



CASE STUDIES- CHAPTER-1

NATURE AND SIGNIFICANCE OF MANAGEMENT

Question 1.

Ashutosh Goenka was working in 'Axe Ltd.', a company manufacturing air purifiers. He found that the profits has started declining from the last six months. Profit has an implication for the survival of the firm, so he analyzed the business environment to find out the reasons for this decline.

1. Identify the level of management at which Ashutosh Goenka was working.
2. State three other functions being performed by Ashutosh Goenka.

Answer. Ashutosh Goenka was working at top level of management. The three functions being performed by him at this level are outlined below:

1. He is responsible for formulating the overall organizational goals and strategies.
2. He is responsible for all the business activities and its impact on society.
3. He has to coordinate the activities of different departments in pursuit of common goals.

Question 2.

Rishitosh Mukherjee has recently joined AMV Ltd, a company manufacturing refrigerators. He found that his department was under-staffed and other departments were not cooperating with his department for smooth functioning of the organization. Therefore, he ensured that his department has the required number of employees and its cooperation with other department is improved.

1. Identify the level at which Rishitosh Mukherjee was working.
2. Also, state three more functions required to be performed by Rishitosh Mukherjee at this level.

Answer. Rishitosh Mukherjee is working at middle level of the management. The three more functions that he has to perform at this level are stated below:

1. He has to assign duties and responsibilities to the people in his department.
2. He has to motivate the people in his department to achieve the desired objectives.
3. He has to interpret the policies framed by top management.

Question 3.

Sridhar's father is working as a section in-charge in a government office. Identify the level of management at which he is working? State any five functions that he has to perform at this level.

Answer. Sridhar's father is working as a section in-charge in a government office. He is working at the lower level of management.

He has to perform the following functions at this level of management:

1. He has to directly oversee the efforts of the workforce.
2. He has to serve as a link between the workers and middle level managers.
3. He has to ensure sufficient availability of resources and good quality of output.
4. He has to provide guidance and training to workers.
5. He has to ensure that good working conditions are provided to the workers.

Question 4.

Mega Ltd. manufactured water-heaters. In the first year of its operations, the revenue earned by the company was just sufficient to meet its costs. To increase the revenue, the company analyzed the reasons behind the less revenues. After analysis, the company decided:

1. To reduce the labor costs by shifting the manufacturing unit to a backward area where labor was available at a very low rate.
2. To start manufacturing solar water-heaters and reduce the production of electric water-heaters slowly.

This will not only help in covering the risks but also help in meeting other objectives.

1. Identify and explain the objectives of management discussed above.
2. State any two values which the company wanted to communicate to society.

Answer. 1. The objectives of management discussed above are:

- Organizational objectives: An organization strives to achieve multiple organizational objectives in the interest of its stakeholders like owners, employees etc. The main organizational objectives are survival, profit and growth.
 - Social Objectives: It is the obligation of every organization to undertake such activities which will benefit the society at large like using eco-friendly methods, contributing towards weaker sections of the society, generating employment opportunities, promoting literacy etc.
2. The two values that the company wanted to communicate to the society are:
 - Rural development
 - Environment sustainability

Question 5.

Your grandfather has retired as the Director of a manufacturing company. At what level of management was he working? What functions do you think he was performing at that level? State any two.

Answer. Since he has retired from the post of Director of a manufacturing company, he was

working at the top level of management.

The main functions that he was performing at this level are outlined below:

1. He was responsible for the success and failure of the organization.
2. He was responsible for all the business activities and its impact on society.
3. He had to coordinate the activities of different departments in pursuit of common goals.

Question 6.

Ritu is the manager of the northern division of a large corporate house. At what level does she work in the organization? What are her basic functions?

OR

Your grandfather has retired from an organization in which he was responsible for implementing the plans developed by the top management. At which level of management was he working? State one more function performed at this level.

OR

Deepak's father has retired as a purchase manager of a company. At what level of management was he working? What function do you think he was performing at that level of management?

OR

Dheeraj is working as an Operations Manager in Tifco Ltd. Name the managerial level at which he is working. State any four functions he will perform as the Operations Manager in this company.

OR

Rajat is working as a Regional Manager in Tifco Ltd. Name the level at which he is working. State any four functions he will perform as the Regional Manager in this company.

Answer. Ritu / grandfather / Deepak's father / Dheeraj / Rajat, all of them are working at the middle level of management.

The four functions that he will have to perform at this level are stated below:

1. He has to ensure that his department has the necessary staff.
2. He has to assign duties and responsibilities to the people in his department.
3. He has to motivate the people in his department to achieve the desired objectives.
4. He has to co-operate with the other departments for ensuring smooth functioning of the organization.

Question 8.

Vaibhav Garments Ltd/s target is to produce 10,000 shirts per month at a cost of Rs. 150 per shirt. The production manager could achieve this target at the cost of Rs.160 per shirt. Do you think the production manager is effective? Give reasons for your answer.

Answer: Yes, the production manager of Vaibhav Garments Ltd. is effective as he could achieve the target to produce 10,000 shirts in a month.

Question 9:

Mr. Nitin Singhania's father has a good business of iron and steel. He wants to go to the USA for his MBA but his father thinks that he should join the business. On the basis of emerging- trends, do you think that Mr. Singhania should send his son to the USA? Give any three reasons in support of your answer.

Answer. Yes, according to me, Mr. Singhania should send his son to USA for his MBA because management is being recognized as a profession to a great extent because of the following reasons:

1. Well defined body of knowledge: Management is considered to be a well-defined body of knowledge that can be acquired through instructions. As a separate discipline, it contains a set of theories and principles formulated by various management experts. Moreover, it is taught in various schools and colleges all over the world.
2. Ethical code of conduct: Management, in practice, like other professions, is bound by a code of conduct which guides the behavior of its members. Therefore, acquiring a degree in management will equip him with the good managerial,, skills and approach.
3. Service motive: A good management course will provide him an insight into the multiple goals that an organization should pursue. This knowledge will help him to serve both the objectives of profit maximization and social welfare effectively for his company.

ADDITIONAL QUESTIONS**Question 1.**

Jayant is working as Head Relationship Manager in the wealth management division of a private sector bank. He has created an internal environment which is conducive to an effective and efficient performance of his team of ten relationship management executive” A typical day at work in Jay ant’s life consists of a series of interrelated and continue functions. He decides the targets for his department which are in line with the objectives of the organization as a whole. The future course of action for his team members is laid out well in advance. The various resources required by the relationship managers like an iPad with GPS system, account opening forms, brochures, details of account holders etc. are made readily available to them. The executives are given sufficient authority to carry out the work assigned to them. Jayant works in close coordination with the Human Resource Manager in order to ensure that he is able to create and maintain a satisfactory and satisfied workforce in his department. Through constant guidance and motivation, Jayant inspires them to realize their full potential. He offers them various types of incentives from time to time keeping in view their diverse individual needs. Moreover, he keeps a close watch on their individual performances in order to ensure that they are in accordance with the standards set and takes corrective actions whenever needed.

