



## Business Management and Strategy

### Instructions to examinees:

- (i) Answer all SEVEN questions.  
(ii) Answer in black pen only.

Q.1 Etihad Limited manufactures and sells three products. The following information is available in this regard:

Year	Product 1 (See note-1)		Product 2 (See note-2)		Product 3 (See note-3)	
	Sales	Total market size	Sales	Total market size	Sales	Total market size
----- Rs. in million -----						
<b>Actual</b>						
2017	74	132	3	70	10	100
2018	72	134	2	71	14	120
2019	74	133	2	69	16	140
<b>Forecasted</b>						
2020	73	135	2	68	18	160
2021	74	134	1	62	22	190

**Note 1:** Product 1 is a long-standing product that has been consistently selling in the same market.

**Note 2:** Product 2 has been consistently selling in the same market for quite some time.

**Note 3:** Product 3 was introduced in 2017 and is still considered new in the market.

In the current year, 2019, the market share of the biggest competitor for Product 1 is 20%, Product 2 is 44% and Product 3 is 37%.

### Required:

Analyse the information provided above and devise strategies for each of three products. (14)

Q.2 Alpha, a small management consultancy firm, deals with corporate trainings on various finance matters. It gets the required training data in an Excel format through email. The data is kept on a central computer that can be accessed remotely through the internet with a password.

Recently, a long-standing corporate client has asked Alpha to provide consultancy on an investment decision. Not willing to pass the opportunity, the directors at Alpha have said yes to the client as they believe that their senior executives have the capability to perform the task. However, the directors are concerned about the risks of handling such sensitive and confidential investment information with the existing IT controls in place.

### Required:

- (a) Identify and briefly explain categories of business risks that Alpha may be exposed to. (07)  
(b) Briefly explain the general system software controls that Alpha should employ to protect data confidentiality. (04)

Q.3 Zymal Aryan (Zymal), a chartered accountant has recently been appointed as CEO of Palate Foods Limited (PFL), which is engaged in the manufacturing and marketing of ready-to-cook food.

Zymal has noticed that no formally defined corporate code of ethics exists at PFL. There have been instances that urge the need of having a formal corporate code of ethics to deal with stakeholder groups. Some of the instances are as follows:

- Managers often abuse junior staff with verbal and personal attacks;
- Internally reported cases of kickbacks in the procurement department are pending management action;
- Female employees are not hired in the finance department;
- Data integrity is highly questionable as personal details of employees, customers and suppliers are easily accessible; and
- No significant CSR activity has been carried out in the past three years.

Zymal's concerns have further aggravated when in a recent meeting, marketing head informed her that key ingredients for ready-to-cook food would not be available due to payment dispute with a foreign supplier. Alternatively, PFL would buy local ingredients which would not be of as good quality as imported ingredients. However, marketing head further informed that ready-to-cook food would be aggressively marketed as new and improved products. When Zymal questions the ethical stance, she is informed that such practice is a marketing norm and disclosure of that information would adversely impact product demand and profitability which would not be acceptable to shareholders of PFL.

**Required:**

- (a) List down the statements that might need to be included in the formal corporate code of ethics to address the concerns of Zymal for each of the following stakeholder groups: (06)
- Employees
  - Customers
  - Society
- (b) Mention the factors that Zymal would need to consider for effective implementation of and compliance with the corporate code of ethics. (03)
- (c) Identify and explain the fundamental principles of Code of Ethics of ICAP that may be compromised if Zymal proceeds with the marketing head's strategy. (06)

Q.4 Gertonia is the largest economy in the European region and enjoys a stable and business friendly government. Its automotive industry is well known for producing top quality speed car brands and is considered an industry leader in the world. It has an excellent road network with no speed limit that makes it perfect to meet the Gertonian's appetite and demand for quality and speed.

