

Ollscoil na hÉireann, Gaillimh
National University of Ireland, Galway

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Semester II Examinations, 2003/2004

Exam Code(s)	
Exam(s)	SECOND EVENING COMMERCE EXAMINATION
Module Code(s)	Evening BCOMM MG203.II
Module(s)	Business Organisation and Management
Paper No.	Paper II
Repeat Paper	
External Examiner(s)	Professor J. Winterton
Internal Examiner(s)	Professor R. Green
	Mr. Will Geoghegan

Instructions:

Answer both questions.

Duration	<u>2 Hours</u>
No. of Answer books	<u>1</u>

Requirements:

Handout	<u> </u>
MCQ	<u>x</u>
Statistical Tables	<u> </u>
Graph Paper	<u> </u>
Log Graph Paper	<u> </u>
Other Material	<u> </u>

No. of Pages	<u>9</u>
Department(s)	<u>Management</u>

**OLLSCOIL NA hÉIREANN, GAILLIMH
NATIONAL UNIVERSITY OF IRELAND, GALWAY**

SEMESTER 1I EXAMINATIONS, 2003/04

SECOND EVENING COMMERCE EXAMINATION

BUSINESS ORGANISATION AND MANAGEMENT

PAPER II

Professor P. Winterton

Professor R. Green

Mr. W. Geoghegan

Time Allowed: TWO HOURS

Please attempt **BOTH** questions: **Question 1** and **Question 2**

Students are requested to use a separate answer book for each question.
For question 2, Multiple Choice, use the answer sheet provided

1. In respect to the attached case, based on the facts of the case and the knowledge learned in the course, please answer the following. There are equal marks for each part:
 - a) Analyse Nokia's external environment.
 - b) Using Ansoff's product – market growth matrix, classify the various directions open to Nokia.
 - c) Analyse Nokia's internal and external environment using a SWOT analysis.
 - d) How would you describe Jorma Ollila leadership style? Do you believe Ollila to be a manager, leader or both? Use some theory to substantiate your answer.

(65% of Total Marks)

2. In respect of the 35 multiple-choice questions attached, choose the best answer from the responses listed. Record your answers, together with your name and student number, on the MCQ answer sheet provided. 1 mark is awarded for each correct answer, 0 marks if there is no answer and – 0.33 marks for each incorrect answer.

(35 % of Total Marks)

CASE STUDY

Behind his gentlemanly demeanor Jorma Ollila, CEO of Nokia Corp., is a man of extremes. As his wife, Liisa

Annikki, tells it, her husband fires up the Finnish sauna a good 15 degrees warmer than she likes it, all the way to 212F—hot enough to boil a pot of tea. It was late March, ice was still floating on Lake Pukala north of Helsinki, and the kids challenged their father to dive in. Emerging from the sauna, Ollila paused, then plunged naked into the icy lake.

Ollila, a 47-year-old former banker, lives by the plunge. He believes people get comfy and complacent and that it takes a dive into the unknown, or a push, to tap into their strongest instincts—those that guide survival. Six years ago, as an untested CEO, he bet the 133-year-old Finnish conglomerate on cellular phones, challenging rivals Motorola Inc. and L. M. Ericsson. In the struggle that ensued, Ollila's Finns outdid themselves. Fast and focused, with a canny eye for design, Nokia wrested market share from entrenched competitors and emerged as the most profitable player in the industry.

The company's startling climb has provided the Continent with something it was sorely lacking: a new high-tech superstar. What's more, that triumph is in a crucial technology: mobile communications. That's the next frontier for the Internet, and one of the few areas where Europe is racing ahead of the U.S.

Smack in the middle of Nokia's success stands Ollila, whose name is accented on the "O." He's a self-avowed nonchic who hasn't even put plumbing in his lakeside cabin. But it's Ollila who is improvising a brand-new style of high-tech management. Refuting the common "slip-and-you-die" thinking, Ollila sticks with slip and you grow.

In a sense, this model is a variation on the man's freezing plunge at the lake. Ollila views disasters as education, and he fires almost no one. While others rush to the world's high-tech hot spots, Ollila created one of his own in an underpopulated stretch between Russia and the Arctic Circle. From there, he nurtures a network of suppliers around the globe. And just when Nokia seems to be performing in top gear, as it is now, Ollila risks disarray by switching the jobs of all his top managers.

Trouble is, Nokia isn't the only one searching for a digital El Dorado in the form of convergence. While Ollila's sharp and nimble Finns ambushed Ericsson and Motorola in the telephone market, they're now converging right into a Silicon Valley traffic jam. To sell pocket-size Net devices, Ollila must maneuver his way among the brightest stars of America's high-tech economy, where everyone from Microsoft Corp. to 3Com Corp. wants to own a piece of the same business.

And few of them are convinced that this next revolution is going to be conducted through mobile telephones. Who's to say, after all, that mobile Web surfers won't use palmtop computers equipped with telephone chips? And there's always the chance the public will shrug at the entire selection of these tiny devices. "You have to think hard," says Richard Howard, director of the wireless research lab at Lucent Technologies Inc.'s Bell Labs. "Do you really need full-motion video in a car phone?"