In context of the above case:

1. Identify the concept being referred to in the following line, “He has created an internal environment which is conducive to an effective and efficient performance of his team of ten relationship management executives.”
2. Identify and describe the various functions of the concept as identified in part (a) of the question by quoting lines from the paragraph.

Answer.

1. The concept of management is being referred to in the following line, “He has created an internal environment which is conducive to an effective and efficient performance of his team of ten relationship management executives.”
2. The various functions of the management concept mentioned in the above paragraph are listed below:
 - **Planning:** It is the function of determining in advance what is to be done and who is to do it.
“He decides the targets for his department which are in line with the objectives of the organization as a whole. The future course of actions for the team members are laid out well in advance.”
 - **Organizing:** Organizing is the process of bringing together human, physical and financial resources and establishing productive relations among them for the purpose of achieving the desired goals efficiently and effectively.
“The various resources required by the relationship managers like an iPad with GPS system, account opening forms, brochures, details of account holders etc. are made readily available to them. The executives are given sufficient authority to carry out the work assigned to them.”
 - **Staffing:** The managerial function of staffing involves manning the organizational structure in order to fill in the roles designed into the structure.
“Jayant works in close coordination with the human resource manager in order to ensure that he is able to create and maintain a satisfactory and satisfied workforce in his department.”
 - **Directing:** Directing involves leading, influencing and motivating employees to perform the tasks assigned to them.
“Through constant guidance and motivation, Jayant inspires them to realize their full potential. He offers them various types of incentives from time to time keeping in view their diverse individual needs.”
 - **Controlling:** Controlling is the management function of ensuring that events conform to plans. “Moreover, he keeps a close watch on their individual performances in order to ensure that they are in accordance with the standards set and takes corrective actions whenever needed.”

Question 2.

Sooraj works as a salesman in a company selling pet accessories and food. He has been given a target of selling 1200 units of the food packets in a month by offering a maximum of 10% discount to his customers. In order to meet his monthly sales target, on the last two days of the month, he offers 15% discount to his customers.

In the context of the above case, is Sooraj effective in his work? Explain by giving a suitable reason in support of your answer.

Answer. Yes, Sooraj is effective in his work as he has been able to meet his monthly sales target of selling 1200 units of the food packets.

Question 3.

Sujata works as a designer in an export house. As per the terms of an order received by the export house, she has to get 1000 units of denim jackets made in 15 days @ Rs.2000 per jacket. She is able to complete her target production in 20 days because in order to complete the order in 15 days she would have made the workers work over time. As a result, the cost of production per jacket may have increased by Rs.100.

In the context of the above case, is Sujata efficient in her work? Explain by giving a suitable reason in support of your answer.

Answer: Yes, Sujata is efficient in her work as she has been able to get 1000 units of denim jackets made @ Rs.2000 per jacket.

Question 4.

Anju and Manju are good friends. Considering the fact that the activities involved in managing an enterprise are common to all organizations, after completing their masters in business management, both of them take up a job at managerial level in different organizations as per their individual areas of interest. Anju takes up a marketing job in a retail company and strives to increase sales whereas Manju joins an NGO and works diligently to realize its objective related to providing employment to especially abled persons. Both of them have to perform a series of continuous, composite, but separate functions. On some days, Anju may spend more time in planning a future display layout and on another day, she may spend time in sorting out an employee's problem. Both Anju and Manju make conscious efforts to build a feeling of team spirit and coordination among diverse individuals with different needs who work under them. The effect of their management is noticeable in their respective departments as the targets are met according to plans, employees are happy and satisfied, and there is orderliness in its functioning rather than chaos.

In context of the above case:

Identify the various features of management highlighted in the above paragraph by quoting lines from it.

Answer. The various features of management highlighted in the above paragraph are stated below:

1. **Management is all pervasive:** "Considering the fact that the activities involved in managing an enterprise are common to all organizations, after completing their masters in

business management, both of them take up a job at managerial level in different organizations as per their individual areas of interest.”

2. **Management is a goal-oriented process:** “Anju takes up a marketing job in a retail company and strives to increase sales whereas Manju joins an NGO and works diligently to realize its objective related to providing employment to especially abled persons.”
3. **Management is a continuous process:** “Both of them have to perform a series of continuous, composite, but separate functions. Like on some days, Anju may spend more time in planning a future display layout and on another day, she may spend time in sorting out an employee’s problem.”
4. **Management is a group activity:** “Both Anju and Manju make conscious efforts to build a feeling of team spirit and coordination among diverse individuals with different needs who work under them.”
5. **Management is an intangible force:** “The effect of their management is noticeable in their respective departments as the targets are met according to plans, employees are happy and satisfied, and there is orderliness in its functioning rather than chaos.”

Question 5.

Real Alliance Ltd. is a well-known cement company in India. It is able to earn adequate revenues to cover costs. Its capital base, number of employees and production turnover has increased manifolds over the years. The rate of profitability of the business is also creditable. The employees of the company are happy and satisfied with their remuneration, working conditions, promotion policy etc. As a part of its moral obligation, the company has taken many initiatives for providing employment to especially abled persons and promoting literacy in the villages adopted by it.

In the context of the above case:

1. Identify and explain the various types of objectives of management being fulfilled by Real Alliance Ltd by quoting lines from the paragraph.
2. List any two values that Real Alliance Ltd. wants to communicate to the society.

Answer. The various objectives of management being fulfilled by Real Alliance Ltd are stated below:

1. **Organizational objectives:** An organization strives to achieve multiple organizational objectives, mainly:
 - **Survival:** “It is able to earn adequate revenues to cover costs.”
 - **Growth:** “Its capital base, number of employees and production turnover has increased manifolds over the years.”
 - **Profit:** “The rate of profitability of the business is also creditable.”
2. **Personal objectives:** These objectives relate to the needs of the employees of the organization which must be given due consideration.
“The employees of the company are happy and satisfied with their remuneration, working conditions, promotion policy etc.”
3. **Social objectives:** It is expected that every organization should undertake certain initiatives for the welfare of the society at large.
“As a part of its moral obligation, the company has taken many initiatives for providing

employment to especially abled persons and promoting literacy in the villages adopted by it.”

4. The two value that Real Alliance Ltd. wants to communicate to the society are:
 - Social welfare
 - Respect for their employees

Question 6.

