

MBAC 1004

M.B.A. DEGREE EXAMINATION, JUNE 2017.

First Semester

General

BUSINESS ENVIRONMENT AND LAW

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE out of the following.

1. Define Business and state its nature.
2. Explain the theory of Demographic Transition.
3. Examine the growth and future perspective of Indian industries.
4. "Every contract is an agreement but every agreement is not a contract". Do you agree with this statement?
5. List out different kinds of company.
6. What is Articles of Association? What are its contents?

7. Accident arising out of employment is deemed to have occurred in the course of employment, – Discuss.
8. State the three classified types of occupational diseases with illustrations.

PART B — (5 × 10 = 50 marks)

Answer any FIVE out of the following.

9. What is corporate Governance? Explain its Importance.
10. Define ethics. Explain the types of ethics.
11. What are the legal consequences, if the goods are not delivered in time and the payment is not made in time?
12. What are the fundamental principles of Insurance? Explain the losses in life Insurance.
13. What is Doctrine of Ultravires? What are the effects of Ultravires transactions?
14. State the procedure prescribed under the Act for claiming and disbursing compensation under the Workmen's compensations Act.
15. State the grounds on which court can order winding up of a company.
16. What is Agency by 'Ratification'? What are the essential conditions to make a valid ratification?

Answer the following Question.

- (a) How would you describe Tesco's competitive environment in the UK market?
- (b) How is this environment likely to differ in the markets for food, clothing, electronic goods and financial services respectively?
- (c) Why do you think UK retailers were generally slow to venture abroad until the 1990s?
- (d) How would you describe Tesco's competitive environment in its international markets?

Tesco's business has grown during a period of unprecedented change in the retail sector. From a one-man market stall to a small chain of conventional stores during the first half of the twentieth century, Tesco adopted the self-service and supermarket formats during the 1960s and 1970s, followed by a succession of takeovers and new stores as the food market became dominated by the large supermarket chains in the 1980s and 1990s. By 1995, Tesco had become the UK retail grocery market leader. The company's international expansion was clearly a response to international developments such as the end of communism in Central and Eastern Europe, the rapid expansion of Asia's tiger economies, and the opening up of China. On the other hand, the world's more mature markets in Western Europe and North America have proved difficult to penetrate and time will tell whether the company's US ventures will turn out to be successful. Whilst there has been some concern over the company's dominant position in the UK and some of its other markets, Tesco is nevertheless regarded as one of the UK's most successful companies. Strong financial performance and opportunities for further diversification of product offering and international expansion suggest that the company's growth trajectory is likely to continue".

PART C — (1 × 20 = 20 marks)

(Compulsory)

17. Case Study :

Tesco's founder, Jack Cohen, started the business as a market trader in the East End of London in 1919 and opened his first Tesco shop in 1929. From these humble beginnings Tesco has now become the UK market leader with a market share in the UK grocery market of 30.4 per cent in March 2009. Tesco was also the third largest retailer in the world measured by annual sales in 2008, though at \$95 billion it was still considerably smaller than the world's largest retailer, Wal-Mart Stores, with sales of \$379 billion. Wal-Mart is also the owner of Tesco's nearest UK rival, Asda, which had a market share of 17.5 per cent, closely followed by Sainsbury at 16.1 per cent and Morrison at 11.8 per cent. Although well ahead of its competitors in terms of UK market share and profitability, Tesco's three

main rivals became more equally balanced after Morrison's takeover of Safeway in 2003. The UK market also contains a number of smaller supermarket chains, including continental European discounters such as Aldi, Netto and Lidl. Opportunities for further expansion in the UK market are now limited to some extent by competition policy rules and planning restrictions.

Tesco has pursued a strategy of rapid growth in the UK for a number of years, with considerable success. Its recent growth strategy has included organic growth through the opening of new stores, a move into smaller convenience stores, increasing emphasis on non-food sales such as clothing and electronic goods, the development of personal finance and telecommunication services and the launch of its internet business. From its origins as a discounter, Tesco has moved up market in terms of its product and service quality, though it retains a wide customer base through its low-price policy.

Like many UK retailers, Tesco was relatively slow to go international. Despite the company's long history, it was only in the 1990s that Tesco started to venture abroad, initially to Ireland and continental Europe, then to Asia and more recently to the United States. One of the company's early international ventures was its acquisition of the northern French chain, Cateau, but Tesco soon pulled out of France after facing stiff competition in the mature French market. Its main European operations outside the UK are now in Ireland and four of the Central European countries, the Czech Republic, Poland, Hungary, and Slovakia. Tesco also has stores in China, Japan, Malaysia, South Korea, Thailand, and Turkey. Its international expansion has often involved the acquisition of an existing retail chain, followed by the opening of new stores. The company's expansion to the United States has been more cautious. The experience of other UK retailers, such as Marks and Spencer and Dixons, may have discouraged Tesco from early US market entry. Despite the familiar language and culture, the US market is highly competitive and US customers are very demanding. Tesco extended its internet business to United States in 2001 and opened its first 'Fresh and Easy' convenience stores there in 2007. Although it is now clearly a multinational business, over 70 percent of the company's sales still came from its UK operation in 2008.