So despite his laid-back manner, Ollila has no time to catch his breath. He must prepare Nokia for a metamorphosis. Like a snake growing out of its skin, the company has to emerge sleek and strong. In the next generation, when simple handsets are stocking stuffers and mobile phones molt into powerful new be-alls, Ollila's tried-and-true motivator is the plunge. In the past, there have been plenty of crises around which to rally the team. Ollila recalls them with great fondness.

So how does Ollila conjure up a sense of fear and urgency? For starters, on July 1, he reached into Nokia's sparkling glass-and-steel headquarters on the shore of the Baltic, took the inner circle of four fortysomething Finns who

run the company's main divisions, and switched all their jobs. His infrastructure executive, Matti Alahuhta, was rotated from his customer-schmoozing position into the marketing vortex of handsets. Asia-Pacific chief Sari Baldauf was told to head up infrastructure, as well as development on Third Generation. Handset chief Pekka Ala-Pietila, who oversaw the spectacular development of the 6100s, became vice-chairman, charged with exploring new ventures. Later this year, Ollila will bring back his chief executive for U.S. operations, Olli-Pekka Kallasvuo, to be chief financial officer. In short, except for Ollila, every top person at the company is getting ready for a brand-new job—all in the name of "removing people from their comfort areas," as Ollila puts it.

Despite the upheaval, Ollila is determined to preserve a corporate culture in Helsinki dominated by Finns. He jokes about this, explaining that the best brains in Silicon Valley, London, or Hong Kong recoil from moving to icy Helsinki, where it's dark all winter. The trick is to give his new recruits autonomy and let them pursue their careers in Nokia's big markets, where taxes are far lower and the lakes thaw by Easter. But Ollila also believes that Nokia draws strength from its understated collegiality, which he associates with the Finnish character. "We don't snap our suspenders," he says in his fluent British English.

The culture Ollila struggles to preserve goes back a ways. Founded in 1865 in a mill town 100 miles north of Helsinki, Nokia has made just about everything at one time or another. Many Finns still associate the name with the rubber snow boots they wore as children. A hundred years later, Nokia had grown into a regional conglomerate.

While Nokia, Ericsson, and Motorola are all preparing to battle one another with Internet phones and intelligent base stations, they've been forced to join forces on the Third Generation. Their worst nightmare: All the new features arrive on schedule—on palmtop computers instead of cell phones. To avoid that scenario, in June the three companies formed a London joint venture with British computer maker Psion PLC. The deal establishes a common software platform—Psion's operating system—for the coming generation of mobile Net devices.

In linking up with tiny Psion, Ollila and his competitors jilted none other than William H. Gates III. Earlier in the year, the Microsoft chairman toured Europe, plugging Microsoft's Windows CE software for Third Generation machines. He lost out. His software, phonemakers complained, was wrenched from the PC and not created for next-generation machines. Gates's loss, though, means that cellular phones could eventually be battling a slew of Microsoft-powered handheld devices in the same mobile market.

Ollila claims not to be worried. "The market will be big enough for all of us," he says. But don't misread the man. He's plenty competitive: He can recite the exact ages of his two sons when they finally beat him in tennis. When it comes time to plunge, Ollila is extreme—a man of fire and ice, leading Nokia into cyberspace.

Source: "Nokia," *BusinessWeek*, August 10, 1998.

QUESTION 2: MULTIPLE CHOICE

Choose the best answer from the responses listed. Use the answer sheet provided

- 1) Which of the following are generally accepted as the functions of management?
 - A) Planning, directing, supervising the use of resources
 - B) Planning, forecasting, directing the use of resources
 - C) Planning, organising, controlling the use of resources
 - D) Planning, rewarding, organising, disciplining, the use of people resources
- 2) Which of the following is **not** a principal of Taylor's scientific management?
 - A) Staff should be given a wide range of autonomy
 - B) Efficiency should rise if tasks are routine and predictable
 - C) Financial incentives should be given to ensure that work is done in accordance with procedures
 - D) Techniques such as time and motion studies and standardised tools are advocated
- 3) Strong rivalry among competitors occur:
 - A) When there are many firms but none are dominant
 - B) When there is fast market growth
 - C) When there is scope for differentiation
 - D) Where there are high margins and high industry profitability
- 4) An ethical investor might invest money in:
 - A) A nuclear power plant
 - B) A timber company that uses wood from sustainable forests
 - C) A tobacco firm
 - D) A cosmetic company that uses animals to test its products
- 5) Which of the following best describes the process of control?
 - A) Defining the business processes to meet objectives and deciding on technologies and resources needed to meet the objectives
 - B) The activity of moving the abstract plans closer to realisation
 - C) The process of monitoring events so they can be compared to the desired plan
 - D) The process of generating effort and commitment towards meeting business objectives
- 6) Administrative intensity refers to:
 - A) The number of subordinates reporting to a supervisor
 - B) The amount of delegation and responsibility given to each member of staff
 - C) The degree to which managerial positions are concentrated in staff positions
 - D) The allocation of formal power within the organisation.
- 7) Preliminary controls are applied to what part of the system?