Esha works as the cost and risk management head of a company in power sector. As a result of her excellent managerial competence, the company is able to reduce costs and increase productivity. The company belongs to infrastructure sector, wherein regular amendments are made in the government regulations and policies. She holds regular meetings to ensure that people in her department are not only aware of the related changes but are also able to adapt to these changes effectively. This helps the company to maintain its competitive edge. She motivates and leads her team in such a manner that individual members are able to achieve personal goals while contributing to the overall organizational objective. In the process of fulfilling her duties for the growth of the organization, she helps in providing competitive services, adopting new technology, creating more employment opportunities etc. for the greater good of the people at large.

In context of the above case, identify the various reasons that have made management so important by quoting lines from the paragraph.

Answer. The various reasons mentioned in the above paragraph that have made management so important are stated below:

1. Management increases efficiency as it leads to reduction in costs due to optimum utilization of resources.
“As a result of her excellent managerial competence the company is able to reduce costs and increase productivity.”
2. Management creates a dynamic organization so that it is able to incorporate the corresponding changes in its working with any change in its business environment.
“The company belongs to infrastructure sector, wherein regular amendments are made in the government regulations and policies. She holds regular meetings to ensure that people in her department are not only aware of the related changes but are also able to adapt to these changes effectively. This helps the company to maintain its competitive edge.”
3. Management helps in achieving personal objectives of the employees in the organization.
“She motivates and leads her team in such a manner that individual members are able to achieve personal goals while contributing to the overall organizational objective.”
“The employees of the company are happy and satisfied with their remuneration, working conditions, promotion policy etc.”
4. Management helps in the development of society by contributing effectively towards it in multiple ways. “In the process of fulfilling her duties for the growth of the organization, she helps in providing competitive services, adopting new technology, creating more employment opportunities etc. for the greater good of the people at large.”

Question 7.

Ramarjuna joins an IT firm as a system analyst after completing his masters in Computer Science. As the nature of his work demands he has to work in very close coordination with all the departmental heads in the firm, very soon Ramarjuna realizes that each departmental head has own individual style of working. They differ greatly in their day-to-day approach to work. They tend to deal with a given situation, an issue or a problem through a combination of their own experience, creativity, imagination, initiative and innovation. In the context of the above case, identify and explain the nature of management highlighted in the above case.

Answer. In the above case, management is being considered as an art.

Art is the skillful and personal application of existing knowledge to achieve desired results. The evaluation of management as an art is given below:

1. Existence of theoretical knowledge: Art presupposes the existence of certain knowledge. Management fulfills this criterion as there exist a number of theories and principles on management which have been formulated by various management experts.
2. Personalized applications: Art is a personalized concept. Management fulfills this criterion as a good manager works through a combination of his own experience, creativity, imagination, initiative and innovation to carry out the assigned work.
3. Based on practice and creativity: All art is practical. Management fulfills this criterion as a person becomes a better manager with constant practice and experience. This also leads to emergence of different styles of management.

S.No	Features of Art	Evaluation of Management as an Art
1.	Existence of theoretical knowledge	Fulfills this criterion
2.	Personalized applications	Fulfills this criterion
3.	Based on practice and creativity	Fulfills this criterion

Question 8.

Dharam is a well-known businessman in the field of publishing. He owes the success of his business to his own education in business management and his team of certified management consultants. Therefore, he decides to send both his children Danush and Damini abroad to acquire a degree in business management in their individual area of expertise. He feels that all over the world there is marked growth in management as a discipline, but still it is not considered to be a full-fledged profession for certain reasons.

In the context of the above case:

1. Explain the reasons because of which Dharam considers management as a discipline.
2. Critically examine the various reasons because of which management is not considered to be a full-fledged profession.

Answer:

1. Dharam considers management as a discipline because there exist a number of theories and principles on management which have been formulated by various management experts. It is taught in various schools and colleges, all over the world, as a separate subject of study.
2. Management is not considered to be a full-fledged profession because of the following reasons:
 - Restricted entry. Unlike management, the entry to the other professions is restricted through an examination or eligibility criteria like specific percentage in a particular degree or diploma. However, management as profession does not fulfill this criterion as anyone can be called a manager regardless of his/her academic qualifications.
 - Professional association: Unlike managers, all working professionals have to be a member of an affiliated professional association which regulates their entry, grants certificate of practice and formulates and enforces code of conduct. For example, the practicing lawyers have to be a member of Bar Council of India, the practicing doctors should have membership of All India Medical Association etc. However, in case of management, although there exist several management associations like the AIMA (All India Management Association), neither does it have any statutory backing nor is it mandatory for the practicing managers to be a member of such associations.

Question 9.

Kartik joins a garment factory as a plant supervisor in Lucknow. He observes that the output of some workers is very low as compared to the standards set for their performance. On analyzing the reasons for the same, he finds out that a lot of time of the workers is wasted in getting the requisite materials issued from the store. Whereas on asking, the store keeper complains that there is no harmony in the working of the production department as a whole. Every day the workers approach him at the last minute to procure different kinds of threads, laces, mirrors, buttons etc. If it is not available in the store then he has to place an order with the purchase officer. As a result, a lot of time of the workers is wasted. So, in order to integrate the various production activities, henceforth, Kartik ensures, that the store keeper is informed well three days

in advance about the requisite material. Consequently, the store keeper is able to keep the materials ready for the workers every morning in accordance with their requirements.
In context of the above case:

1. Identify and explain the quality of management that Kartik has introduced in the working of the production department as a corrective measure to control the output of the workers.
2. State briefly any two points highlighting the importance of quality of management identified in part (a).

Answer:

1. Coordination is the quality of management that Kartik has introduced in the working of the production department as a corrective measure to control the output of the workers. Coordination is the process which helps to integrate the efforts of different individuals with diverse needs to secure a unity of action in the pursuit of common goals.
2. The two points highlighting the importance of coordination are stated below:
 - Growth in the size: With the growth in the size of an organization, there is a proportionate increase in the number of its employees. So there is a greater need to unify the efforts of diverse individuals towards the realization of organizational goals.
 - Functional differentiation: As a result of functional differentiation in an organization, its people and activities get divided into small departments on the basis of functions like marketing, finance etc. Since each such department tends to formulate its own objectives, policies etc., there is a need to reconcile the goals pursued by each of such departments with the goals of the organization as a whole.

Question 10.

Geetika is working in a private sector bank. One of her key function relates to the formulation of the overall organizational goals and strategies of the bank. Identify the level of management at which she is working? State any three other functions that she has to perform at this level.

Answer: Geetika is working at the top level of management in the private sector bank. The three other functions that she has to perform at this level are outlined below:

1. She is responsible for the success and failure of the organization.
2. She is responsible for all the business activities and its impact on society.
3. She has to coordinate the activities of different departments in pursuit of common goals.

Question 11.

Arundhati has been promoted to the post of Marketing Division Head of a soft drink company. Identify the level of management at which she will be working henceforth. State any four functions that she will have to perform at this level.

