Quality health care is a goal all hospitals profess, but Arnold Palmer Hospital has actually developed comprehensive and scientific means of asking customers to judge the quality of care they receive. Participating in a national benchmark comparison against other hospital, Arnold Palmer Hospital consistently scores in the top 10% in overall patient satisfaction. Executive Director Kathy Swanson states, "Hospitals in the area will be distinguished largely on the basis of their customer satisfaction. We must have accurate information about how our patients and their families judge the quality of our care, so I follow the questionnaire results daily. The in-depth survey helps me and others on my team to gain quick knowledge from patient feedback". Arnold Palmer Hospital employees are empowered to provide gifts in value up to \$200 to patients who find reason to complain about any hospital service such as food, courtesy, responsiveness, or cleanliness.

Swanson doesn't focus just on the customer surveys, which are mailed to patients one week after discharge, but also on a variety of internal measures. These measures usually start at the grassroots level, where the staff sees a problem and develops ways to track performance. The Hospital's longstanding philosophy supports the concept that each patient is important and respected as a person. That patient has the right to comprehensive, compassionate family-centered health care provided by a knowledgeable physician-directed team.

Some of the measures Swanson carefully monitors for continuous improvement are morbidity, infection rates, readmission rates, costs per case, and length of stays. The tools she uses daily include Pareto charts, flow charts, and process charts, in addition to benchmarking against hospitals both nationally and in the southeast regions.

The result of all of these efforts has been a quality culture as manifested in Arnold Palmer's high-ranking in-patient satisfaction and one of the highest survival rates of critically ill babies.

### **Questions:**

- a. Why is it important for Arnold Palmer Hospital to get a patient's assessment of health care quality?  
Does the patient have the expertise to judge the health care she receives? [5]
- b. How would you build a culture of quality in an organization, such as Arnold Palmer Hospital? [5]
- c. What techniques does Arnold Palmer Hospital practice in its drive for quality and continuous improvement? [5]
- d. Develop a fish-bone diagram illustrating the quality variables for a patient who just gave birth at Arnold Palmer Hospital (or any other hospital). [5]

**THE END**

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

R.No. ....

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

Course Code: MGT 534  
Time: 4:00 Hours

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

*Tick the best answers.*

1. An individual who makes pays efforts towards creating and managing the resources for generating goods and services is called.....
  - a. leadership
  - b. managerial works
  - c. professional works
  - d. an entrepreneurship
2. Which could provide an individual with the motivation to start a new business venture?
  - a. The financial rewards
  - b. A desire to be independent
  - c. Risk taking
  - d. All the above
3. Why should small businesses be so important to the Nepalese economy?
  - a. They give an outlet for entrepreneurs
  - b. They can provide specialist support to larger companies in Nepal.
  - c. They can be innovators of new products.
  - d. All of the above
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 the above.
5. Competitor analysis is a detailed analysis of.....
  - a. the financial rewards.
  - b. a firm's competition
  - c. risk-taking
  - d. ethical obtaining 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. A business arrangement where one party allows another party to use a business name and sell its product or service is known as.....
  - a. a cooperative
  - b. a owner-manager business
  - c. a limited company
  - d. a franchise
8. Which one of the followings is the reason for business failure?
  - a. Lack of market research
  - b. Poor financial control
  - c. Poor management
  - d. All of the above
9. The use of informal networks by entrepreneurs to gather information is known as .....
  - a. secondary research
  - b. informal parameters
  - c. entrepreneurial networking
  - d. marketing
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. A new venture's business plan is important because.....
  - a. it helps to persuade others to commit funding to the venture
  - b. it can help demonstrate the viability of the venture
  - c. it provides a guide for business activities by defining objectives
  - d. all of the above
12. Innovation can best be defined as.....
  - a. the successful exploitation of new ideas
  - b. the generation of new ideas
  - c. the evolution of new ideas
  - d. the opposite of creativity
13. Which one of the followings is described as one of the Big Five personality traits?
  - a. Tolerance of others
  - b. Propensity to leadership
  - c. Need for achievement
  - d. Legal formalities
14. The purpose of all good entrepreneurial strategy is.....
  - a. to increase turnover
  - b. to increase productivity
  - c. to achieve stated objectives
  - d. to achieve competitive advantages
15. State industrial corporations engage in the development of.....
  - a. industrial estates
  - b. institutional estates
  - c. individual investors
  - d. agricultural entrepreneurs
16. .... is primarily concerned with the identification of the project demand potential and the selection of the optimal technology.
  - a. Techno-economic analysis
  - b. Feasibility analysis
  - c. Input analysis
  - d. Financial analysis
17. An entrepreneur who owns more than one business at a time is called.....
  - a. an entrepreneur
  - b. a corporate entrepreneur
  - c. a portfolio entrepreneur
  - d. none of the above
18. Which one of the followings is not an aspect of the appraisal of term loans by commercial banks?
  - a. Financial feasibility
  - b. Technical feasibility
  - c. Economic feasibility
  - d. Societal feasibility
19. Institutional agencies grant financial assistance to small businesses for.....
  - a. participation in equity capital only
  - b. acquisition of fixed assets
  - c. working capital assistance
  - d. all of the above
20. Over-capitalization arises due to.....
  - a. excess of assets over the liabilities
  - b. excess of liabilities over the assets
  - c. actual earnings are lower than the expected earnings
  - d. actual earnings are higher than the expected earnings



