# Review Question Ch1-12

## Chapter 1: Review Questions & Solutions

**Review Questions:**

* + - * 1. Identify the various levels of strategic decision-making. How do these impact upon an organisation?
        2. Discuss the three most common types of business organisations, highlighting key differences.
        3. How can businesses in an increasingly competitive environment target their markets more effectively?
        4. How important is the role of the manager in realising business success?
        5. In what ways can the Business Model Canvas be of use to an organisation?
        6. Discuss how the successful management of the internal business environment can lead to an organisation’s overall success?

**Review Question Solutions:**

Good answers are expected to describe the corporate, business, and functional levels where strategic decision-making takes place. Answers should highlight the ways in which these levels impact an organisation through consideration of each level as described in section 1.3. Answers should note that understanding/comprehension of each of these three levels has its own distinctive strategic concerns and that each draws on a different set of tools, techniques and approaches

Answers should discuss public, private and voluntary organisations, citing the distinctions of each described in section 1.2. Answers may discuss how the current political and economic context is influencing the numbers of these types of organisations; mentioning, for example, that some public sector organisations are reducing in size and being replaced by voluntary organisations.

Answers may refer to the points covered in section 2.3, paying particular attention to segmentation. Respondents should note demographic, geographic, geo-demographic, behavioural and psychographic variables that can be used to more effectively, and efficiently to target customers, using examples.

Answers should refer to the role of the manager, and various categories of manager presented in section 1.5. Answers should examine differing profiles of managers and should include Mintzberg’s three manager categories, demonstrating awareness that not all managers will fit under each of the titles or categories listed by either Stewart (1967) or Mintzberg (1973); but within a number of these categories.

The business model canvas can benefit organisations in various ways; for example, it can positively affect an organisation’s infrastructure, offering, customers and finances. A good answer should explore these business model canvas elements in detail, expanding on the points below in accordance with section 1.6.

1. *Infrastructure*
2. *Offering*
3. *Customers*
4. *Finances*
5. This wide-ranging question should be answered through the application of concepts drawn from chapter 2. Good answers will tie together several themes, and note their interdependence and the increased benefits gained from their alignment. Specifically, answers should pertain to strategic decision making, business process, and the role of management.

## Chapter 2: Review Questions & Solutions

**Review Questions:**

1. Explain the difference between an idea and an opportunity.
2. Where do different types of opportunities emerge?
3. What did Schumpeter mean by the term ‘creative destruction’ in relation to innovation?
4. What is the difference between a radical and an incremental innovation?
5. Who is the entrepreneur?
6. Why is studying the ‘*How*’ of entrepreneurship important?

**Review Question Solutions:**

1. Good answers are expected to highlight that an idea is just an idea until someone decides to do something with it. A vast number of ideas would not be commercially viable, and it is rare to have someone with the drive to take a viable idea and make it a reality. Answers should discuss that the secret to success is far more about having the nerve, energy, passion, commitment and skill to build a business, than it is about a great idea. The idea itself is nothing without the surrounding processes.
2. Good answers should acknowledge that many of the greatest opportunities for innovation began as ways to solve a problem. The answers must include a discussion of the types of opportunities as well as how they emerge; for example through the emergence of new technologies, market inefficiencies, or through political, regulatory or demographic change. A discussion of how and why particular opportunities are discovered should also be included.
3. Good answers should discuss what Schumpeter defined innovation to be. Answers should include that while innovation is the driver of economies the reality is that very few people or ideas will have the ability to change the way we do things on the level Schumpeter discussed: creating new markets or radically reshaping them, introducing new means of production, new products, new supply chains and new forms of organisation.
4. Good answers will be expected to discuss the two types of innovation. Answers must highlight how the former form of innovation introduces a new value proposition in which new markets are created or, alternatively, that such innovations reshape existing markets. Individuals or business organisations seize upon these basic inventions and transform them into economic innovations. The latter concept, sustaining innovations, are improvements to existing products, processes or markets. Many can be seen on a daily basis, for example improvements to existing products. They also include, for example, process improvement in organisations to make supply chains more efficient.
5. Good answers should firstly comment that as yet there is still no universally identifiable definition. Instead, a hodgepodge of research has presented numerous formulations. Answers should include the current definition of the process being an economic activity as well as providing a discussion of the characteristics of the entrepreneur given in the chapter, from a risk taker to someone with the need to control their own destiny. Ultimately they must provide a discussion of who entrepreneurs are, while acknowledging their relatively undefined form. Good answers should also draw on current entrepreneurs as exemplars.
6. Good answers should highlight and emphasise that a large number of the world’s businesses are small in size. Answers must detail that entrepreneurship is an economic phenomenon involving the presence of lucrative opportunities and the presence of enterprising individuals (Shane & Venkataraman, 2000, p. 218). Entrepreneurship is about the creation of wealth, a process which is important for industry and innovation. In addition there has been great discussion of its central role in “economic development, prosperity, and evolutionary change” (Shane, 2000, p. 448).