Answer. Henceforth, Arundhati will be working at middle level of management. The four functions that she will have to perform at this level are stated below:

1. She has to ensure that her department has the necessary staff.
2. She has to assign duties and responsibilities to the people in her department.
3. She has to motivate the people in her department to achieve the desired objectives.
4. She has to co-operate with the other departments for ensuring smooth functioning of the organization.

Question 12.

Ajay and Sanjay are childhood friends. Sanjay had lost his right hand in an accident in childhood. They meet after a long time in a restaurant. On being asked, Sanjay tells Ajay that he feels very discontented in managing his family business after the death of his father as it doesn't match with his areas of interest. Ajay knows that Sanjay possess extraordinary skills in management although he hasn't acquired any professional degree in management. Therefore, he asks Sanjay to wind up his business in India and join him in his hotel business in Dubai as an Assistant Manager in Sales and Marketing Division. In context of the above case:

1. Can Sanjay be deployed at the post of Assistant Manager in Sales and Marketing Division though he hasn't acquired any professional degree in management? Explain by giving suitable justifications in support of your answer.
2. List any two values that are reflected in this act of Ajay.

Answer.

1. Yes, Sanjay can be deployed at the post of Assistant Manager in Sales and Marketing Division although he hasn't acquired any professional degree in management as management is not considered to be a full-fledged profession because of the following reasons:

- **Restricted entry:** Unlike management, the entry to the other professions is restricted through an examination or eligibility criteria like specific percentage in a particular degree or diploma. However, management as a profession does not fulfill this criteria as anyone can be called a manager regardless of his/her academic qualifications.
- **Professional association:** Unlike managers, all working professionals have to be a member of an affiliated professional association which regulates their entry, grants certificate of practice and formulates and enforces code of conduct. For example, the practicing lawyers have to be a member of Bar Council of India, the practicing doctors should have membership of All India Medical Association etc. However, in case of management, although there exist several management association like the AIMA (All India Management Association), neither does it have any statutory backing nor is it mandatory for the practicing managers to be a member of such associations.

2. The two values that are reflected in this act of Ajay are:

- Compassion
- Responsibility.

PUNYA

CASE STUDIES- CHAPTER 2

PRINCIPLES OF MANAGEMENT

Question 1.

Rajeev is a middle lever manager. He keeps all his subordinates under a lot of discipline. His employees however complain of wastage of time and efforts as they feel that nothing is being assigned in a proper way and a proper place, also no proper schedule is made for working. Which principle of management is violated here?

Answer. The principle of management which is violated here is the Fayol's principle of 'order'. Fayol's principle of order says that everything has a place and everything should be at its place.

Question 2.

Rajesh wants to become an ideal manager. For this he reads many management books. After reading various broad and general guidelines he prepares f to apply them and make his work more meaningful. The necessary outcome will be his improved output. Which concept of management has been highlighted here?

Answer. The concept of management which is highlighted here is 'principles of management'. Management principles are the broad and general guidelines which help employees in behavior and decision making. .

Question 3.

Pakka employment is a company which takes care of the fact that the confidence of the employees should always be at its peak. For this reason they give surety to their employees for employment for a minimum fixed tenure of time. Which principle of management is followed here?

Answer. The principle of management which is followed here is 'stability of personnel'.

Question 4.

A floor manager of a Mall is very capable as he utilizes all the functions of management. He lays stress on developing mutual trust and spirit of cooperation amongst the employees. Under his guidance the employees admit that they learn a lot and are able to meet their targets. This has led to increase in their salaries.

Identify the principle of Fayol followed by the floor manager in the above case.

Answer. Esprit De Corps

Question 5.

The plant superintendent of a company is very sad. When he was on leave he was expecting his subordinates to take the remaining work to the finish. However he finds a new way of dealing with this problem. He develops a system of suggestion building from the side of workers. For this a suggestion/complain box is to be kept where the workers can drop their advice and hence take steps from their side.

Which principle of management has been implemented here off late by the plant superintendent?
Answer. The principle of Fayol—'initiative' was initially not followed and the establishment of suggestion/complaint box is a step in following it.

Question 6.

Suresh works in a bulb manufacturing company. Each bulb which is manufactured is of standard size and quality. Further if there is any unrequired type of bulb manufactured then its production is stopped. Last month when the company came to know that 10 watt bulbs were no more liked by customers, their production was stopped. He works in the purchase department. His job is to purchase the filaments required to make bulbs. This time when he purchases the filament he gets the instruction from the seller that some special care needs to be taken in the first hour of fixing the filaments inside the bulb. Suresh knows this information should be given immediately to the production department before the assembling process starts. However he finds that his company's policies only allow him to give the message to his immediate boss who will further pass this message to his boss. The passing of this message will continue till it reaches the desired person in the production department.

Which technique of management is followed here? Also name the principle of management followed here by the company? Which option is now available to Suresh since the company is not allowing him to interact with the concerned worker in the production department? 4

Answer. The technique of management which is followed here is **Standardization** (Each bulb which is manufactured is of standard size and quality) and **Simplification** (Further if there is any unrequired type of bulb manufactured then its production is stopped).

The principle of management which is followed here is **Scalar Chain**. However he finds that his company's policies only allow him to give the message to his immediate boss who will further pass this message to his boss.

The option which is now available to Suresh is the use of **Gang Plank** as this is an emergency situation. Suresh knows that this information should be given immediately to the production department.

Question 7.

Every year a meeting is organized in the lawns of the owner of a company. In this meeting the owner of the company grants some funds for the benefit of the families of the employees. The employees on the other hand never resist any change or put excessive demands. The general environment in the company is very supportive to the employees. The employee turnover ratio is very low.

Which concept of management is discussed here? Which principle of management will be easily followed here?

Answer. The concept of management discussed here is **Mental Revolution**. The owner of the company grants some funds for the benefit of the families of the employees. The employees on the other hand never resist any change or put excessive demands.

Since the employee turnover ratio is low the principle of management which must have been followed is '**stability of personnel**'. Whenever there is violation of this principle of Fayol the employee turnover ratio increases. The increased employee turnover ratio is not good for an organization and should be minimized.

Question 8.

Bhatkaav Enterprises is facing huge losses. The owner of the company is an MBA pass out. Even then many things in the organization are happening which are indicative of lack of proper management in the company. First of all there is no specific sharing of work and any time any employee is asked to do anything. This has led to wastage of efforts. Further due to negligence in proper work sharing there has been no specialization development in the nature of the jobs done by the employees.

There are no clear and fair agreements between the workers and the management. This has led to a lot of frustration in the workers. Management has quite often been found to be ignorant of not fulfilling promises done by it. There are also no strict rules and regulations binding on the conduct of the workers.

