

K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH
Vidyavihar, Mumbai- 400077

Program: MMM (Batch2017-20), Semester-II
Subject: Principles of Management
(End Term Examination)

Maximum Marks: 50
13/4/2018

Duration: 3 Hours

Instructions

1. Question No.1 is **compulsory**. Mark allotted to Q1 is 20 Marks.
2. Attempt any **THREE** questions from Question Nos. 2 to 7. Each Question carries 10 Marks.

QUESTION 1 – CASE STUDY
(Marks 20)

Mary Roberts had been with the company three years when she was promoted to manager of the tax department which was part of the controller's division.

Roberts started with the company when she graduated from college as an accounting major. She entered the organization as a management trainee, and during the one-year program she demonstrated considerable leadership ability as an informal leader her peers. Mary also impressed many senior managers in the company with her sense of responsibility and her willingness to work hard. All of her training assignments were completed on time with considerable skill for an inexperienced person. Since she was very interested in tax accounting, Roberts was assigned to the tax department to be developed further as staff accountant.

Within four months she became a supervisor of ten staff as a staff accountant to fill a vacancy created by an unexpected early retirement. Her superior believed her to be the most qualified individual to fill the position even though others in the department had more experience in tax accounting. None, however, demonstrated leadership ability or the commitment to work that Mary possessed.

The tax department manager was promoted to fill a vacancy in the financial planning department eight he was leaving. He mentioned that her work was excellent and that she was a very effective supervisor.

The tax department had 45 employees including 3 supervisors, 10 clerical employees, and 3 typists. Several people in the department were senior personnel with 10 to 30 years of experience in tax work. Some of these were more technically knowledgeable in taxation than Mary.

There was some resentment in this group that so young a person was made a department head, and three of these people were particularly upset because they desired the promotion and felt they deserved it. What made them even more upset was the fact that the tax manager did not discuss the promotion with them. Months later, and he recommended to the controller that Mary Roberts be promoted to fill the position.

Questions:

1. What can Mary Roberts do about the resentful senior employees? Discuss. **(Marks 02)**
2. Can higher management do anything to help Roberts make the transitions to greater responsibility? Elaborate. **(Marks 05)**
3. Will her lack of technical knowledge hinder Mary's managerial effectiveness? Discuss. **(Marks 05)**
4. Should Mary's superior have discussed the promotion with the senior employees before announcing it? Explain. **(Marks 04)**
5. Should she have turned down the promotion to gain more technical experience? Why? Can a person turn down such promotion without hindering her career in the company? Elaborate. **(Marks 04)**

QUESTION 2

(Marks 10)

Wal-Mart's global competitor is the big French retailer Carrefour, a firm that has hypermarkets, big stores offering a variety of goods. It has made large investments around the globe in Latin America and China. But not all is well as competitors are taking market share in its home market, for instance. There has been even speculation of a takeover by Wal-Mart or Tesco, an English chain. Mr. Barnard has been ousted after heading the company for 12 years; he was replaced by Jose Luis Durant who is of German- Spanish descent. Although the global expansion is cited by some as success, it could be even a big mistake. It withdrew from Japan and sold 29 hypermarkets in Mexico. Carrefour also had problems competing with Tesco in Slovakia, and the Czech Republic. In Germany, the company faced tough competition from Aldi and Lidle, two successful discounters. On the other hand, it bought stores in Poland, Italy, Turkey, and opened new stores in China, South Korea, and Columbia. Carrefour has become more careful in selecting markets. The company was eager to enter the Indian market, but found out in late 2006 that Wal-Mart would do so as well.

In France, where Carrefour is well established, the company made the big mistake in its pricing policy. It probably started with the 1999 merger with Promodes, the French discount chain. Carrefour confused the French clientele by losing its low-cost image, whether the image can be changed remains to be seen. Mr. Durant, the new CEO since 2005, embarked on the new strategy by offering 15 percent new products in its hypermarkets and 10 percent in its supermarkets. Moreover, he wants to employ more staff, extend the operating hours in certain hypermarkets, cutting prices, trying small stores, and pushing down decision making. Mr. Durant aims to stay only in countries where Carrefour is among the top retailers.