## Chapter 3: Review Questions & Solutions

**Review Questions:**

1. Jim has decided to set up a business to run a cafe, but is not sure whether he should set up as a sole trader or form a single member company. Advise him on the differences.
2. Ann and Bob are thinking of forming a partnership under the Partnership Act 1890, as they each have skills that complement the other. Bob is a little concerned that Bob lacks experience and is rather impulsive. Explain to Ann the strengths and weaknesses of this business form, taking into account Ann’s concerns.
3. Outline in the form of a table the main differences between operating a business as a partnership and doing so in the form of a private limited company.
4. Explain how limited liability benefits business.
5. While legal personality has been useful to business, it can be harmful too. Discuss some of the harmful ways in which the concept might be used.
6. Discuss what is meant by “piercing the veil of incorporation.”

**Review Question Solutions:**

1. *Main differences between running a business as a sole trader and as a limited company*:

* No separation between sole trader’s personal assets and those of the business, whereasin a limited company the company is a legal person and owns the business assets which are legally separate from those of the members or directors.
* Limited liability is available to the members of a limited company, whereas a sole trader is liable for business debts to an unlimited extent.
* A sole trader has less paperwork to do than any limited company, even a private one – all limited companies have to file accounts and annual returns at Companies House.
* A sole trader pays income tax on profits, whereas a company pays corporation tax.

1. *The strengths and weaknesses of the partnership form*:

Strengths: (i) flexibility: the Partnership Act 1890 leaves a lot of scope for the partners to make their own rules, and compared to a limited company, is light on paperwork.

(ii) A partnership does not have to disclose its accounts at Companies House or file annual returns.

(iii) Partnership provides a way of having legal personality for the organisation in Scotland (though incomplete) while allowing partners to be liable for income tax.

Weaknesses: (i) legal personality of partnership is incomplete, and partners face joint and several liability to an unlimited extent for partnership obligations.

(ii) All partners can take part in management, and have implied authority to bind the partnership in the normal scope of the partnership’s business, which might result in the partnership being bound in contracts which the other partners would not have agreed to.

*Partnership and limited company compared*:

|  |  |
| --- | --- |
| Partnership | Private Limited Company |
| Partnership has legal personality, but incomplete. Partners can become jointly and severally liable | Private company limited by shares or by guarantee is a full legal person and can offer full limited liability to its members |
| Partners are liable to income tax on profits | A private limited company is liable to corporation tax on profits |
| Partnerships do not have to file accounts at  Companies House | A private limited company must publish accounts at Companies House, though in many cases they may be simplified |
| Partnerships are not allowed to grant floating charges to secure their borrowing | Private companies may grant floating charges- terms for borrowing may be better |
| Partnerships come to an end legally whenever there is a change in the partners | All companies have perpetual succession |
| All partners have the right to take part in management | Members of private limited companies do not have the right to take part in management – to do so they have to be appointed as directors |
| It may be easier for individual partners to get capital out (by agreement) or leave a partnership | In a private company limited by shares, it might be difficult to sell shares as no one might want to buy them, and a shareholder normally needs a majority shareholding in order to put a company into liquidation |

1. *The benefits to business of limited liability*:

* It allows members to know in advance what their personal risk is of investing in a business: once the investment has been made in full, the member cannot be asked to contribute more – this provides confidence to invest.
* This protection enables public companies to raise money by offering shares to the public.
* Complex businesses can separate their activities into different entities using subsidiary companies.
* Multinational companies can use the concept to have subsidiary companies registered in different countries.
* It is useful in tax planning.

1. *Some less desirable consequences of limited liability*:

* It might be used to evade contractual obligations by forming a company to do what contract prevents you doing.
* It is useful to money-launderers, in that money can be concealed in a network of companies, out of which it may emerge as “clean money”.
* Wealthy people who are getting a divorce and who want to pay their ex-spouse as little as possible may be tempted to put assets into the names of companies in order to make them unavailable in a divorce settlement.
* It might be used in tax evasion.

1. “*Piercing the veil of incorporation*”

This is a metaphor used by judges to express the idea that legal personality normally means that there is a thick veil hiding the personnel in a company, so that only the outside of the veil is seen by those dealing with the company (i.e. the company itself as a legal person). Because the less desirable consequences of legal personality would arise if there were no legal constraints, Parliament has identified some exceptional cases where statutes state that different consequences apply. The courts have also done so, in very limited circumstances. The reason why both Parliament and the courts are reluctant to do this is because it is important to business that the principle that legal personality is separate is generally respected, and the exceptions are therefore rare. Examples: fraudulent trading (section 213) and wrongful trading (section 214) of IA 1986. The use of the sham company to evade contractual obligations: *Gilford Motor Co Ltd v Horne* (1933.)

1. The Supreme Court decision in *Prest v Petrodel Resources Ltd* (2013) emphasises that other ways of dealing with cases should be preferred and piercing the veil of incorporation should be a last resort.

## Chapter 4: Review Questions & Solutions

**Review Questions:**

1. Why is it important to distinguish between contracts of employment and other contracts under which individuals provide services?