The departmental heads who are the middle level managers in the company and hold key positions always favor their relatives. They quite often don't turn up for job on time. They are always looking for special relaxations from the top management. This has led to feeling of resentment among the employees who are also demanding special favors and threatening strike in the coming days.

Identify the three principles of Fayol violated in the above case.

Answer. In the first paragraph of the case the principle of Fayol which is violated is '**Division of Work**'. In the second paragraph of the case the principle of Fayol which is violated is '**Discipline**'.

In the third paragraph of the case the principle of Fayol which is violated is '**Subordination of individual interests to general interests**'.

Question 9.

Ramesh is the owner of a printing press. The size of his organization has y/increased during the recent past. There are many employees who work in his organization. The organization is considered good and has earned a lot of reputation in the market. However when it comes to making key decisions in the organization related to many things he never considers the opinions of his subordinates. Even though the size of the organization has increased yet he tries to take all the key decisions on his own.

Which principle of Fayol has been violated by him?

Answer. The principle of Fayol which has been violated here is '**Centralization and Decentralization**'. This principle explains the need of balance between Centralization and Decentralization. He is making all the decisions on his own and he is not giving any decision making authority to his subordinates so he is not following this principle.

Question 10.

Mohan works on the floor of a mall as a manager. He is very hard working but is unable to produce results for his organization. His target for last month was a sale of 10 lakh rupees from his floor. However by the end of the month the sale was only 8 lakh rupees. He is very regular and takes all the necessary steps to complete the target. However his staff is not as competent as he himself is. When he tries to take action against disobedient employees the top management doesn't allow him to do so. They haven't given him the power to fire employees or take any strict action against them.

Which principle of Fayol is violated here by the Organization?

Answer. The principle of Fayol which is violated here is '**Authority and Responsibility**'. The amount of responsibility put on the shoulders of the floor manager is not in proportion to the amount of authority given to him. He can't take any strict action against his subordinates.

Question 11.

Enlightened Souls Pvt. Ltd. is a tube light manufacturing company. Before the start of the year they had promised their employees for bonus for extra production. It was also decided that those who will put extra time will be paid extra according to the number of hours. However people in the HR department who worked very hard later complained that they were not compensated for the extra number of hours that they used to stay in the office.

Which principle of Fayol is violated here?

Answer. The principle of Fayol which is violated 'Discipline'.

Question 12.

Rohan and Amit are working in the purchase department of a company. Rohan is the brother-in-law of the managing director of the company whereas Amit has been recruited from an external source. They both have been performing below average for the last couple of months. Many people in the organization talk about their lack of responsibility. When the managing director of the company came to know about their irresponsible behavior he immediately suspended Amit but did not take any action against Rohan.

Identify the principle of Fayol which has not been followed by the managing director in the above case.

Answer. Equity

Question 13.

Aditi who is heading the campus recruitment program of the firm that she is working in, gets an immediate order from the marketing head of the organization. Mr. Rupesh asks her to hire only those candidates who have two years' experience in the field of marketing and offer them a higher package. Moments later when she is about to enter the campus she gets another call from the HR head who asks her to hire candidates with zero experience. He gives her the logic that such candidates would be expecting lower packages in comparison to the candidates having experience in the industry.

Which principle of Fayol stands violated here? What is the immediate outcome of the violation of this principle? State the principle. 3

Answer. The principle of Fayol which is violated here is '**Unity of command**'.

The Unity of command states that an employee should take orders only from one boss.

The immediate outcome of the violation of this principle is **dual subordination**.

Question 14.

Aapka Apna Vehicles is a vehicle manufacturing company. The company has the same unit producing both scooters and cars. This leads to confusion among the employees regarding the reporting as well as differentiation of work.

Which principle of Fayol is violated here? Why? State the principle. Give an immediate outcome of the violation of this principle.

Answer. The principle of Fayol which is violated here is '**Unity of Direction**'.

Unity of Direction is violated here as there should have been separate departments for the two types of vehicles.

This principle says that there should be one boss and one plan. The related activities should be placed in one department. So there should be separate departments for the production of cars and the scooters.

The immediate outcome of the violation of this principle is overlapping of activities which will affect the whole organization.

Question 15.

Twenty new employees have started their career in XYZ Ltd. The employees are new to the environment of the organization and have no idea about the demanding jobs. The management has decided to give them three months of time to show their results.

Which principle of Fayol is followed here? How does this principle help the organization?

Answer. The principle of Fayol which is followed here is '**Stability of Personnel**'.

This principle helps the organization by **reducing Employee Turnover**. Thus the efficiency of the organization is increased.

Question 16.

Enigma Coolers are the leading manufacturers in their area. They have decided to increase the productivity of their workers. For this they have chalked out a plan. They will be hiring operational managers who to work at the lower level of management. They have decided to keep eight managers over a single worker. Thus every worker will have to report to all these eight managers.

Which technique of scientific management is followed here? What will be the benefit? Also tell which principle of Fayol will be violated here?

Answer. The technique of Scientific Management which is used here is **Functional Foremanship**.

The benefit will be that every worker cannot have all the qualities like intelligence, special knowledge, energy, honesty, etc. Individually each of the functional foremen like gang boss, speed boss, etc. will look after all these qualities.

The principle of Fayol which will be violated here will be principle of '**Unity of Command**' as a single worker will have to report to eight different people.

Question 17.

ABCDEF Ltd. has decided to become the market leader in selling water bottles. The company decides to take care of all the departments. The top management decides to set standards for all the business activities right from the purchase of raw material to manufacturing and packaging of the water bottles.

Which scientific technique of management is used here? Name three advantages of this technique.

Answer. The scientific technique used is '**Standardization**'.

The three advantages of standardization are:

1. Standards of performance of men and machine can be established.

2. Standards of excellence and quality in materials can be established.
3. Machines and their components of standard size can be interchanged over different areas and conditions.

Question 18.

‘Work is Worship’ is a leading construction company. The organization has grown from strength to strength because of its innovative ideas and scientific approach of working. Ten years back the organization went through a revolution. All the operations and activities were properly noticed and the standard time taken to perform them was noted. This took a few months and now the company could find out the amount of workers required and the number of days to be involved in the various manufacturing processes. A year later they moved to another level by considering the stress involved in the lives of the workers. The amount and frequency of rest intervals in finishing a particular task were noted. This helped the company in optimizing the rest intervals for the workers so that their outputs could be increased. After six more months the company decided to reward the efficient workers. A different rate of wage payment was decided for those workers who performed above the standard. The standard was decided. This led to a revolutionary change in the perspective of the workers who now started giving their full efforts in order to increase their wages.

Which concept of management has been discussed in the above case? Name the three types of this management concept highlighted above. Also identify the lines where these types have been indicated.