Mid-West University  
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End-Semester Examination-2080  
Master of Business Administration (MBA)  
Semester - III

Subject: Entrepreneurship and Technology Management

Course Code: MGT 534

Full Marks: 100 Pass Marks: 50

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. Briefly describe what is meant by the term entrepreneurship. [6]
2. Define the term e-commerce and describe all of the elements that it covers. [6]
3. What is the concept of entrepreneurial motivation? [6]
4. Explain the challenges involved in new-venture development in Nepal. [6]
5. Differentiate between innovation and creativity. [6]
6. What are Peter Drucker's entrepreneurial pitfalls? [6]
7. Explain how a feasibility criteria approach works. [6]

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

Answer any **TWO** questions:

8. Entrepreneurs have a tolerance for ambiguity, are calculated risk-takers, and have a high regard for integrity and reliability. What does this statement mean? Be complete in your answer with a suitable example. [15]
9. How would an entrepreneur's new-venture strategy differ under each of the following marketing philosophies: production-driven, sales-driven, consumer-driven? Describe a suitable example. [15]
10. What are the critical factors to be considered when preparing a business plan? Describe the business plan outlines also. [15]

**SECTION D: CASE STUDY (20 MARKS)**

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

**THE ENTREPRENEURIAL REVOLUTION  
FASTSIGNS WITH GARY SALOMON**

*"I don't have to be right. I am more interested in finding the right idea."*

**Gary Salomon**

Gary Salomon has proved you don't have to invent a product to own it. He saw technology and bought the rights to it from the inventor. With vision and sweat equity, he has grown a company that broke away from tradition and set a new standard in its industry.

The sign business is huge and diversified. People buy all types of signs but the ones you think of first are usually those that are installed permanently. Think Las Vegas and your mind fills with fantastic neon signs larger than you'll find anywhere else in the world. Think about driving down any commercial street in America and you see signs painted on buildings. At most strip malls, you'll often see a large freestanding sign where the shops located there are listed. These signs are permanent structures. They are often designed by mall architects and they are built out of materials to match the surrounding buildings.

