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Program: PGRM (Batch2017-19), Trim I
Subject: Business Perspectives in Global Context
(End-Term Examination)

Maximum Marks: 25
Duration: 2 hours

Date: 29th Sept, 2017

All questions are compulsory. Each question carries 5 marks

Q1: Delta Finance Company wanted to increase productivity in its typing pool operation. There were 300 typists of varying skills and speed in the operation. Rather than establish individual performance standards, which management felt would be difficult to administer, the HEAD of the typing pool decided upon group standards.

Ten groups of 30 typists each were created, and each was given a production quota. Work measurement analysts fully realized that some typist in each group were more rapid and accurate than others.

They were also aware that some typist. While slow, were very accurate and that others who were more rapid made more errors. They had to contend with the relatively frequent influx of new typists who would slow group production, since the job had high labour turnover.

The ten groups were created with as equitable a mixture of talent as possible, and the incentive system was designed so that when a group reaches its quota all members share the bonus equally. Merit pay increases were continued to allow for and reward individual performance differences.

After the system had been in use for six months, the company found that the rapid, accurate typist resented sharing the bonus equally with slower employees. They felt that they were carrying the group and deserved greater rewards. This was the case even though the rapid, accurate typist received higher pay on merit basis.

Questions:

1. Can the company make this type of bonus system work?
2. How can the resentment of more efficient typist be overcome?
3. How can team spirit be developed?

4. Should the company abandon the system and use only merit increases?

Q2: The L.J Company, a large chain store operation, recently reorganised their structure after a six-month study by an outside management consulting firm.

Prior to the reorganisation 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 customers in the branch marketing area. This sales representative handled large sales to other retailers and industrial firms who brought in large quantities.

The consulting firm suggested separation of the wholesale and retail business into profit centres so the sales could be more carefully measured and the cost more accurately determined. Wholesale sales representatives were moved out of the branches and combined with the sales force from the adjacent marketing areas into regional sales wholesale sales offices. Because the retail branches maintained the stock of merchandise, they performed the warehousing 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 reorganisation.

Ben Dixon was the manager of one of the retail branches. He had been in charge before the reorganisation, and he resented his assignments 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, an adjustment. Clerical work was costly and he simply did not believe that the transfer credits to cover cost which the branch received for handling all but the sales function wholesale selling would really fully compensate the retail branch. He felt he was in a “no-win” situation, believing it virtually impossible to show profit. He was telling anyone who would listen that the new organisation would not work.

Questions:

1. Was the organisational structure a sound one? Discuss.
2. Should Dixon give it more time before concluding that he was in a “no-win” situation? Discuss.
3. Could his opinion be based on the fact that he resented the retail assignment? Explain.
4. Could the organisation be designed differently? Can you give a better design?

Q 3. Each year the company recruited 50 to 75 college graduates for its management training programme. This programme lasted 18 months, and successful trainees usually were placed in a low level managerial responsibility

position at the completion of their exposure to the training. The programme was highly competitive and, though selection was careful, approximately 25 percent of the participants were released by the company before they completed the programme.

It was decided to expand the company's promotion-from-within policy and allow present company employees to apply for the management training programme along with those recruited from the outside. While a bachelor's degree was necessary for the outside applicant, the company decided to waive that requirement for present staff provided they had a least five year' experience within the company and had availed themselves of the company's tuition remission program, and were presently enrolled in an evening bachelor's degree programme at one of the colleges in the area. In addition, they would be required to take the same personality, aptitude, intelligence, and skill tests that outside candidates took. They would also be subjected to the same multiple and in-depth interviewing process that the outside applicant was given.

Lou Swanson met all of the requirements, having worked for the company for six years since his high school graduation. After a variety of clerical jobs he had been promoted to a group leader's job. After receiving the promotion, he enrolled at an evening college and was presently one third of the way through the bachelor's degree programme. His job as a group leader was not really a management position, since he had no real responsibility other than as a pacesetter in one of the large clerical departments.

Lou decided to apply for the management training programme and made an appointment to see the personnel director. He impressed the personnel director with his enthusiasm, apparent ambition, and interest in the company. Everything was going along very well until Lou stated that he could see no reason to take any of the tests that the department used in the screening process. He felt he had already proven himself in the company and tests were not necessary. He also felt they were an invasion of his privacy. Because of Lou's adamant refusal to take the test battery, his application for the management training programme was denied.

Questions:

1. Was the personnel director correct in refusing Lou Swanson's application?
2. Should an employee who has a successful record in a company be subjected to testing for a job whose requirements are different than the one in which he is presently engaged?
3. Should Lou have applied for the training programme feeling the way he did about the testing requirement?
4. Based on the information available, do you think Lou would have been a good risk for the training programme?

Q4. In recent years the proof department of the Universal Bank and Trust Company has had considerable difficulty with labour turnover, absenteeism, lateness, and low employee productivity.

The bank is located in a large city. The main function of the proof department is posting of cheques and other items against customer accounts. This means that items such as deposits, withdrawals, and cheques are credited or debited to the proper customer account as they are received by the bank. This work comes to the proof department from the bank's 85 branches.

The proof department is located in a large office building in the city, and there are over 1,500 employees in the department. The posting is done on a proof machine, and the working conditions are factory-like. Each operator is given work by a unit head and then-using a machine which resembles a keypunch machine - posts the items. The work is quite simple, routine, and highly repetitive.

For the last five years the operator job has attracted only female applicants, most of whom are married women and not the heads of households. They are young high school graduates ranging from 18 to 30 years of age. The new operator stays for an average of two years, although a few stay with the bank longer and these are usually made unit heads.

If they worked at full capacity, each operator could process 1,500 to 1,800 items an hour, but the average is 500 to 700 an hour. Mondays and Fridays are days when up to one third of the force may be absent. The Head of the proof department is aware of the problem, knows the work is boring, and realizes that a large majority of the workforce consists of minority group members who are young. The bank pays a competitive salary for this type of work, and its fringe benefits are similar to or better than most other employers in the city.

Questions:

1. What can the Head of the proof development do about this problem?
2. If you were a unit manager in this department, how would you try to increase productivity?
3. Why do people take boring jobs?

Q5. Cliff Morton a recent college graduate by the Ned Care Casualty Insurance Group as a trainee in the safety engineering department . After completing a six month training program, his function would be to conduct inspection of prospective policyholders' places of business to determine whether or not the practices and equipment were in use and to make appropriate recommendation to Ned Care underwriters about the extent of the risk involved.

Morton progressed through the program effectively and was in the last stage. He was being introduced to the territory he would take over from an experienced safety engineer who was being transferred to a larger territory. Each engineer works out of his home, appearing at the office only on Mondays for the departmental discussion meeting. The requests for inspections were emailed to the experienced engineer's home, and rush inspections were telephoned to him. Each engineer planned his own daily itinerary of inspections, completing reports at home and emailing them daily. Cliff Morton found that by careful planning his daily route in the territory, he could easily make 16 to 18 inspections and complete the reports in a normal working day. During his first, at the week alone in the territory, he averaged 16 inspections a day.

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 stating "You'll ruin it for us, we only turn 8 to 10 in each day. If you want to do 16 to 18 a day go ahead, but only turn in 8 and then take a day off. No one will know."

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

Questions:

1. How should Cliff Morton handle the situation?
2. Is peer pressure to slow down something that management can control? If so how would management control it?
3. How can such a situation arise?
4. Can a new employee be effective if he resists group pressure, motivate?

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