Answer. The concept of management which is discussed above in the whole case is **Techniques of Scientific Management.**

The various types of techniques used are:

1. **Time Study.** All the operations and activities were properly noticed and the standard time taken to perform them was noted.
2. **Fatigue Study.** The amount and frequency of rest intervals in finishing a particular task were noted.
3. **Differential Piece Wage System.** A different rate of wage payment was decided for those workers who performed above the standard.

Question 19.

Sanchit, after completing his entrepreneurship course from Sweden returned to India and started a coffee shop ‘Aroma Coffee Can’ in a famous mall in Delhi. The specialty of the coffee shop was the special aroma of coffee and a wide variety of flavors to choose from. Somehow, the business was neither profitable nor popular. Sanchit was keen to find out the reason. He appointed Sandhya, an MBA from a reputed college, as a Manager to find out the causes for the same.

Sandhya took feedback from the clients and found out that though they loved the special unique aroma of coffee but were not happy with the long waiting time being taken to process the order. She analyzed and found out that there were many unnecessary obstructions in between which could be eliminated. She fixed a standard time for processing the order.

She also realized that there were some flavors whose demand was not enough. So, she also decided to stop the sale of such flavors. As a result within a short period Sandhya was able to attract the customers.

Identify and explain any two techniques of scientific management used by Sandhya to solve the problem.

Answer. Sandhya has used the following two techniques of scientific management:

1. **Time Study.** Time study aims at determining the standard time taken by a worker of reasonable skill to perform a well-defined job. For this purpose time measuring devices are used and standard time is fixed for the task after taking several readings. The main idea behind this is to determine the number of workers to be employed, frame appropriate incentive schemes and determine labor cost.
2. **Simplification of Work.** Simplification of work aims at eliminating superfluous varieties, sizes and dimensions. The main idea behind is to eliminate unnecessary diversity of products. It saves cost of labor, machines and tools. It leads to reduction in stock and helps in fuller utilization of equipment. Moreover, it leads to an increase in turnover.

Question 20.

A scientist working in a factory for the betterment of the operational aspect studied all the steps involved in the manufacturing of the product. He very attentively noticed all sorts of movements to arrive at a simpler way of doing all the activities possible. With his hard work he was able to bring down the number of activities for the manufacturing of the final product from 34 to 22. This work was able to bring down the labor charges and decrease the total time of production. Thus he gave the organization an added advantage.

Which type of scientific technique is discussed here?

Answer. The type of scientific technique discussed here is **Motion Study.**

Question 21:

‘Kanpur Leather Ltd.’ is the manufacturer of leather products. It is producing on large scale and its organizational structure is functional. In the production department various foremen have been employed. Each foreman has been made responsible for production planning, implementation and control. This has led to a situation of confusion and uncertainty. Suggest a technique of scientific management to Kanpur Leather Ltd. which may help it to effectively organize planning and its execution.

Answer. Functional Foremanship is the technique of scientific management which may help Kanpur Leather Ltd. to effectively organize planning and its execution.

In order to apply specialization at the supervisory level, Taylor developed the concept of functional foremanship. He suggested that under the factory manager there are a planning in charge and a production in charge.

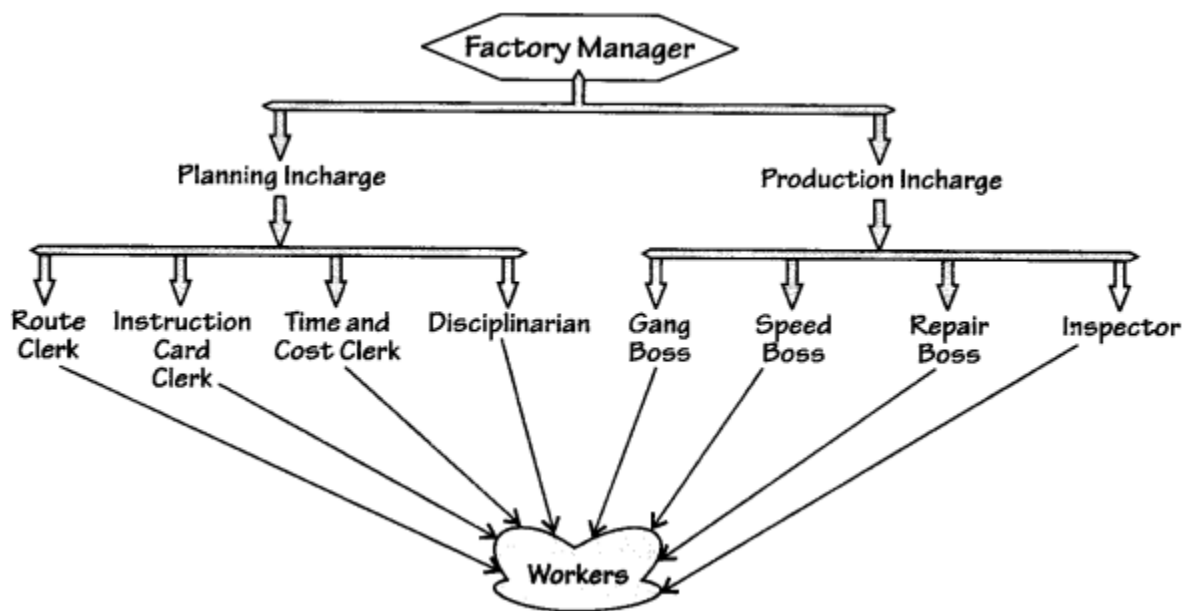
The main function of the planning in charge is to plan all aspects of the job to be performed. Under the planning in charge four personnel are appointed:

1. Route Clerk concerned with determination of the exact sequence in which various operations are to be performed.
2. Instruction Card Clerk who issues instructions to workers for handling their jobs.
3. Time and Cost Clerk who frames the time schedule and keeps record of the cost of operations.

4. Disciplinarian concerned with enforcing the rules and regulations and maintaining discipline in the factory.

Under the production in charge, the following four personnel are appointed concerned with the execution of plans:

1. Gang Boss to arrange machines, tools, materials, etc., for the workers.
2. Speed Boss to check whether the work is progressing as per schedule and instructions issued.
3. Repair Boss to check and maintain machines and tools in proper working conditions.
4. Inspector for checking quality of the work done by the workers.



Question 22.

ABCDEF is a world renowned retail chain store. The customers here are very much pleased with the products and services provided in the stores. The customer satisfaction and internal efficiency indicator of the organization is rated best in the industry. However there have been a few steps taken by the organization which provide the organization this edge. The organization has used a special type of software which integrates all the stores and brings uniformity in its billing and working pattern.

Which principle of management is mentioned here?

Answer. The principle of management which is followed here is ‘**Science not Rule of Thumb**’ as the organization tries to bring uniformity in its approach.