Sign painting and sign building is not what FASTSIGNS does. Gary's company created a niche in the sign industry by using technology never before available. Before 1985 if a merchant wanted a sign, she might hire a painter to paint right on the window. The alternative would be to hand-write a sign or have a professional painter create a sign on paper or cardboard and display it in the windows. Today,

FASTSIGNS makes professional signs for pennies on the dollar compared to what a sign painter would charge so all of us can afford what used to be a luxury. Today, more of us buy professionally made signs than ever before because they are so affordable. Yes, Gary's signs cost more than what you would spend on a piece of cardboard and a marker, but not that much more. Customers get a beautiful sign they are proud to post. Gary's company has grown the sign industry. He said, "There's probably about \$5 billion worth of revenue on an annual basis in the sign industry – at least that's what the trade associations tell us. The niche that we go after is the more temporary signs". The professionally made temporary sign market hardly existed before FASTSIGNS. Over breakfast one day, Gary and two others wrote a plan for opening the first FASTSIGNS. They decided if the one shop made money, they would franchise the idea. By putting personal savings and a small bank loan together they had \$ 40,000 to launch the venture. According to Gary, "We operated a very lean, mean, effective machine. We didn't have the money to lose, so we made darn sure that we didn't, and there was quite a number of years where I didn't take any money out of the business". FASTSIGNS has won most every award given to any franchise operation in the world. It has 440 locations today and has been named one of the top 100 franchise operations in the United States for the past several years in a row by publications such as SUCCESS and Entrepreneur. Gary honed his business concept and since the beginning has supported it with proven systems relating to operations, production, personnel management, financial management, customer service, marketing, and sales. "We never really sold a franchise to someone that had been in the sign business before. We were selling franchises to people that have been professional managers and marketers and salespeople. Gary said, 'Now this technology will help you compete in an industry that you probably didn't know anything about before' ". Sounds weird to recruit people who had never made a sign before but Gary knew how to make signs and would teach those he believed could run their own operations. He was more interested in recruiting people with management and marketing skills because making the signs is the easy part.

When Gary was asked why he thinks the company has been able to grow he said, "I think the bottom line is I don't have much of an ego. I'm not really interested in as much being right as I am interested in having the best result or the best solution, and if it's not my idea, I really don't care. I'd rather it just be the best idea. When you have that attitude, people aren't afraid of giving you an opinion, because they know they're not going to be shot down". The more successful a person is, he or she is often more willing to acknowledge that, as Gary puts it, there is no silver bullet. You have a vision and it takes all of your effort but it takes luck, too.

#### Questions

- a. What makes Gary an entrepreneur? Explain reasons. [5]
- b. Why is FASTSIGNS a great example of American ingenuity? Define with an example. [5]
- c. How was the franchise model effective for FASTSIGNS? Would you like to recommend a new model for FASTSIGNS? Discuss. [10]

**THE END**

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

R.No. ....

Subject: Corporate Law  
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. Economic and moral rights fall under:
  - a. trademark
  - b. design
  - c. copyright
  - d. patent
2. Repatriation means:
  - a. investment in new business
  - b. investment in foreign currency
  - c. taking the money back from investment
  - d. the process of bringing money after NRB's approval
3. Fraud is a/an
  - a. intentional misrepresentation
  - b. misrepresentation
  - c. no intention to lie
  - d. mistake
4. Function of enacting law is
  - a. parliament
  - b. election commission
  - c. administrative agencies
  - d. tribunals
5. Two compulsory benefits that employer should provide are
  - a. provident fund and house allowance
  - b. house allowance and transportation
  - c. provident fund and gratuity
  - d. gratuity and transportation
6. Competition Promotion and Market Protection Act controls
  - a. competition
  - b. production
  - c. growth
  - d. monopoly
7. A contingent contract is related to
  - a. performance which is on going
  - b. future certain event
  - c. future uncertain event
  - d. executed contract
8. Parliament makes law in the form of:
  - a. precedent
  - b. delegated legislation
  - c. policies
  - d. act
9. Pseudonym can be used in:
  - a. patent
  - b. trademark
  - c. copyright
  - d. design
10. Which one business is not allowed for foreign investment?
  - a. Hydropower
  - b. Telecommunication
  - c. Travel Agency
  - d. Hotels
11. Weekly leave as per Labor Act is:
  - a. 2 days
  - b. 1 day
  - c. no weekly leave is given
  - d. none of the above