2. Outline and describe some of the main duties that an employer owes to his employee.

3. Outline some of the options that may be available to an individual who may have been unfairly dismissed?

4. What are the circumstances under which an individual may consider themselves to be made redundant?

5. What are the potentially fair reasons for dismissing an employee?

6. What tests have been established by the Courts in attempting to establish who should be classed as an employee?

**Review Question Solutions:**

1. It is important to distinguish between a ‘contract for service’ and a ‘contract of service’ because there are fundamental differences in the rights individuals receive on each of those types of contract. If an individual is an employee, and has a ‘contract of service’, they are entitled to employment protection from unfair dismissal and command other rights such as minimum notice period of termination.

2. Employers owe a duty of mutual respect to their employees; this means that they should not be rude to employees or treat them with disregard. An employer is also under duty to pay wages to an employee; this duty is often expressed in detail in the written statement of particulars. The duty to provide a safe working environment is also required of employers; this duty was established in the case of Wilsons and Clyde Coal Ltd v English (1938) when a miner was injured at work.

3. If an employee has been unfairly dismissed they will be entitled to a remedy, this can be in the form of reinstatement or compensation. Reinstatement requires the employee to be treated ‘in all respects as if he would not have been dismissed’, and provide wages lost for the period since dismissal. Compensation is split into two categories, the basic award and the compensatory award. The maximum basic award is £13,920 and the compensatory award is £76,574.

4. Under section 139(1) of the ERA 1996 the circumstances by which an individual may consider themselves to be made redundant are set out. The employer must have ceased or intended to cease to carry on business for the purposes of which the employee was employed, or to carry out business where the employee was employed. Or, the requirements of a business for employees to carry out work of a particular kind have ceased or diminished.

5. Employees can be fairly dismissed if they fall into one of the five categories of fair dismissal. The five categories include lack of qualifications or capability, incompetence in carrying out the job, committing an act of misconduct, being made redundant and illegality, which means an employee could not carry out the job without contravention of the law.

6. The Courts have used four tests when deciding whether an individual should be classed as a worker or an employee. This includes the control test, integration test, economic reality test and the mutuality of obligation test. Although there are four tests, the mutuality of obligation test is considered the most robust method of determining the employment status of an individual.

## Chapter 5: Review Questions & Solutions

**Review Questions:**

1. Explain the differences between quantitative and qualitative marketing research.
2. What are the major benefits of undertaking secondary research first?
3. Advise IBC on how they might set up a research project to discover engineer’s opinions.
4. Explain the advantages and disadvantages of focus groups.
5. When should you use the following sampling methods?

* Simple random sampling
* Convenience sampling.

1. Explain the considerations when designing a questionnaire.

**Review Question Solutions:**

1. Both quantitative and qualitative research has a role to play in providing data to help marketers make better decisions but the chosen approach depends on objectives.

Quantitative research

* For descriptive questions such as who is the customer, what and when they buy.
* Longitudinal analysis can help discover trends and changes in the behaviour of customers
* Large, representative samples allow generalisability (views likely to be representative across the population).
* Data collection commonly through surveys and questionnaires -standardised questions
* Results usually expressed in numerical/statistical form

Qualitative research

* Insight into why customers buy
* Smaller samples with focus groups, in depth interviews and projective techniques.
* Elicits rich data -attitudes and opinions
* Skills required interpreting data and encouraging participants to share their feelings
* Findings not representative
* Questions less standardised than in quantitative research but interview guide helps control the interview direction
* Results can be interpreted in different ways and can be subjective
* Useful initially if followed by quantitative research
* Devising research aims will help determine most appropriate approach.

1. Major benefits of secondary research.

* Secondary or desk research uses previously published data to help answer some marketing questions
* Data available internally e.g. sales and accounting information or customer complaints. Consider customer data to establish if customers have any similarities and then research potential customers with similar characteristics
* Sources of externally available data include:
  + - Competitor websites
    - Specialist blogs
    - Industry wide research published by companies such as Mintel and Keynote
    - Governments and trade association publications – population trends, household expenditure surveys and market information
    - Trade magazines e.g. The Grocer reports on competitor activity/ highlight new technologies
* Secondary data describes the macro and micro environment
* Potentially secondary data is sufficient to answer the full research question
* Can be inexpensive and quick to obtain, although specialist research can be very expensive.
* All sources evaluated using PROMPT criteria: provenance (who published it?), relevance (cover the market of interest?); Objectivity (written with a particular bias?); Method (sample size, method rigorous?); Presentation (how clear is the information) and Timeliness (is it out of date?)
* Always consider secondary research before undertaking primary research

1. Marketing research within a b2b market is difficult as IBC do not deal directly with the end customer. A systematic research programme is required.

Research Problem:

What new product research activity should be undertaken in the next five years?

Research questions:

1. What are the main features that engineers like about our existing products?
2. What would they change?
3. What future projects are being considered?

Research Design:

Descriptive, in-house research-technical products and budgets.

Research Methods:

Secondary research-technical and trade to keep abreast of macro and micro environmental changes.