Question 23.

Star Limited is a garment manufacturing company which has been performing quite well. The company got a major order of 2000 shirts which it is supposed to manufacture and supply within two weeks’ time. On an average the company manufactures around 50 to 60 shirts in a day. Therefore, it is a very challenging task for the organization. The management of the company asked its labor to put in extra hours without any additional payment to achieve this objective. In

return, management has promised the workers that their wages will be increased on a permanent basis as soon as the project is over. The labor agreed to the management's proposal and completed the assigned task within the allotted time frame. As per its promise the management increased the wages of the workers and the project became a great success. Both management and labor honored their commitment.

Identify the principle of Henri Fayol which has been highlighted in the above case.

Answer. Discipline

Question 24.

'We are the Best' Public School though is a disciplined organization, It lacks well defined rules and regulations. With passage of time the management of the finds out that if there are proper rules and regulations for the students and the teachers the result of the school improves.

Which nature of principles of management is highlighted here?

Answer. The nature of principle of management which is highlighted here is '**Principles of management are formed by practice and experimentation**'.

Question 25.

In a huge manufacturing company there was a constant training programme running for the workers throughout the year. The workers were trained about the machines as the management realized that management is all about the relationship among workers and their proper handling of the machines. As the size of the organization increased the management decided to release their hold on day to day activities of the organization. A more decentralized approach was adopted where the workers could decide about the machines and the amount of raw material required instead of the traditional centralized approach as per the needs. The management knew that the external environment is dynamic. In order to meet stiff competition they clarified to the workers that their instructions should not be taken strictly and should be molded as per the requirements of the organization at the level where actual action takes place.

Which natures of principles of management have been highlighted in the above case? 3

Answer. The various natures of principles of management highlighted above are:

1. **Mainly Behavioral.** The workers were trained about the machines as the management realized that management was all about the relationship among workers and their proper handling of the machines.
2. **Flexible.** A more decentralized approach was adopted where the workers could decide about the machines and the amount of raw material required instead of the traditional centralized approach as per the needs.
3. **General Guidelines.** In order to meet stiff competition they clarified to the workers that their instructions should not be taken strictly and should be molded as per the requirements of the organization at the level where actual action takes place.

Question 26.

VLPS Hotels is a disciplined organization. It has many branches. The organization tries to apply discipline in all its branches with equal effectiveness.

However it knows that the nature and location of different branches are different. They work under the impact of different cultures and work environments. Even then discipline as an

important management principle is applied to all its branches —big or small, within the country or at foreign locations. Recently it formed a special body of five members to do research on cross functional expertise. The organization has learnt through the experience of the competitors that understanding among various functional departments is important for increasing the productivity of the organization. So broadly it can be understood how such body is going to affect the organization through others' experience. When it comes to remuneration of employees the organization adopts payment of different salaries for the same post. The logic given by the organization is that remuneration is based on situations and depends upon the employee's capacity and the expenses involved in a particular city.

Which natures of principles of management have been highlighted in the above case?

Answer. The natures of principles of management highlighted above are:

1. **Universal Applicability.** The principles of management can be applied to all types of organizations and their branches regardless of their sizes and nature. However they should be applied with some change. Even then discipline as an important management principle is applied to all its branches—big or small, within the country or at foreign locations. .
2. **Cause and Effect relationships.** A cause and effect relationship is established by the management principles. However this cause and effect is exact as conditions are not same and differ. So broadly it can be understood how such body is going to affect the organization through others' experience.
3. **Contingent.** A principle of management is applied according to a given situation. The logic given by the organization is that remuneration is based on situations and depends upon the employee's capacity and the expenses involved in a particular city.

Question 27.

Example Pvt. Ltd. is an organization which is governed by people who are egoistic and consider themselves as the most intelligent. All the suggestions made by the workers are not even attended which has resulted in many strikes during last couple of months. The result is lack of productivity. However recent reports from the organization say that there is a training module going on for the employees so that their individual development can take place to the maximum. Some training modules are thought of being implemented. This may take the organization out of its current bad performance. This training module which is now to be followed at the main branch will be later given a uniform format and will be applied to all branches of the organization. .

Identify the principle of management which is violated initially and the principle of scientific management which is followed later on. Which concept of scientific management is discussed in the last part of the above case? 3

Answer. The principle of management which is violated initially is **Cooperation not Individualism** as the suggestions were overlooked and the strikes happened. All the suggestions made by the workers are not even attended which has resulted in many strikes during last couple of months.

The principle of management which is followed later on is **Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity.** However recent reports from the organization say that there is a training module going on for the employees so that their individual development can take place to the maximum.

The concept of management which is discussed in the last part of the case

is **Standardization**. This training module which is now to be followed at the main branch will be later given a uniform format and will be applied to all branches of the organization.

Question 28:

Enigma Footwear is a very innovative organization. The company has the policy of paying proper attention to the training of the managers. The organization teaches various management principles to the managers whenever required so that they can apply them and understand the practical aspects of business through them. Year by year the organization is able to increase its revenue. This is because the managers are able to economically use the funds of the organization and increase the output of the workers through various principles like discipline and science not rule of thumb. This year the company will be opening its 14th branch in India. The firm has decided to start the campaign for adopting poor children. This year the target is 500 poor children due to be adopted. This will help the organization put noticeable example in front of others who can learn a lot from this initiative of the company.

Which points of importance of principles of management are highlighted in the above case? Identify the lines. 3

Answer. The points of importance of principles of management highlighted above are:

1. Providing managers with useful insight into reality. The organization teaches various management principles to the managers whenever required so that they can apply them and understand the practical aspects of business through them.
2. Optimum utilization of resources and effective administration. This is because the managers are able to economically use the funds of the organization and increase the output of the workers through various principles like discipline and science not rule of thumb.
3. Fulfilling social needs. The firm has decided to start the campaign for adopting poor children.

Question 29.

Kona Kona construction is a well-known firm. It has many employees. Its core competence is in construction work but it has many other operations to tackle also. These operations are connected to public relations, advertising, finance, etc. With changing times the company has decided to outsource these services from the experts, of these fields. Thus it has decided to save time and concentrate on its main business. There is team of civil engineers who form the main body of the decision group. This group takes decision related to future construction projects after making thoughtful and justifiable conclusions. The newspapers of the country have also appreciated the efforts made by Kona Kona construction in giving better housing facilities to the people in general. Company wants to walk shoulder to shoulder with other international firms in the industry. For this it time and again prepares its employees through proper training modules which educate them about the changing situations at the global level. The net worth of the company is expected to touch Rs.20,000 crores this year which is going to be a landmark achievement in the history of this firm. The company is also ranked high in fulfilling Corporate Social Responsibility initiatives.

