



**INDIAN INSTITUTE OF MATERIALS MANAGEMENT**  
**Post Graduate Diploma in Supply Chain Management & Logistics**  
**Post Graduate Diploma in Materials Management - 2 years**

**PAPER No. 6**

**Dec 2019**

**BUSINESS ENVIRONMENT**

**Date : 27.12.2019**  
**Time : 2.00 p.m. to 5.00 p.m.**

**Max. Marks : 100**  
**Duration : 3 Hrs.**

**Instructions:**

1. From Part A – answer all questions (compulsory). Each sub question carries 1 mark.
2. From Part B – Answer any 3 questions out of 5 questions. Each sub-question carries 20 marks.
3. Part C is a case study (compulsory) with questions. Read the case study carefully and answer the questions.
4. Please read the instructions given in the answer sheet.

**Total: 20 Marks**

**Total: 60 Marks**

**Total: 20 Marks**

**PART –A**

**( 20X1= 20 Marks)**

**(Compulsory- Attempt Questions each question carries 1 mark)**

**Q. 1. Select the right answer from the multiple choices**

**(5 marks)**

- i) The ethical beliefs that guide an organization in achieving its mission and objectives are
  - a) Organization structure
  - b) Values
  - c) Corporate culture
  - d) Business goals
- ii) Which of the following is not a cultural dimension proposed by Hofstede
  - a) Individualism vs collectivism
  - b) Masculinity v femininity
  - c) Indulgence vs restraint
  - d) Internal vs external
- iii) A entered into a contract with B for the supply of materials. B has not got his payment even after 6 months. Which law will help him in addressing his problem?
  - a) Substantive law
  - b) Procedural law
  - c) Criminal law
  - d) Civil law
- iv) Which of the following does not disturb the BOP's equilibrium?
  - a) Economic Factors
  - b) Political factors
  - c) Legal factors
  - d) Social factors
- v) Economic trend where the prices continuously rise and purchasing power depletes is known as
  - a) Depreciation
  - b) Dismantling
  - c) Inflation
  - d) Structural adjustment

**Q. 2. State True or False (Do not reproduce the statement)**

**(5 marks)**

- a) Strategic management helps in defining the vision and mission of business organizations.
- b) Macro business environment affects the operations of all business entities in an economy and it can be controlled.
- c) The Competition Commission of India was established under the Competition Act 2002.

d) Social responsibility of an organization refers to the activities to provide for the welfare for the people at large.

e) TRIPS is the most significant multi-country agreement on IP.

**Q.3. Expand the following: `**

**(5 marks)**

- a) NBFC
- b) EFE
- c) OPC
- d) HUF
- e) ICSI

**Q. 4. Match A and B**

**(5 marks)**

	Column A		Column B
1.	Environment	A	Regarding expenditure and tax
2.	Risk	B	Ownership and distribution of resources
3.	Economic system	C	Code of conduct
4.	Fiscal policy	D	The surroundings around an organization
5.	Corporate governance	E	Situation where there is an exposure to danger

## PART B

**[Total 60 marks]**

**Answer any THREE out of the following five questions: (20 Marks each)**

**Q.5** a) Explain various components of business environment. **(10 marks)**

b) Explain the constituents of micro business environment **(10 marks)**

**Q.6** a) Critically evaluate the contributions of public sector in India. **(10 marks)**

c) Explain the different economic systems. **(10 marks)**

**Q.7** a) Explain with examples the importance of service sector to Indian economy **(10 marks)**

b) What is balance of payments? Explain its components. **(10 marks)**

**Q.8** Differentiate between: **( 2 x 10 = 20 marks)**

a) Monetary policy and fiscal policy

b) Indian Contract Act and Sales of Goods act

**Q.9** Write short notes on any four: **( 4 x 5 =20 marks)**

a) Porter's diamond model

b) Consumer Protection Act

c) Corporate governance

d) Ethical dilemma

e) India's competitiveness in the world economy

## PART C

[Total: 20 Marks]

### Q.10 CASE STUDY- Compulsory

10. Hard Rock brings the concept of “experience economy” to its café operation. The strategy incorporates a unique experience into its operations. This innovation is somewhat akin to mass customization in manufacturing. At Hard Rock, the experience concept is to provide not only a custom meal from the menu, but a dining event that includes a unique visual and sound experience not duplicated anywhere else in the world. This strategy is succeeding. Other theme restaurants have come and gone while Hard Rock continues to grow. A Professor C Markides of the London Business School says, “The trick is not to play the games better than the competition, but to develop and play an altogether different game.” At Hard Rock, the different game is the experience game.

From the opening of its first café in London in 1971, during the British rock music explosion, Hard Rock has been serving food and rock music with equal enthusiasm. Hard Rock café has 40 US locations, about a dozen in Europe, and the remainder scattered throughout the world, from Bangkok and Beijing to Beirut. New construction, leases, and investment in remodeling are long-term; a global strategy means special consideration of political risk, currency risk, and social norms in a context of a brand fit. Although Hard Rock is one of the most recognized brands in the world, this does not mean its café is a natural everywhere. Special consideration must be given to the supply chain for the restaurant and its accompanying retail store. About 48% of a typical café’s sales are from merchandise.

The Hard Rock Café business model is well defined, but because of various risk factors and differences in business practices and employment law. Hard Rock elects to franchise about half its cafes. Social norms and preferences often suggest some tweaking of menus for local taste. For instance, Hard Rock focuses less on hamburgers and beef and more on fish and lobster in its British cafes. Because 70% of Hard Rock’s guests are tourists, recent years have found it expanding to “destination” cities. While this has been a winning strategy for decades, allowing the firm to grow from 1 London café to 157 facilities in 57 countries, it has made Hard Rock susceptible to economic fluctuations that hit tourists business hardest. So Hard Rock is signing a long-term lease for a new location in Nottingham, England, to join recently opened cafes in Manchester and Birmingham- cities that are not standard tourist destinations. At the same time, menus are being upgraded. Hopefully, repeat business from locals in these cities will smooth demand and make Hard Rock less dependent on tourists.

Questions:

- a) Carry out an environmental analysis for the case.
- b) Evaluate what are success factors of Hard Rock?
- c) Why in some cases Hard Rock resorted to franchise?
- d) How Hard Rock decided on global strategy?

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