

Birla Institute of Technology and Science, Pilani (Rajasthan)

First Semester 2015-2016

Mid Semester Examination (Closed Book)

Course No. : MBA C322

Max. Marks: 30

Course Title : Management Framework & Functions

Weightage : 30%

Date : 09/10/2015

Duration : 90 min.

“Whenever you see a successful business, someone once made a courageous decision.”

- Peter F. Drucker

1. Jasmine had just completed a sales training course with her new employer, a major small appliance manufacturer. She was assigned to work as a trainee under Ambika Soni, one of the firm’s most productive sales reps on the North. At the end of the first week, Jasmine and Ambika were sitting in a motel room filling out their expense vouchers for the week; Jasmine casually remarked to Ambika that the training course had stressed the importance of accurately filling out expense vouchers. Ambika immediately launched into a long explanation of how the company’s expense reporting resulted in underpayment of actual costs. She claimed that all the sales reps on the North made up the difference by padding their under Rs. 1,000 expenses, which did not require receipts. A rule of thumb used was to inflate total expenses by 25 percent. When Jasmine questioned whether that was honest, Ambika said that even if the reported expenses exceeded actual expenses, the company owed them the extra money, given the long hours and hard work they put in.

Jasmine said that she did not believe reporting fictitious expenses was the correct thing to do and that she would simply report her actual expenses. Ambika responded in an angry tone, saying that to do so would expose all the sales reps. As long as everyone cooperated, the company would not question the expense vouchers. However, if one person reported only actual expenses, the company would be likely investigating the discrepancy and all the sales reps could lose their jobs. She appealed to Jasmine to follow the agreed-upon practice. They would all be better off. No one would lose his or her job. And besides, the company does not really need the money. They are very profitable already. Jasmine has the following alternatives.

Alternative-1 : Join the crowd and pad the expense account by 25 percent

Alternative-2 : Report her expenses accurately and let the cards fall where they may

Alternative-3 : Report the padding practice to management

Alternative-4 : Resign from the company

A. List down the ethical issues faced by Jasmine? **(3.0 Marks)**

B. If you are Jasmine, which alternative (among those mentioned in the case) you will choose and why? Is there any other better way of handling the situation other than the alternatives mentioned in the case explain in detail. **(3.0 Marks)**

C. Identify ethical behavior/approach applicable/reflected in the following statements? **(1.0 x 3 = 3.0 Marks)**

- i. The firm/company has a right to obtain accurate expense vouchers from its sales reps
- ii. Sales reps should pad expenses because they work long and hard hours
- iii. Padding of expense-account is equally applicable to all the sales reps

2. In 1957, Enterprise Rent-A-Car (ERAC) was founded by Jack Taylor, an entrepreneur, in Missouri, USA. ERAC is the largest car rental company in North America, and arguably the world. In 1962 ERAC started selling used cars to both the public and businesses. It is now one of the largest sellers of used cars in the USA. In 1977 ERAC invested in Mexican Inn Chili Products (packaged food business). ERAC locates its branches as close as possible to its customers. The convenience of this service gives the company a competitive advantage. However, in response to its existing customer needs, ERAC opened its first on-airport location in 1995. The demand for this service was so great that by 2005 the company had over 200 on-airport branches. This increased ERAC's market share.

To its current customers, ERAC started offering various new and unique services like 'Pick-up' service, Flex-E-Rent service (a long term vehicle rental solution designed to meet the growing needs of today's businesses) and its Business Rental Programme (offering customers a customized programme with special pricing)

Based on the Ansoff Matrix, Identify the strategies followed by ERAC. Support your answers by quoting facts from the above caselet. **(6.0 Marks)**

3. A tea shop owner uses 200 ml (paper) cup to serve tea to his customers. The theoretical capacity of each (paper) cup is 200 ml, however, in practice/reality whether the shop owner can use the entire (100%) capacity of the (paper) cup while serving the tea to a customer; in other words (in this case) whether theoretical capacity can be equal to actual capacity, Why or why not? **(2.0 marks)**
4. Briefly explain sensitivity analysis and its types. **(3.0 Marks)**
5. Differentiate the following **(2.0 x 5 = 10.0 Marks)**
- A. Traditional Thinking & Parallel Thinking
 - B. Policy and Rule
 - C. Civil Law and Common Law
 - D. Penetration Pricing and Skimming
 - E. Homogenous Oligopoly & Heterogeneous Oligopoly

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