

## UNIVERSITY OF PETROLEUM AND ENERGY STUDIES End Semester Examination, December 2021

Course: Family Business Management
Program: BBA Family Business
Course Code: STGM2003
Semester: III
Duration: 03 hrs.
Max. Marks: 100

**Instructions: Attempt all questions** 

Q.No	Select	correct option with reasoning and explanation	10Qx2M=20Marks
Q1	B. i	Family businesses have a unique set of problems because:  . the success of a family and the success of a business are based on different criteria.  i. family members have different goals.  ii. family members usually prefer to work for a large corporation. v. all of the above.  n order for entrepreneurial couples to avoid problems with power and decision making, it is best to:  1. designate one person as the legal owner of the company.  II. work different hours in the business.  III. assign specific areas of responsibility.  IV. work in different locations.  The clothing company Esprit de Corp. experienced financial problems because the owners:  I. spent too much money on personal expenses.  III. did not have the same goals and vision for the company.  IV. had different personalities.  The percentage of family-owned businesses that are successfully transferred to the second generation is approximately:  . ten percent.  i. one-third.  ii. One quarter.	
	E. '	v. ninety percent.  The process of transferring leadership to the next generation is known as:	

I. power sharing.  II. succession.  III. natural division of responsibility.  IV. community property.  F. When transferring the ownership of the business, an entrepreneur can do which of the following?  I. Give ownership to family members as a gift  II. Sell ownership to family members as a gift  III. Transfer ownership while still alive  IV. All of the above  G. A group that gives advice to a family-owned company, and is made up of family members as well as non-family members is called:  I. a family council.  II. equitable distribution.  III. an advisory board.  IV. all of the above.  H. In a business plan, the succession plan becomes more of a concern for bankers and investors:  I. when there are more than three children involved.  J. as the entrepreneur ages.  K. when the entrepreneur has no children.  L. if a family council exists.  I. Nearly 35 percent of the Fortune 500 companies are family firms.  a. True b. False  L. An Employee Stock Ownership Plan is often used when company ownership is transferred to a close relative.  a. True b. False  Section B  4Qx5M= 2c	
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4. Family business conflict resolution techniques	
Section C 3Qx10M=3	) Marks

Q3	Describe how a family-owned business may prepare for management succession in case the owner departs suddenly.	10
	2. What are the benefits of selling a family business to family members and the benefits of selling the business to outsiders?	
	<ol> <li>Explain the role of intellectual property in the family business. Can it be source of competitive advantage. Explain with arguments and business examples</li> </ol>	
Q4		10
		<b>2Qx15M= 30 Marks</b>
	Section-D (Read the paragraph and answer)	
	Some fights simply teach you how not to fight. Way back in the 1990s, it seemed a pity when the members of the Shriram family, who had led the family	
	business for four generations, found themselves dealing with a four-way split. Twenty years later, relations may have normalised between members but Ajay.	
	Vikram and Ajit Shriram of the Shridhar Shriram family -part of erstwhile	
	DCM Shriram group, feel that rift played a critical role in teaching them the	
	value of being together.	
	No wonder they spend hours and hours together, not just at work but also in	
	structuring a set of guidelines for their future generations. According to some	
	experts, the urgency to create systems and strategies had come from the fact	
	that many first generation entrepreneurs or patriarchs are now coming to terms with the fact they cannot be around forever to keep trouble at bay. So while	
	issue of either creating succession plan had traditionally been deferred	
	indefinitely or left to third or subsequent generations, a first generation	
	entrepreneur like GM Rao, Chairman of the GMR group, which developed the	
	new Hyderabad and Delhi airports, chose to bring in advisors to help him create	
	a family constitution in the year 2000.	
	a. Families are now going for family constitutions. While the intent may	15
	be right, these may also turn out to be just gimmicks and not much.  Comment.	
	b. What are the absolute commandments, which a family must follow to	15
	save its businesses?	