1. How should Mr. Durant assess the opportunities in various countries around the world? Identify cultures in selected countries that need to be considered in order to be successful. **(Marks 05)**
2. Should Carrefour adopt Wal-Mart's strategy of "low prices everyday"? What could be advantageous of such a strategy? How could Carrefour differentiate itself from Wal-Mart?

(Marks 05)

QUESTION 3
(Marks 10)

- A. Since people must occupy organizational positions, and since an effective organization depends on people, it is often said that the best organization arises when a manager hires good people and lets them do a job in their own way. Comment.

Or

- B. If you were the President of a company that was organized along functional lines and a consultant suggested that you must organize along territorial or product lines, what might concern you in following this recommendation? Discuss.

QUESTION 4
(Marks 10)

The L. J. Thomson Company, a large chain store operation, recently reorganized their structure after a six-month study by an outside management consulting firm.

Prior to the reorganization each branch outlet sold company and other products for both retail and wholesale. Retail sales were made to customers who came to the branch while wholesale sales were made by sales representatives who called on customers in the branch marketing area. These sales representatives handled large sales to other retailers and industrial firms who bought in large quantities. The consulting firm suggested separation of the wholesale and retail business into profit centers so sales could be more carefully measured and costs more accurately determined. Wholesale sales representatives were moved out of the branches and combined with the sales force from adjacent marketing areas into regional wholesale sales offices. Because the retail branches maintained the stock of merchandise, they performed the ware-housing and shipping function for the wholesale selling force. In addition returns and adjustments were handled by the retail branch since it retained the clerical force in existence before the reorganization.

Ben Dixon was the manager of one of the new retail branches. He had been in charge before the reorganization, and he resented his assignment to the retail branch, believing that wholesale sales were easier and more profitable. He was particularly angry to be saddled with the responsibility for warehousing, shipping, returns, and adjustment. Clerical work was costly and he simply didn't believe that the transfer credits to cover costs which the branch received for handling all but the sales function for wholesale selling would really fully compensate the retail branch. He felt he was in a "no -win" situation, believing it virtually impossible to show a profit. He was telling anyone who would listen that the new organization would not work.

Questions:

1. Was the new organization structure a sound one? Should Dixon give it more time before concluding

that he was in a “no-win” situation?
05)

(Marks

2. Could the organization have been designed differently? Explain.

(Marks 05)

QUESTION 5
(Marks 10)

Cliff Morton, a recent college graduate, was hired by the Capital Casualty Company as a trainee in the safety engineering department.

After completing a six-month training program, his function would be to conduct inspections of prospective policyholders’ places of business to determine whether or not safety practices and equipment were in use and to make appropriate recommendations to the Capital underwriters about the extent of the risk involved.

Morton progressed through the program effectively and was now in the last stage. He was being introduced to the territory he would take over by an experienced safety engineer who was being transferred to a larger territory. Each engineer worked out of his home, appearing at the office only on Mondays for a departmental discussion meeting. The requests for inspections were mailed to the experienced engineer’s home, and rush inspections were telephoned to him.

Each engineer planned his own daily itinerary of inspections, completing the reports at home and mailing them in to the office each day. Cliff Morton found that by carefully planning his daily route in the territory, he could easily make 16 to 18 inspections and complete the reports in a normal work day. During his first week alone in the territory, he averaged 16 inspections a days.

The following Monday, at the departmental discussion meeting the engineer who had introduced him to the territory called him aside and admonished him for turning in so many inspections each. “You’ll ruin it for us; we only turn in 8 or 10 each day. If you want to do 16 or 18 a day, go ahead, but only turn in 8 and then take a day off. No one will know”.

Cliff didn’t know what to say or do. He was ambitious, but he also knew he had to get along with his fellow employees.

Questions:

1. Does decentralization of authority hinder team spirit and affect work productivity? Elaborate with proper reasoning and justification. **(Marks 06)**
2. Can a new employee be effective if he resists group pressure? Explain. **(Marks 04)**

QUESTION 6
(Marks 10)

- A. What can first-and middle-level managers, as well as team-leaders do about shaping the culture of a firm?

Or

- B. With the help of examples, discuss how feedback from customers can be used as a part of a control system. How can control be strengthened in organizations for superior efficiency and effectiveness? Discuss.

**QUESTION 7: Write short notes on any two of the following:
10)**

(Marks

1. Organizing as a management function
2. Nature of Leadership in organizations
3. Essentials in Planning
4. Management by Objectives