12. ....% of provident fund deducted from employees salary is:
- a. 11%
  - b. 10%
  - c. 8.33%
  - d. 13%
13. Managing Director is appointed by
- a. board of directors
  - b. annual general meeting
  - c. extra-ordinary general meeting
  - d. chief executive officer
14. Industrial rights are
- a. copyright and patent
  - b. copyright, patent and trademark
  - c. design, patent and trademark
  - d. copyright
15. Current minimum foreign investment is
- a. 20 millions
  - b. 30 millions
  - c. 40 millions
  - d. 50 millions
16. AOA means
- a. Articles of Association
  - b. Association of Association
  - c. Act of Association
  - d. none of the above
17. Offer should be accepted as
- a. putting some condition
  - b. the offer is
  - c. by giving counter-offer
  - d. verbally
18. If an employee is absent for 30 days without approval shall be
- a. warned
  - b. facing the deduction of his/her increament
  - c. terminated
  - d. suspended
19. Foreign investment approval is provided by:
- a. Department of Industry
  - b. Company Registrar Office
  - c. Finance Ministry
  - d. Department of Foreign Employment
20. Approval to bring foreign currency is finally granted by:
- a. Finance Ministry
  - b. Nepal Rastra Bank
  - c. the concerned commercial bank where the bank account is open
  - d. Department on Inland Revenue

Mid-West University  
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Master of Business Administration (MBA)  
Semester - III

Subject: Corporate Law

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. Explain the importance of law.
2. Explain the rules of an offer.
3. What circumstances are not considered as frauds? Explain.
4. What role does the Board of Directors have in corporate governance?
5. Explain the nature of intellectual property.
6. Define repatriation.
7. State the difference between void and voidable contracts.

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

Answer any **TWO** questions:

8. The contract law considers the contract with a minor is void except certain conditions. Explain under what conditions minors are liable to a contract.
9. State your opinion on the provisions of leaves that an employee is entitled to under the Labor Act.
10. Explain the essential elements of a valid contract.

**SECTION D: CASE STUDY (20 MARKS)**

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

Hari works as a Guest Relationship Officer at Wonderful Hotel Private Limited (Hotel). The Hotel introduced a new policy 'the Breathalyzer Policy' six months back. This policy restricts any staff consuming liquor or banned drugs during working hours or coming to work after consuming liquor or banned drugs. The policy also allows the Hotel to do a random breathalyzer test and other tests at any time and as necessary. If an employee of the Hotel is tested positive while taking a breathalyzer test then it will be considered misconduct and the punishment for such misconduct is dismissal from the employment. This punishment is supported by the Hotel policy and also by the Labor Act of Nepal.

In one of the random tests a month back, Hari denied taking the breathalyzer test. He was requested to take the test several times, but he insisted that he has a right not to take the test and gave following reasons for it: i) that everyone in the Hotel knows that he does not consume alcohol at all; 2) that he has medical reasons, if he blows his breath to the breathalyzer machine then he feels nausea and vomiting; iii) that he was not aware of the random test; 3) that he was not provided a prior notice.

If you are the CEO of the Hotel and you have the final authority to decide in this case then what would you do? Provide your answer as per following questions:

- a. Does Hari have the right not to take the breathalyzer test?
- b. Will Hari be excused on medical ground, how?
- c. Can Hari be dismissed from the job?

**THE END**

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

R.No.....

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

Course Code: MGT 536  
Time: 4: 00 Hours

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

Tick the *best* answers.