Gertonia's automotive industry is the largest industry sector and employer in the country which includes from the large car manufacturers to extensive support network of many subsystems, component and parts manufacturers. The industry is well supported by iron and steel industries, efficient financial and IT systems, well reputed technical education institutes, heavy public and private expenditure in education and highly skilled workforce. There is an intense competition and a constant pressure on manufacturer to innovate.

Fredrick Dunden, Head of Auto Industry Union, believes Gertonia has developed a national comparative advantage over many other countries, however, he is hesitant about the future leadership position for speed cars mainly due to the tougher regulations on emission requirements prompted by Gertonia's deteriorating environmental conditions, petrol depended engines and systems of speed cars, government plans to introduce speed limits on all areas to reduce the increasing rate of car accidents in some areas, changing needs of the tech-savvy consumers and the rising trend of people interested in driving rented speed cars rather than owning one.

**Required:**

- (a) Explain how Gertonia achieves the national comparative advantage over many other countries. (06)
- (b) Discuss the threat(s) and weakness(es) of the automotive industry for speed cars presented in the case, and provide suggestions to Fredrick Dunden to tackle these issues. (12)

- Q.5 (a) WinTech Limited, a US based company is looking for a candidate to fill a key position in finance department at its Karachi office. The potential candidate would be expected to lead a large team of accountants in a complex environment where strict deadlines for reporting would need to be met. The candidate would be reporting to CFO and would also need to frequently liaise with the head office in US. Human resources manager in liaison with CFO has prepared the following job description to be advertised shortly:

WinTech Limited is looking for an enthusiastic individual to fill a vacancy in finance department at its Karachi office. The person will be reporting to CFO. Job responsibilities include:

- Monitoring day-to-day financial operations of the company.
- Preparing periodic financial reports and statements.
- Developing strategies to ensure that financial risk is minimized.
- Ensuring compliance with financial regulations and legislation.

Salary: Competitive

How to apply: email us [financejobs@wintech.com](mailto:financejobs@wintech.com)

**Required:**

Identify the shortcomings in the above advertisement / job description. Also make suggestions to overcome the identified shortcomings. (06)

- (b) Solutions Limited (SL) is known for having strong sales force. To attract the talented sales personnel, SL offers higher than industry base pay. Although opportunities for promotions are limited due to the size of the firm, SL compensates sales personnel by means of lucrative cash bonuses. Financial targets are communicated to sales groups at the beginning of each quarter and cash bonuses are paid on the basis of collective performance of the group members.

However, recent increase in turnover of sales personnel despite having an attractive reward system has been a matter of concern for the management of SL.

**Required:**

Critically evaluate the existing reward system for sales personnel at SL. *Your evaluation should include discussion of shortcomings and suggestions for improvement.* (10)

- Q.6 Fahad Ahmad (Fahad) owns a small retail store that sells computer parts and accessories. In an effort to expand the business, Fahad is planning to attract a wider customer base by launching its own e-store to sell the goods online.

**Required:**

- (a) Discuss whether it is advisable for Fahad to launch its own e-store. (06)
- (b) Mention the alternatives available to Fahad to sell the goods online and recommend the most suitable alternative(s). (05)

- Q.7 (a) The expected role of accounting function in devising and implementing marketing strategies in an organization is much broader than just performing investment analysis on the basis of financial return.

**Required:**

Discuss the expected role of accounting function in devising and successful implementation of marketing strategies in an organization. (03)

- (b) Rivaaj Group is intending to introduce a new product line under the brand name 'Super Athlete Sportswear' (SAS) that would manufacture and market sportswear such as shoes, apparels and related accessories.

SAS would offer two variants of sportswear; premium variant with unique features targeting high-end customers and economy variant with basic features targeting middle and low income customers. Sportswear would be offered through SAS dedicated outlets, distributors who would supply to the major retail chains and SAS official website.

**Required:**

Recommend marketing strategy to SAS for each of the following 4 P's of the marketing mix:

- Product
  - Price
  - Place
  - Promotion
- (12)

**(THE END)**