



11048 Introduction to Management (ST 2009) – Final Exam

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Please hand in the question sheets together with the answer sheet.

Matrikel-Number: _____

Name, First name: _____

You will be able to make a maximum of 50 points. There are a few pieces of advice we can offer at this stage:

1. Use the theoretical tools and terminology you have learned in class and from the textbook.
2. Make sure there is a clear structure in your argument. (Use some time to sort your ideas before you start writing the version you want to submit.)
3. Use the time you have! If you are ready much earlier than we planned you should wonder if you forgot something.
4. Remember: people have to be able to decipher what you write.
5. Leave a margin for our comments, so we can give you a more detailed feedback than just the number of points.

Here is the set of problems:

Please solve four (4) of the following six (6) problems (maximum of 12.5 points per problem):

(You are welcome to use a dictionary and non-programmable calculator.)

1. Definitions

Define the following terms. Provide an example to illustrate your definitions.

- a) Marginal Cost
- b) Backward Integration
- c) Opportunity Costs
- d) Economies of Scope
- e) Competitive Advantage

2. Strategy

- a) Explain the 3 Generic Marketing Strategies as defined by M.E. Porter. What does Porter mean with "Stuck in the middle"? Evaluate this concept critically.
- b) What is a value curve? Describe the four potential actions to create a new value curve.

3. Incentive Conflicts and Contracts

The Department of International Management at the Otto-von-Guericke-University wants to hire a student research assistant to help with the administration of the web sites. The department's marginal benefits of hiring the student are 20-2L. The marginal costs for the hired student are 10 money units per an hour.

- a) What is the value-maximizing amount of hours the student should work?
- b) What is the total surplus from the trade?
- c) What are potential information problems before and after hiring a student? How can these problems be solved?

4. Marketing

- a) What influences the pricing decision in general?
- b) How will each of the following affect the position of the demand curve for videocassette recorders (VCRs)?

- a. An increase in the price of VCR tapes.
- b. A decrease in the price of VCRs.
- c. An increase in per capita income.
- d. A decrease in the price of movie tickets.

5. Outsourcing and Vertical Integration

A microchip firm produces identical microchips for two devices: cell phones and palm pilots. The microchip producer faces competition at the cell phone market but has no competition at the palm pilot market. The demand for microchips at the cell phone market is $P_C = 200 - 10Q$ and at the palm pilot market $P_P = 400 - 20Q$. The marginal cost of producing the microchips is €20. Both end products use the same chip.

- I. What is the profit-maximizing price of the microchip for the cell phone manufacturers? Solve the problem graphically.
- II. What is the profit-maximizing price of the microchip for the palm pilot manufacturers?
- III. What is arbitrage? Discuss the arbitrage opportunity resulting from the example?

6. Personnel Assignment and the First Period Principle

- a) What does "Personnel Assignment" mean? Why can this be a problem of personnel planning? Explain briefly different methods of personnel assignment! Use examples to solve this task!
- b) A restaurant is open seven days ($p=1,2,\dots,7$) a week. The daily personnel requirement (PR_p) recurs in a weekly rhythm which is shown below.

p	Mon	Tue	Wed	Thu	Fri	Sat	Sun
PR_p	8	11	12	6	10	7	5

Your task is to find a roster which covers the daily personnel requirements in compliance with the restriction that each employee works 5 consecutive days and has 2 days in a row off. Use the First Period Principle to solve this problem!

p	Mon	Tue	Wed	Thu	Fri	Sat	Sun
PR_p							

p	Mon	Tue	Wed	Thu	Fri	Sat	Sun
arithmetic average							

p	Mon	Tue	Wed	Thu	Fri	Sat	Sun
cumulative sum							
integer							

p	Mon	Tue	Wed	Thu	Fri	Sat	Sun
Sum of the previous day							
difference							

Roster:

p	Mon	Tue	Wed	Thu	Fri	Sat	Sun
Number of assigned employees							
PR_p							

Good Luck!!!