1. Which one is the factor of production?
  - a. Capital
  - b. Consumers
  - c. Market
  - d. Policymaker
2. Host country means....
  - a. the source country for foreign direct investment
  - b. the country receives foreign direct investment
  - c. both countries
  - d. none of the above
3. Imagine you are interested in entering the global marketplace. Which would be the easiest way for you to begin?
  - a. Franchising
  - b. Strategic alliance
  - c. Exporting
  - d. Joint venture
4. Ram is considering opening a McDonald's in Nepal. Which type of market entry strategy would he use?
  - a. Franchise
  - b. Joint venture
  - c. Strategic alliance
  - d. Exporting
5. The Theory of Relative Factor Endowments is given by
  - a. David Ricardo
  - b. Adam Smith
  - c. F W Taussig
  - d. Ohlin and Hecksher
6. The \_\_\_ highly impacts the business environment of the country.
  - a. foreign exchange
  - b. political risks
  - c. market imperfection
  - d. enhance opportunity set
7. Which one of the followings is not an approach under staffing policy?
  - a. Geocentric approach.
  - b. Biometric approach.
  - c. Polycentric approach.
  - d. Ethnocentric approach.
8. Which one of the followings is not a reason for Nepal's outsourcing attractiveness?
  - a. Cost Restructuring
  - b. Better Capacity Management
  - c. Focus on Core Business
  - d. Polite People
9. Regional integration should not .....
  - a. build environmental programs at the regional level
  - b. strengthen trade integration in the region
  - c. contribute to the peace and security of the region
  - d. break ties with other countries

10. Which one of the followings scheme aims at the import of goods for free of cost?
- Export Promotion Capital Goods Scheme
  - Software Technology Parks
  - Electronic Hardware Technology Parks
  - Duty exemption scheme
11. The Bretton Woods Conference led to the formation of \_\_\_\_\_
- World Trade Organization
  - International monetary fund
  - United Nations Organization
  - General Agreement on Trade and Tariffs
12. Which one of the followings is not the route for portfolio investment in a country?
- Foreign Institutional Investor
  - Joint Venture
  - Depository Receipts
  - Foreign Currency Convertible Bonds
13. Seema owns a T-shirt company in Nepal. With her T-shirts, she applies Disney characters and pays Disney royalties based on each shirt sold and an agreement the two companies entered into. Which one of the followings is Seema most likely involved in?
- Licensing
  - Management contracting
  - Multinational company
  - Joint venture
14. Trade protectionism means.....
- establishing private companies
  - transfer of ownership and management of public enterprises
  - establishing foreign company
  - none of the above
15. Balance of trade counts....
- export amount only
  - import amount only
  - all financial transactions
  - export and import amount
16. Which one is an international financial institution?
- World Bank
  - Laxmi sunrise Bank
  - Prabhu Bank
  - Himalayan Bank
17. Arrange the following steps in the correct sequence of the international trade process.
- Placing an order
  - Negotiation and finalisation of terms
  - Delivery of goods
  - Selection of suppliers
- DBAC,
  - ABCD
  - DCBD
  - CDBA
18. International Trade Centre (ITC) is-----
- Joint cooperation agency of ILO and WTO
  - Joint cooperation agency of UNCTAD and WTO
  - Joint cooperation agency of World bank and WTO
  - Joint cooperation agency of World bank and IMF
19. BIPPA stands for-----
- Association of Southeast Asian Nations
  - Unique political and economic union
  - Bilateral economic agreement among countries
  - Bilateral investment promotion and protection agreement
20. IFRS stand for -----
- International Financial Regional Standards
  - International Financial Research Standards
  - International Financial Reporting Standards
  - International Security Force Standards

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Full Marks: 100 Pass Marks : 50

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. Distinguish or differentiate between Protection policy free trade policy Vs of global business environment.
2. Explain, briefly, the different types and motives of foreign collaboration.
3. Describe the organization structure of WTO. Explain WTO's role in liberalization of global trade.
4. 'International trade will further pollute the natural environment' Discuss.
5. Elaborate the global supply chain management.
6. Why is marketing research important in international business?
7. Explain the methods of payment in international trade with their characteristics.

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

Answer any **TWO** questions:

8. "Globalization refers to the absence of borders and barriers to trade between countries". Based on statement explain the factors causing globalization of business.
9. What is international business environment? How do political, social and economic environments affect business at international level?
10. "Reduction in import tariffs has resulted in bringing up new non-tariff barriers by developed countries". Critically examine the statement with the types of trade barriers with illustration.