Primary research-in-depth interviews, using semi structured questionnaires and ongoing research through monitored online user group forum. The questionnaire piloted and altered where necessary.

Sampling Procedure:

* Engineers selected from the in house database
* Telephone calls to establish contact details.
* Every sector is represented-3 engineers interviewed in each.
* 30 interviews over 6 weeks.

Analysis:

Interviews recorded and data transcribed verbatim.

* Responses analysed according to raised themes.
* Online user group reported via content analysis

Reporting:

Monthly issues arising from trade press and online user group

* Written report and presentation for engineers and sales personnel.
* Important themes elaborated using representative quotes.
* Responses cannot be generalised but methods stimulate ideas for concept development.

1. Focus Groups

* Focus groups (qualitative research) enable researchers to discover opinions and attitudes.
* Commonly used to give fast feedback on advertising copy, brainstorming new products and eliciting important buying criteria. These criteria will then be used in a questionnaire.
* Particularly useful as exploratory research.
* The association of qualitative research (AQR, 2015) gives advice on running group discussions and suggest 4-10 groups for each project with an average group cost of between £2000 and £3000 including fieldwork, debrief and expenses. The group size tends to be c.8 informants (UK) but higher in the US. Discussions last up to an hour. Incentivising participants is common.
* All group members to feel at ease and participate freely. If members are too disparate others feel inhibited. Typically groups held in a comfortable (sometimes domestic) setting and recorded/ observed by the marketing client.

Advantages:

* Relatively easy to set up and results can be fed back quickly
* Often less expensive than other techniques
* Group members stimulate each other’s’ thoughts and prompt participants to give reasons for their views.
* On- line or using video conferencing methods.
* Rich subjective data can emerge.
* Used in combination with additional projective techniques to generate discussion.
* Focus groups allow a researcher to understand how individuals think in a collaborative situation.

Disadvantages:

* The information obtained cannot be generalised – small sample
* The information could be interpreted in various ways (although this can uncover underlying influences).
* Quotes should not be reported out of context or used selectively to prove a point.
* Groups require experienced moderator to ensure full contribution and discussion staying on topic.
* Transcription of groups discussion can be a lengthy process

The decision to use focus groups should consider research objectives and findings interpreted with reference to the limitations.

1. Sampling

Rarely possible or desirable to include all people in the population. A sample of people is chosen to represent the views of the whole population.

Simple random sampling:

* A type of probability sampling – everyone within the chosen population has an equal chance of being selected.
* A recent list of the population or a sampling frame is required such as a list of customers a list of streets, trade association members or contact details.
* Size of sample is not related to size of the population but to the variability within the population.
* Important to capture as much variance as possible within chosen sample.
* Names should be numbered and respondents selected through random number generation.
* Important to interview randomly generated respondent even when several contact attempts required.
* Random sampling is most accurate method but the most expensive and time consuming. Not often used in marketing research but essential in medical research studies.
* Convenience sampling:
* Convenience sampling recruits for convenience. Only those available have a chance to contribute.
* Those who respond are unlikely to be representative of whole population.
* Non-probability sampling because not everyone within the whole population will have the opportunity to be selected.
* Impossible to generalise results.
* Suitable for a pilot study testing research instrument, such as a questionnaire.
* Posting on social media is a form of convenience sample. Friends are similar so a broad range of responses is not expected.
* Quota sampling can increase representativeness. Respondents fulfil a quota to match characteristics of whole population.
* A balance between accuracy and cost. Chosen methods should consider objectives and available resources; results considered in light of the sampling limitations.

6. Questionnaire Design

Writing a questionnaire is not just about technicalities, customers must also be motivated.

* Poor questions lead to poor answers.
* Pilot questionnaires.
* Keep language simple – use language that is understood by respondents.
* Keep it short – 10 -20 minutes maximum.
* Questionnaire flow (funnel technique) – broad scene setting questions, becoming more specific.
* “Skip” questions guide the respondent to relevant section.
* Essential or just nice to know? Omit if not relevant.
* Sensitive questions (age and socio-economic stratus) at the end, unless a quota required.
* Questions short but sufficiently clear. Leading questions steer a particular answer.
* Question types.
  + Open-ended questions allow a free answer to provide richer data but take longer to complete and analyse and often ignored by respondents.
  + Closed questions limit responses, are quicker and easier to complete and analyse but restrict respondents.
  + Scales such as Likert scales find strength of opinion and ranking criteria.
* Administration method affects design. Face–to-face interviewers may include prompts but not possible for self-administered surveys.

## Chapter 6: Review Questions & Solutions

**Review questions**

1. Is marketing relevant for any type of organisation?
2. Which segmentation and targeting strategy for a new small enterprise?
3. What types of customer value are there?
4. What should be considered when pricing a product or service?
5. Outline the distribution strategy options for a new enterprise?
6. What goes into a marketing plan?

**Review Question Solutions:**

* + - 1. **Marketing relevance**
* Traditional Chartered Institute of Marketing definition refers to profit.
* Acknowledged that marketing has wider application – third sector (non-government organisations, not for profit businesses, charities) and government sectors.
* Revised definitions suggest marketing is about “creating value” for multiple stakeholders from business and community including employees.

