

BUSINESS HISTORY

Number Name..... 27/6/2009
2h 00m

Read all the questions carefully.

Part I

In this section any correct answer will be graded with 0.5 marks. Wrong questions will discount 0.2 marks.

Any question has three possible answers, but only one is correct. Put an “X” in the chosen answer.

Management consulting developed when consultancy firms started to advise top-management on strategic issues.

- It started in the late nineteenth century and was responsible for spreading taylorism.
- It developed after the 1920s.
- It was created in Europe, by the French firm Bedaux.

The multidivisional enterprise

- is characterized by a clear division between the functional areas of the firm.
- was firstly created in the textile sector.
- was created because the U-form could not easily accommodate diversification strategies.

The strategy of IBM for launching the IBM PC

- was based on the creation of a proprietary system for supporting rapid market penetration.
- took advantage of the massive supply of components and peripherals by third-parties for imposing a standard.
- was responsible for creating the first personal computer.

Pressures for diversification started in Du Pont well before the First World War

- and led always to the acquisition of existing firms in order to enter in new fields of activity, as it was the case of pyroxylin production.
- and rapidly led to the creation of the M-form type of enterprise before 1914.
- but the situation of war postponed the need for any dramatic change.

The evolution of the Thyssen group after the late 19th century and until World War I

- reveals the importance of vertical integration as a strategy to avoid the power of cartels.
- was based on the concentration of production in a small variety of metal goods.
- is similar to American firms in the same industrial sector, like U.S. Steel.

Comparing the evolution of the global economy,

- international trade attained in 1960 identical relative level regarding the early 20th century, after several decades of “deglobalization”.
- the major recipients of FDI between 1950 and 1980 had been the advanced countries of Western Europe and North America.
- the USA were the home of the most important flows of FDI during the late 19th century.

The bills of exchange

... were created during the second half of the 19th century, supporting the development of big business.

... was a financial instrument used since the late Middle Ages.

... were only used as a means of payment until the beginning of the 19th century.

Continuous-process machinery

... revolutionized cigarette making and canning industries.

... revolutionized the automobile industry.

... was for the major manufacturing innovation supporting the creation of office machines (typewriters, calculators) in late 19th century.

Part II

Choose **two** out of the following six questions. Do not use more than **250 words** for answering to each question. (4.0 x 2)

1. “Market failure and government failure may summarize the economic reasons behind the rise and fall of state-owned enterprises”. Comment this statement.

3. Comment the following sentence: "According to Chandler, the evolution of the modern industrial enterprise demonstrates that only managerial coordination is able to reach the potential economies of scale and scope."

4. The evolution of Du Pont during the early 20th century demonstrates that in business activities structure should match strategy. Do you agree? Justify your answer, making explicit reference to the Du Pont case.

5. Comment the following expression, considering the text of Ronald Coase, “The nature of the firm” (1937): “The firms are islands of conscious power in an ocean of unconscious cooperation”.

Part III

Choose one out of the following three questions. Do not use more than 250 words for answering to the question. (4.0)

1. The case of Lukens Steel is a particularly useful case-study on the evolution of the consulting business. Do you agree? Justify your answer making explicit reference to this case and to the characteristics of the different phases in the consultancy industry.

2. "Underlying Toyota's success in the product market was a system that later became famous as "lean production" (Berstein, 2000, p. 425). Develop this idea, in relation to the Toyota Production System, mentioning the circumstances in which it was created and its importance as a source of competitive advantages.

3. Thyssen’s group, like many other German firms, tended to have more diversified product lines than their British and American counterparts, to be more export-oriented and to be more vertically integrated. Do you agree with this statement? Support your argument with the evolution of Thyssen group from the 1870s to the 1920s.

Part IV

Do not use more than 50 words for answering to each of the following questions. (0.8 x 5)

1. Why cost accounting was so important to American railway firms in the second half of the nineteenth century.

2. Define the typology of mass retailers in the early 20th century and provide two similarities between them.

3. What were the managerial advantages for Thyssen of the konzern type of organization?

4. Characterise the second phase of marketing, using the example of the automobile industry.