**SECTION D: CASE STUDY (20 MARKS)**

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

Electrolux is Sweden's largest manufacturer of electrical household appliances and was one of the world's pioneers in the marketing of vacuum cleaners. However, not all the products the Electrolux name are controlled by the Swedish firm. Electrolux vacuum cleaner sold and manufacturer in the United States, for example, have not been connected with the Swedish Firm since the U.S subsidiaries were sold in the 1960s. The Swedish Firm reentered the U.S. market in 1974 by purchasing National Union Electric, which manufacturers Eureka vacuum cleaners. Electrolux pursued its early international expansion largely to gain economies of scale through additional sales. The Swedish market was simply too small to absorb fixed costs as much as the home markets for competitive firms from larger countries. When additional sales were not possible by exporting, Electrolux was still able to gain certain scale economies through the establishment of foreign production. Research and development expenditures and certain administrative costs could thus be spread out over the additional sales made possible by foreign operations. Additionally, Electrolux concentrated on standardized production to achieve further scale economies and rationalization of parts. Until the late 1960s, Electrolux concentrated primarily on vacuum cleaners and the building of its own facilities in order to effect expansion. Throughout the 1970s, though, the firm expanded largely by



acquiring existing firms whose product lines differed from those of Electrolux. The compelling force was to add appliances lines to complement those developed internally. Its recent profits (\$220 million in 1983) have enabled Electrolux to go on an acquisitions binge. Electrolux acquired two Swedish firms that made home appliances and washing machines. Electrolux management felt that it could use its existing foreign sales networks to increase the sales of those firms in 1973, Electrolux acquired another Swedish firm, Facit, which already had extensive foreign sales and facilities. Vacuum cleaner producers were acquired in the United States and in France; and to gain captive sales for vacuum cleaner. Electrolux acquired commercial cleaning service firms in Sweden and in the United States. A French Kitchen equipment producer, Arthur Martin, was bought, as was a Swiss home appliance firm, Therma, and a U.S. cooking equipment manufacturer, Tappan.

Except the Facit purchase, the above acquisitions all involved firms that produced complementary lines that would enable the new parent to gain certain scale economies. However, not all the products of acquired firms were related, and Electrolux sought to sell off unrelated businesses. In 1978 for example, a Swedish firm, Husqvarna, was bought because of its kitchen equipment lines. Electrolux was able to sell Husqvarna's motorcycle line but could not get a good price for the chain saw facility. Reconciled to being in the chain saw business. Electrolux then acquired chain saw manufacturers in Canada and Norway, thus becoming one of the world's largest chain saw producers. The above are merely the most significant. Electrolux acquisitions: the firm made approximately fifty acquisitions in the 1970s.

In 1980, Electrolux announced a takeover that was very different from those of the 1970s. It offered \$175 million, the biggest Electrolux acquisition, for Granges Sweden's leading metal producer and fabrication Granges was itself a multinational firm (1979 sales of \$ 1.2 billion) and made about 50 percent of its sales outside of Sweden. The managing Directors of the two firms indicated that the major advantage of the takeover would be the integration of Granges aluminum, copper plastic, and other materials into Electrolux production of appliances. Many analysts felt that the timing of Electrolux's bid was based on indications that Baijerinvest, a large Swedish conglomerate, wished to acquire a non-ferrous metals mining company. Other analysis felt that Electrolux would be better off to continue international horizontal expansion as it had in the 1970s. The analysts pointed to large appliance makers such as AEG Telefunken of West Germany that were likely candidates for takeover because of recent poor performance.

### **Questions**

- a. What are Electrolux's reasons for direct investment?
- b. How has Electrolux's strategy changed over time? How has this affected its direct investment activities?
- c. What do you see as the main advantages and possible problems of expanding internationally primarily through acquisitions as opposed to building one's own facilities?
- d. Should Electrolux take over Granges?

**THE END**