Two main concepts:

a. Making the customer the centre of thinking.

b. A mutual exchange that creates value for both parties.

The customer, the exchange and the marketing mix may be described in different ways for not for profit organisations.

**2. Segmentation**

* Segmentation recognises different tastes and needs across markets.
* Splitting market into groups of customers that share similar needs.
* People within a segment similar; segments as different as possible.
* Targeting – the organisation chooses segment(s) of customers to serve.
* A new, relatively small enterprise is advised to take a concentrated or niche marketing targeting strategy, and focus on meeting the needs of a well-defined segment.
* Concentrated:
* Company knows segment.
* Resources concentrated.
* Reputation for serving particular segment
* Appropriate marketing mix.
* Fewer competitors likely to be interested.
* Risky of over reliance.
* Segment large enough, accessible, sufficiently different to offer viable, long-term demand. Based on demographic, geographic, psychographic or behavioural criteria (or hybrid).
* Small business may adopt differentiation strategy as they grow but they should keep their unique edge through over expansion whilst avoiding myopia.

**3. Customer value**

* Performance value – functional benefits Tangible and relatively easy to copy.
* Emotional value – intangible values based on consumer perception and how it makes them feel. Less easily copied
* Price value – low prices and saving money.
* Relationship value – relationship between company and its customers, evident in personal services. Physical goods also add relationship value.

**4. Pricing**

* Price creates revenue
* Price equates to the value a customer puts on the product
* New businesses find price a challenge and frequently.
* Price set between the following points:
* Low Price – no profit ---------------------------------- High price – no customers
* Consider:
* Costs
* Competitor pricing
* Customer value perception
* Pricing affected by customer’s perception of value.

1. **Distribution**

Product in the right places at the right time.

1. No of outlets

|  |  |  |  |
| --- | --- | --- | --- |
| Frequently purchased, impulse products | intensive distribution | Many outlets | Reach many customers |
| High end, luxury product | exclusive distribution | Few outlets | Close distributor relationship |
| Durable (Shopping) goods | selective distribution | Some outlets | Allows comparison with competitors |

1. Channel length

a. Long channels- wider coverage but loss of control.

Manufacturer----Agent---Wholesaler---Retailer--- End Customer

b. Short Channel

Manufacturer---End Customer

Channel lengths may be short when distributors refuse to list product.

1. Physical distribution

Back-office **logistical functions** in place to ensure timely delivery, efficient inventories, and systems to take orders and accept payment.

1. **Marketing planning**

* Marketing needs to be systematically planned and coordinated.
* Marketing mix is integrated to meet marketing objectives and create customer value.
* Each element of the marketing mix requires detailed plans which combine to achieve objectives.
* Plan regularly consulted and required adjustments made.
* Plan does not guarantee success but puts business in control of its own marketing activities and ensures that the customer is at core.

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| --- |
| Situation/ Context analysis |
| Marketing Objectives: |
| Target Markets: |
| The marketing mix:  Product  Price  Promotion  Place |
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|
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| Budget: |
| Measurement: |
| Timescales and People: |

## Chapter 7: Review Questions & Solutions

**Review questions**

1. Discuss the differences between the operational and strategic functions of HRM.
2. Discuss the objectives of HRM according to Torrington et al. (2005).
3. What effects can high and low labour supply have on recruitment and selection processes?
4. How can organisations ensure that pay is equitable?
5. Discuss how business strategy could vary from HRM strategies, particularly with regards to ‘health and safety’.
6. Should the HRM function be involved in ‘health and safety’ at work?
7. **Review Question Solutions:**

1. Operational function: At the operational level, emphasis is on organisational everyday tasks, such as supporting line managers, recruitment, selection, training, development, serving as a channel for employees’ concerns, personnel record keeping, and managing/negotiating collective bargaining agreements.

2. Strategic function: At the strategic level, emphasis is on relating everyday tasks to organisational strategy. Activities will include planning and managing the human resources of the organisation (i.e. its staff) to ensure that the organisational goals are met, and aligning human resources goals with organisational goals.

3. The objectives of HRM according to Torrington et al. (2005):

1. Staffing objectives
2. Performance objectives
3. Change management objectives
4. Administrative objectives

4. During periods of boom, there is plenty of work to go around, while during recessionary periods, organisations may need to make people redundant.

It is vital that employees accept and acknowledge that they are being treated equitably. Pay needs to be administered on an equitable basis. Inequitable pay systems could lead to employee retention issues, particularly where employees feel their pay is not competitive, or does not demonstrate their value to the organisation. More importantly, employees should be kept up to date with reward policies, and how benefits are decided, based on job descriptions etc.

5. According to Torrington et al. (2005), there is continual conflict between health and safety considerations and other organisational priorities. Despite the significance of health and safety in the workplace, such issues tend to be made second to immediate operational needs.

