



**INDIAN INSTITUTE OF MATERIALS MANAGEMENT**  
**Post Graduate Diploma in Supply Chain Management & Logistics**  
**Post Graduate Diploma in Materials Management - 2 years**  
**PAPER No. 6**

**July 2019**

**Business Environment**

**Date : 25.07.2019**  
**Time : 2.00 to 5.00 p.m**

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

**Instructions :**

1. From Part A – answer all questions (compulsory). Each sub questions carries 1 mark. **Total : 20 Marks**
2. From Part B – Answer any 3 questions out of 5 questions. Each question carries 20 marks. **Total : 60 Marks**
3. Part C is a case study (compulsory) with questions. Read the case study carefully and answer the questions (5 questions of 4 marks each) **Total: 20 Marks**

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**PART A** **Total 20 marks**  
**(compulsory- each sub-question carries one mark)**

**Q. 1. Fill in the blanks. (Do not reproduce the statement) [ 5 marks ]**

- i) \_\_\_\_\_ refers to all external forces which affect the functioning of business.
- ii) The \_\_\_\_\_ is the end towards which business activities are directed.
- iii) The immediate specific environment which an organization operates is \_\_\_\_\_ business environment.
- iv) The policy of the government regarding expenditure and tax is called \_\_\_\_\_ policy.
- v) A web based tool that involves raising capital from various lenders through a social platform is called \_\_\_\_\_.

**Q. 2. State True or False. (Do not reproduce the statement). [ 5 marks ]**

- i) Corporate culture is the hierarchy in business that defines roles, responsibilities, and supervisions.
- ii) Scanning is the process of analyzing all the parts of anything in order to develop its features.
- iii) PDI refers to the acceptable degree of inequality in society.
- iv) An economic system where the ownership and regulations are under the government is called mixed economy.
- v) All agreements are not contracts.

**Q.3. Expand the following [ 5 marks ]**

- i) ETOP ii) UAI iii) WPI iv) CSR v) BOP

**Q.4. Match A and B****[ 5 marks ]**

	<b>Column A</b>		<b>Column B</b>
<b>1.</b>	Economies of scale	<b>a.</b>	Exposure to danger
<b>2.</b>	Secondary sector	<b>b.</b>	Checking something on a regular basis
<b>3.</b>	Risk	<b>c.</b>	Vulnerability to adverse impact
<b>4.</b>	Threat	<b>d.</b>	Cost savings
<b>5.</b>	Monitoring	<b>e.</b>	Manufacturing

**PART B****[Total 60 marks]****Answer any THREE out of the following five questions : (20 Marks each)****Q.5. a) What are various components of business environment [10 marks ]****b) What is organizational appraisal? Explain organizational appraisal methods. [10 marks ]****Q.6. a) Explain corporate governance. [10 marks ]****b) What are the legislations for preventing unfair trade practices? [10 marks ]****Q. 7. a) What are the constituents of macro business environment? [10 marks ]****b) What are the competitive trends in business environment? [10 marks ]****Q.8. Differentiate between [any two 2 x 10 = 20 marks]**

- a) Specific and general environment
- b) Socialist economy and mixed economy
- c) Current account and capital account
- d) Outsourcing and contract manufacturing

**Q.9. Write short notes on any four [ 4 x 5 = 20 marks]**

- a) Monetary policy
- b) Sale of goods act
- c) Effects of globalization
- d) Ethical dilemma
- e) SWOT analysis

## PART C

[Total : 20 Marks]

### **Q.10 CASE STUDY- Compulsory**

After evaluating more than twenty cities in other geographical areas of the United States, Dell Computer chose Nashville, Tennessee, as the site for expansion of its personal computer manufacturing operations. This location represented the first move for this company beyond its operations in the state of Texas. Following consideration of other locations in the Southeast, Southwest, and Western United States Dell's selection of Tennessee was based on a number of factors, including: proximity to Dell customers, access to a capable logistics network, general business climate, telecommunication capabilities, and the availability of skilled workers.

While this is the first time a major computer manufacturer selected Tennessee as a site for manufacturing, sale and technical support, the state has for many years been a popular choice for automotive manufacturing and supplier locations. For example, in the 1980 the state of Tennessee invested approximately \$100 million to lure Nissan (manufacturing plant in Smyrna) and Saturn (Manufacturing plant I Spring Hill) to locate in the state. More recently, Tennessee ranked fourth in the US in terms of auto production, with about 140000 residents working either for auto makers or for the 829 automotive suppliers that operate across the state. Figures compiled by the Tennessee Department of Economic and Community Development suggest that the state's automotive industry is responsible for approximately \$6 billion annually in payroll.

Looking more closely at the Dell decision to open a new manufacturing plant I-40, approximately twelve miles east of the Nashville International Airport, the 260000-sqaure-foot facility was expected to involve employee population of more than 1000. Also, Dell constructed additional manufacturing space on its Nashville campus near the airport. This second plant occupies 300000 square feet of space to support manufacturing of additional lines of notebook computers. Clearly Dell's investment in its Tennessee facilities represented a significant, strategic element of its overall manufacturing, sales, and technical support capabilities. From the perspective of Nashville the state of Tennessee, the overall positive economic impact of having Dell locate in Tennessee was worth estimated \$25 million they planned to spend on infrastructure improvements, worker training and tax credits.

#### **Questions:**

- 1) What made Dell to think beyond Texas?
- 2) Why Dell selected Nashville, Tennessee?
- 3) What are the benefits that Dell will get by locating at its new location at Nashville Tennessee?

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