- A) Resources
 - B) Transformational processes
 - C) Feedback elements
 - D) Subsystems
- 8) Which of the following perspectives on motivation concerns 'what' motivates people as opposed to 'how' they are motivated?
- A) Reinforcement
 - B) Process
 - C) Content
 - D) Equity
- 9) What type of power do leaders have if they are able to withhold inducements?
- A) Coercive
 - B) Legitimate
 - C) Expert
 - D) Referent
- 10) The behavioural theory of leadership advocates that:
- A) Leaders are born to be leaders
 - B) Leaders can be made.
 - C) The situation is important to the success of the leader.
 - D) None of the above
- 11) Office buildings, robotic welders and raw material are all _____ resources.
- A) Physical
 - B) Financial
 - C) Human
 - D) Informational
- 12) According to Drucker, managers
- A) Spend too much time in meetings
 - B) Do not work enough
 - C) Are the basic resource of the enterprise and its scarcest
 - D) Are paid too much
- 13) In Porter's five forces model, all of these indicate powerful suppliers EXCEPT when
- A) There is a concentration of suppliers
 - B) There is a credible threat of forward integration by the supplier
 - C) Suppliers place a high value on long term buyer contracts
 - D) Suppliers' products are an important input to the buyer
- 14) Which of the following is NOT an alternative to job specialisation?
- A) Job delegation
 - B) Job rotation
 - C) Job enlargement
 - D) Job enrichment
- 15) What kind of control is a year-end sales report?

- A) Postaction
 - B) Steering
 - C) Screening
 - D) Strategic
- 16) Which of the following is a situational leadership model?
- A) Trait approach
 - B) Michigan studies
 - C) Leadership grid
 - D) Path-goal theory
- 17) All of the following statements regarding middle management are correct EXCEPT
- A) Middle managers coordinate supervisors' work
 - B) Middle management implement top management's policies
 - C) Middle managers can also be classified according to functional area
 - D) The number of middle managers is increasing in most organisations
- 18) Porter's five forces model is concerned with
- A) Distinctive competencies
 - B) The product life cycle
 - C) Industry structural analysis
 - D) None of the above
- 19) The population demographic is an important aspect of which environment?
- A) Political/legal
 - B) Economic
 - C) Task
 - D) Sociocultural
- 20) Which of the following is NOT one of Drucker's decision-making phases?
- A) Defining the problem
 - B) Analysing the problem
 - C) Making the decision effective
 - D) Selling the decision once its made
- 21) Which of these refers to the process of grouping jobs according to some logical pattern
- A) Delegation
 - B) Centralisation
 - C) Specialisation
 - D) Departmentalisation
- 22) At the _____ level of management, conceptual skills are most important
- A) Top management
 - B) Middle management
 - C) First-line supervisor
 - D) Conceptual skills are equally important at all levels
- 23) In Porter's five forces model, which of the following is not a barrier to entry?

- A) Economies of scale
 - B) Product differentiation
 - C) Switching costs
 - D) Diverse competitors
- 24) If you want to know how an organisation will compete in its chosen markets, you should look at its
- A) Corporate level strategy
 - B) Functional strategy
 - C) Business level strategy
 - D) Long term strategy
- 25) The premier bank has consumer, agricultural and commercial loan units. Based on this information, we can surmise that the bank is organised by
- A) Function
 - B) Product
 - C) Customer
 - D) Location
- 26) The level of control designed to ensure that the organisation meets its goals is
- A) Operational control
 - B) Organisational control
 - C) Functional control
 - D) Strategic control
- 27) Which of the following is NOT a building block of organising
- A) Designing jobs
 - B) Grouping relationships
 - C) Distributing authority
 - D) Coordinating activities
- 28) Eton Mayo is synonymous with which of the following
- A) Scientific management
 - B) Human resource management
 - C) Industrial relations
 - D) The Hawthorne studies
- 29) Which of the following functions is NOT performed by the Human resource department
- A) Job analysis
 - B) Human resource planning
 - C) Recruitment and selection
 - D) Strategic planning
- 30) Which of the following sources of innovation is external to the firm according to Drucker
- A) The unexpected
 - B) The incongruity
 - C) Innovation based on process need
 - D) New Knowledge

- 31) Strengths are significant to strategy making because they can
- A) Make it vulnerable
 - B) Prevent it from pursuing attractive opportunities
 - C) Put it at a competitive disadvantage
 - D) Serve as cornerstones of strategy
- 32) Which is not one of Mintzberg's five P's?
- A) Plan
 - B) Ploy
 - C) Place
 - D) Pattern
- 33) Which of the following is a feature of a dynamic environment?
- A) Where the competition tend to offer the same products/services
 - B) Where changes usually affect many key forces
 - C) Where the capacity in education can be predicted ahead
 - D) Where there are relatively few new entrants
- 34) Which of the following perspectives on motivation believes that employees should be given the illusion of participation and involvement?
- A) The traditional approach
 - B) The human relations approach
 - C) The human resource approach
 - D) None of the above
- 35) Which of the following constitutes Knowledge?
- A) Process data
 - B) Random information
 - C) Unprocessed data
 - D) Information in context