6. It is pertinent that HRM strategies acknowledge that employees are a major source of competitive advantage. More importantly, if employees are to contribute fully to organisational productivity, they need to feel valued. Ensuring that ‘work’ is psychologically and physically safe is a major means for demonstrating that employees are valued. Making this provision, therefore, makes good business sense. Health and safety processes will, however, only succeed where given priority by HR, and where an organisation fully commits to ensuring the workplace is safe.

## Chapter 8: Review Questions & Solutions

**Review Questions:**

1. Describe the measures organisations can take to support their employees’ work-life balance.

2. Why do employers need to introduce work-life balance policies?

3. What are the drawbacks of work-life balance policies

4. What are the consequences for those who take up work-life balance policies?

5. How may factors other than gender affect work-life balance?

6. Suggest some areas where researchers and policy makers need to advance work-life balance.

**Review Question Solutions:**

1. Employers can introduce flexible working in terms of hours of work and location of work e.g. job share, part-time working, condensed hours and working from home. Other informal arrangements may include shift-swapping. Usually this is to accommodate childcare. Companies could also allow staff to do a part-time degree or follow a hobby. As an employer you could also:

* Set up a home office
* Provide a mobile phone/laptop
* Provide childcare

2. Employers must ensure they retain staff and work-life balance is a way to do this. It can also improve well-being, job satisfaction and may bring skills back into the workplace. So for employers the benefits are:

* Loyal workforce
* Reduced absenteeism
* Higher morale and job satisfaction
* Good external reputation

3. Employers face costs of work-life balance. These can include:

* Inter-team conflict if some staff are seen to benefit from special privileges
* Costs associated with home offices
* An often reactionary approach to managing work-life balance which does not anticipate employee needs.

4. Employees may find that they benefit from reduced stress and more time pursuing non-work hobbies or interests. Further they may report benefits from spending more time with their children. However, the potential limitations include:

* Damage to career progression for women
* Negative perceptions at work for men and women, as uncommitted to the organisation
* Difficulty separating work from life

5. Black women may report difficulty accessing the economic and social resources to support childcare and employment. Further working-class people in strictly scheduled jobs may find flexible working or working from home impossible. Middle-class professionals may be able to work from home or work flexibly in other ways, but find themselves working very long hours, perhaps on part-time pay.

6. Generally work-life balance is for women with children. We know much less about men’s work-life balance or how different groups manage their working and nonworking time. Further, there is a need to understand other aspects of life beyond child and elder care, to fully appreciate the complex dynamics between paid employment and other aspects of people’s lives.

## Chapter 9: Review Questions & Solutions

**Review Questions:**

1. Discuss three reasons why competitive rivalry exists among firms.
2. According to Porter (1979) what are the six barriers to entry?
3. What determines the extent of threat in substitutes?
4. What is the purpose of Porter’s generic strategies?
5. Discuss the differences between Cost Leadership and Differentiation.
6. Explain why Porter’s strategies have limited applicability.

**Review Question Solutions:**

1. Reasons why competitive rivalry exists among firms.
   1. High number of competitors – rivalry in the market is high due to all striving to gain market leadership.
   2. Size - where the market size is vast, competition to gain most market share can be intense.
   3. Product differentiation/ brand loyalty – companies want to compete by promoting a unique selling point and gasping a user base through loyalty of their brand. Utilising a stigma associated with the brand.
   4. High buying power (through collectively or mass purchase) and availability of substitutes, resulting in intense competition to capture the attention of the consumer.
   5. Capacity utilisation – competition to gain unutilised markets/spare capacity can be intense
   6. Cost structure of the industry – high investment into fix costs (such as infrastructure) can increase competition of market to gain return of investment faster.
   7. High costs to exit – (such as specialised assets, strategic interrelationships, emotional barriers) can also lead to competitive rivalry.
2. Six barriers to entry
   1. Economies of scale
   2. Product differentiation
   3. Capital requirements
   4. Cost disadvantages
   5. Access to distribution channels
   6. Governments
3. Threat of substitutes

* Switching costs: if there are no switching costs – moving from one supplier/buyer to another, then the chances of moving to a more attractive substitute increase. For example, if a consumer wants to replace buying hardcopies of books to reading books online, they will be able to do so without any additional fees or costs for the switch.
* Product price: if substitutes are priced cheaper or at a fairer rate, this can then attract buyers.
* Product quality: if the product of the substitute is of higher quality than that of any other product in the market then the chances are that consumers will pay attention to this and switch to the competitor.

1. Purpose of Porters Generic strategies:

Given the competition within an industry created by the five forces model, for organisations to survive and succeed they need to adopt a competitive strategy. Organisations can choose to follow one of Porter’s competitive strategies to gain a competitive advantage or edge allowing them to position themselves to overcome the external forces of competition.

1. Cost leadership: Focuses on gaining competitive advantage by having the lowest cost in the industry. The aim is to serve a mass market and become a successful cost leader supplying products or services of a quality comparable to their competitors.

Differentiation: Serves the broad market but the company focuses on providing a unique product or service, developing a unique selling point (USP) to ensure they are different from their competitors. Product differentiation satisfies the consumers need and involves tailoring the product or service to the requirements of the individual customer

1. Limited applicability due to:

* Generic strategies are not applicable for small firms
* Generic strategies are not applicable in fragmented markets
* Generic strategies are not applicable to retailers

The generic strategies are not alternative solutions, but can profitably coexist in the strategic approach of a firm

## Chapter 10: Review Questions & Solutions

**Review Questions:**

1. According to the Theory of Constraints (ToC) which are the three performance measures and objectives that are fundamental to management of operations?
2. What are the main sources of waste in manufacturing process?
3. Please demonstrate and illustrate the life cycle which products and services have.
4. Products could be affected by the manufacturing process, the production volume and variety of the product. Could you please demonstrate some combinations of those variables which lead to different products and manufacturing processes?
5. What is the concept of materials and inventory management and why it is important to slit our products in two categories (perishable and non-perishable) so we could manage their inventory according to their characteristics?
6. Why managerial processes are important for an organisation and which are those processes?

**Review Question Solutions:**

1. Maximum throughput (i.e. flow);

Minimum operating expenses;

Minimum inventory.

1. Defects; Overproduction; Transportation; Waiting; Inventory; Unnecessary Motion; Unnecessary Processing.
2. In the **introduction phase** a slow growth in sales is observed, customers buying (or testing) the product are innovators and because it is early stage the product could change according to feedback received. At that stage only few or non-competitors exist. The **growth phase** takes place with rapid growth in sales volume to be one of the key characteristic that this phase has. Some early adopting customers exist while increased competition in terms of suppliers exists. At that stage the product is standardised. By that time the **stage of maturity** appears with sales slow and level-off while companies are selling in a bulk market. Competition stabilises and few firms start to dominate the market. The final stage is the **decline phase** where market`s needs are largely met with only a few laggard customers looking for products/services. At that stage the number of competitors is declining and the product/service is becoming a standardised commodity.
3. With very low volumes (e.g. one-off) and high variety (where each order is different), such as ship building a **projects** approach is more appropriate. **Jobbing** deals with slightly less variety combined with low volumes. **Batch manufacturing** is when medium variety and medium volume products are produced and **mass manufacturing** for low variety and high volume production. Finally, **continuous manufacturing** is when very low variety (typically one standard product) but is continuously produced.
4. Materials and inventory management is a concept of operations management which deals with the management of stocks. Those are mainly consumable materials (e.g. coco powder that goes in to making a chocolate bar) but sometimes could be also be tooling, test equipment as well as services. Usually excess inventory is generated when supply exceeds demand. Although there are occasions when having some excess inventory may be beneficial, usually it is associated with risk and waste, and for that reason in operations management we usually try to minimise inventory. So our aim in operations management is to minimise inventory without running out.

Inventory could be split into two categories: **perishable** and **non-perishable**. Those two categories are describing the product been placed in inventory, so perishable products have to be sold or proceed up to a specific day if that is not the case then the opportunity to be sold is lost. With not perishable products more flexibility exists in terms of time. In most cases service inventory is considered to be perishable, e.g. an airplane seat, hotel room or a consultants time if not sold it is lost forever because it is not possible to turn back time and sell yesterday’s empty hotel room.

1. Managerial processes are important for an organisation because they deal with maintaining the future competitiveness of that organisation.

These processes are:

**Scanning the horizon** – being aware of what is happening in the operating environment, i.e. customers, competitors, suppliers, technologies, politics, economics and so on.

**Setting direction** – creating a clear and concise direction for the organisation so that everyone can work towards a common objective.

**Managing strategy** – planning for how you are going to sustain and develop your competitive advantage

**Managing performance** – monitoring and managing how the organisation is performing against these plans;

**Managing change** – changing to new ways of doing things.

## Chapter 11: Review Questions & Solutions

**Review Questions:**

1. Critically discuss the different supply chain concepts that managers should consider when designing a market responsive supply chain.
2. Compare and contrast two different collaborative planning methods designed to improve the match between supply and demand in a supply chain context.
3. Explain how companies can leverage logistics and the supply chain to compete in the final marketplace.
4. Describe the challenges and trade-offs between a central control and a local management of operations.
5. Describe the benefits and risks that are associated with outsourcing practices.
6. Critically explain the cost – trade off that needs to be considered when selecting a global sourcing strategy.

**Review Question Solutions:**

1. First explain the need to be market responsive in the current business environment characterised by ever shorter product lifecycles, crowded markets, reduced brand loyalty and fierce competition. Then discuss each of the 5 key design principles for creating a responsive supply chain including:

1. Differentiate the product and customer base and recognise that one size never fits all. Discuss Fisher’s innovative vs functional model for product segmentation
2. Place strategic inventory at the material de-coupling point
3. Delay adding value wherever possible, i.e. use form and place postponement
4. Reduce the lead-time gap. Define the lead-time gap and explain the implications of extended lead-times on cost and responsiveness
5. Identify the information de-coupling point and where needed use real-time demand data

2. The two cross-organisational methods used between supply chain partners discussed in the chapter include collaborative planning forecasting and replenishment (CPFR) and Vendor managed inventory (VMI). Start by explaining the need to improve visibility and trust between strategic partners and then explain how VMI can help to reduce inventory, improve on-shelf availability and increase sales. Then discuss the evolution of VMI into the more sophisticated process of CPFR.

3. Although product or service offering must match consumer preferences and quality expectations, without an efficient and effective supply chain design and logistics operation companies will not be able to get the offering to market at the right time, in the right place and in the right quantity. We can design the supply chain so that we can augment the core product offering and so differentiate ourselves from competitors. An explanation of how Zara’s supply chain strategy has led to competitive advantage is a good example to support your answer.

4. Start by explain that trends in globalisation, global sourcing, re-location of production plants, moving towards new markets and increasing demand points has led to challenges for managers and decision makers. In order to overcome these challenges, managers must find the right balance between global thinking and local acting. Critically describe the differences between these increased global challenges and why there should be an alignment of operations and strategy. Refer to the Table 2. Provide additional references and industry examples to support your argument.

5. First outline the reasons for outsourcing, i.e. refer to it as a result of focusing on the core competencies of a firm. Identify the strategic, financial and operational benefits such as cost savings, increased customer satisfaction, reduced lead-times, etc. and the relationship, asset and competence risks such as losing control, poor management of outsourcing relationships and a reduction in performance, etc. Critically evaluate these benefits and risks by comparing them and discuss their impact on each other. Support your argument with examples from industry and additional references. Also, a discussion of how to overcome these challenges and risks and transform them into opportunities by highlighting the need for proper management and goal alignment between focal firm and provider firm should be recognised.

6. Begin with a discussion describing what local sourcing is and what global sourcing is. Discuss the geographical scope and ownership issues of purchasing goods and services. Then provide a discussion about offshoring versus outsourcing. A good answer will evaluate also the risks associated with global sourcing. In terms of cost trade-offs, identify the different types of costs such as transportation, production, inventory, and raw materials. Explain why costs change for each of these factors according to the degree of globalisation. This description should include why costs increase and/or decrease by sourcing locally or globally. Support your argument with industry examples and additional references. The overall aim in the cost trade-off exercise to support decision-making is to find the minimum in the sum of all the different cost types.

## Chapter 12: Review Questions & Solutions

**Review Questions:**

1. What motivates companies to engage in activities such as corporate governance and CSR?
2. What are the key differences between corporate governance and CSR?
3. Which of the five dimensions of CSR identified by Dahlsrud (2008) is most important to effective CSR performance?
4. Present the business case for CSR
5. How is CSR differently implemented between large and smaller businesses?
6. To what extent do activities such as CSR and corporate governance represent a social contract between business and wider society?

**Review Question Solutions:**

1. Companies are motivated to engage in these activities for a number of reasons. By ensuring that corporate governance is properly embedded, the companies can better attract and maintain investment and build and maintain good relationships with their stakeholders, whilst ensuring compliance with various legal and regulatory requirements. Engaging in CSR activities has been seen to carry a number of benefits for companies which contribute to their growth, sustainability and bottom lines. However, many authors are critical of the rationales for, and approaches to, CSR which put the company’s interest first; rather, they point to the voluntary nature of CSR and emphasise the ‘social’ element, believing that it should be rooted in a desire to improve society whilst operating effectively.

2. Though the two concepts are interlinked and often managed by the same individuals in a company there are important differences. One of the most fundamental differences revolves around the notion of voluntariness: CSR is seen by many as being about going beyond legal and regulatory mechanisms, whereas corporate governance has its central focus on compliance and transparency in relation to such mechanisms. Beyond this, core differences are derived from the ‘social’ element of CSR, represented by a firm’s attempts to benefit society in its activities, something that corporate governance is not usually considered to offer.

3. There is no ‘most important’ dimension according to Dahlsrud’s work; its thrust is that all organisations engaging in CSR ought to consider each dimension in the context of their business environment. By ignoring any of the dimensions entirely, an organisation would only partially be engaging in CSR. It is however true that, depending on the core business function of an organisation, certain dimensions will be more central than others to its CSR strategy, so identifying these contextual issues is an important element of CSR implementation.

4. The business case for CSR revolves around the additional value good CSR policy and practice can offer to companies. Proponents of the business case for CSR argue that CSR activities can be approached so that they not only reduce or eliminate the harm a business does but can actually improve the operations and profits of businesses. For example, they point to the reduced costs and increased efficiency that can be brought about reducing supply chain emissions, or to the reduced costs and increased skills and experience brought about by employee retention.

5. CSR operates very differently across business organisations of different sizes. Various authors have shown that the systemised, formulated nature of management in large organisations has allowed CSR to be embedded within such organisations from the top down. Conversely, smaller organisations are usually managed through more informal relationships, and as a result they tend to manage CSR as an add-on activity.

6. Businesses have always been a functioning part of society, so the relationship between business organisations and wider society are not a new consideration. Businesses have always been required to operate within society and forge a successful relationship with it, as some of the examples in this chapter highlight. CSR and corporate governance are contemporary activities through which this relationship is navigated and managed in contemporary business organisations.