Which points of importance of principles of management have been highlighted in the above case? Also identify the lines.

Answer. The points of importance of principles of management which are highlighted in the above case:

1. **Meeting changing environment requirements.** With the changing times the company has decided to outsource these services from the experts of these fields.
2. **Scientific decisions.** This group takes decision related to future construction projects after making thoughtful and justifiable conclusions.
3. **Management training, education and research.** For this it time and again prepares its employees through proper training modules which educate them about the changing situations at the global level.
4. **Fulfilling social responsibility.** The Company is also ranked high in fulfilling Corporate Social Responsibility initiatives.

Question 30.

Wellness Water Purifier has seen a lot of ups and downs during last five years as a company. The most important learning the company has got is through its experiences. First three years of its existence were full of high employee turnover. The blames quite often put by the leaving employees was that of partial behavior whether it was concerned with salary, management, duty assignment, leaves, and the list can go on. Later the management after a brainstorming session realized that it was wrong in committing partial behavior towards its employees. Next two years it adopted the Fayol's principle of 'Equity' in letter and spirit.

Which nature of principle of management has been highlighted in the above case?

Answer. In the above case the company has learned from its experience on the basis of practice and experimentation that the principle of '**Equity**' should be adopted to avoid problems and increase its output. Thus in the above case the nature of principle of management highlighted is that Management principles are formed by **practice and experimentation.**

CASE STUDIES - CHAPTER 3

BUSINESS ENVIRONMENT

Question 1:

'The first masters' is a leading advertising company in its industry. Recently they had a meeting in which all the reasons which were outside the control of the organization were discussed. The organization wanted to maintain its supremacy in the market. They decided to break the meeting into two parts. In the first part customers, competitors, suppliers, etc. were discussed where as in the second part the political, economic, social conditions in the country were discussed. It was concluded that company was doing extremely well in the domestic market and the client base was expanding. However when the company's performance in foreign markets was evaluated it was found that conditions were different in different countries so the strategies adopted would have to be different. After the meeting the company was looking forward to making new gains. Which features of Business Environment have been highlighted in the above case? Also identify the lines.

Answer:

The features of Business Environment which have been highlighted are:

1. **Totality of external forces.** Recently they had a meeting in which all the reasons which were outside the control of the organization were discussed.
2. **Specific and general forces.** In the first part customers, competitors, suppliers, etc. were discussed where as in the second part the political, economic, social conditions in the country were discussed.
3. **Relativity.** However when the company's performance in foreign markets was evaluated it was found that conditions were different in different countries so the strategies adopted would have to be different.

Question 2:

Bright Services is a taxi service provider. The company is targeting a revenue of 50 crore rupees this year. However with the passage of time it has found entrance of new service providers in the market which was not expected at one stage of time. It has a good team of technicians, drivers, software providers, etc. The company has decided to make it adaptable to such continuously changing circumstances. It knows that if it has to expand in new countries it will have to learn the basic differentiating factors like traffic rules, technological aspects, etc. Thus it understands that conditions are different in different countries.

Which features of Business Environment are discussed in the above case? Which force is discussed above?

Answer:

The various features of Business Environment which are discussed above are:

1. **Uncertainty.** However with the passage of time it has found entrance of new service providers in the market which was not expected at one stage of time.
2. **Dynamic nature.** The company has decided to make it adaptable to such continuously changing circumstances.
3. **Relativity.** Thus it understands that conditions are different in different countries. The type of force which is discussed above is General Force —Legal (Traffic rules), Technological (Technical aspects).

Question 3:

ABCDEF Ltd. decided to start its new venture in Delhi. For this they needed to understand the Business Environment of the area. It was realized by the company that the Business Environment of Delhi was very hard to understand unless and until it was divided into different business dimensions like legal, political, economic, social and technological conditions. After understanding the business situations the company started to study the close links between different elements of the Business Environment. They gave a proper shape to their research and the business got started with full force. Later they realized that the products they were selling in Delhi were more fit for the European culture and decided to start a new branch in Belgium where the demand of their products was very high from the first day. The company came to be recognized and in few years became a global brand. The reason for its success in different countries was the adaptability it showed in meeting the changing environment. The company kept track of all happenings and did a periodic survey of the choices of the customers. It recognized that there was no surety in the nature of market and it was very unpredictable.

Which features of Business Environment have been highlighted in the above case? Identify the lines which highlight these features.

Answer:

The various features of Business Environment which are highlighted in the above case are:

1. **Complexity.** It was realized by the company that the Business Environment of Delhi was very hard to understand unless and until it was divided into different business dimensions like legal, political, economic, social and technological conditions. As we can see it is very difficult to. Understand the business environment unless it is broken into its dimensions.
2. **Interrelatedness.** After understanding the business situations the company started to study the close links between different elements of the Business Environment.
3. **Relativity.** Later they realized that the products they were selling in Delhi were more fit for the European culture and decided to start a new branch in Belgium where the demand of their products was very high from the first day.
4. **Dynamic nature.** The reason for its success in different countries was the adaptability it showed in meeting the changing environment.

Question 4:

A company is a component of market. It utilizes various raw materials, labor force, human resources, power, water, other sources, etc. When all these resources are utilized output is produced. But before output is produced the input has to go through various operations. These operations convert the raw materials into final products which are then sold in the market. In the above paragraph which importance of Business Environment is highlighted?

Answer:

The importance of business environment which is highlighted above is — **Helps in tapping useful resources.**

Question 5:

The market is flooded with better quality toys of foreign origin. The result is fall in revenue of the indigenous or local companies as their products are much inferior and are also costlier in less demand in the market.

Which dimension of Business Environment can be seen here affecting the local companies' revenue?

Answer:

The dimension of Business Environment which is affecting the indigenous companies is **Technological Environment**. Since the products are technologically advanced they are replacing the locally made inferior products.

Question 6:

The sale of sarees increases in the months of the year when a large number of marriages take place in India. The saree manufacturing companies make special plans of sale for these months. Which dimension of business environment comes into picture here?

Answer:

The dimension of business environment which is covered here is the **“Social”** dimension of business environment as marriages come under the social dimension.

Question 7:

We can expect high sale of sarees in India but we can't expect the same in Which feature of business environment is discussed in the previous line?

Answer:

The feature of business environment which is discussed above is **“Relativity”** as the business environment varies from place to place. The choice of people, their culture and purchasing capacity are different in different areas.

Question 8:

Advertisements of a protein supplement must inform the potential buyer that the product if taken beyond a given dose can be harmful to the diabetics.

Which dimension of business environment is highlighted here?

Answer:

The dimension of business environment which is highlighted here is the **“Legal”** environment as it comes under the legal laws to clearly state the necessary information as directed by the government.

Question 9:

Long Drive Manufacturers is a leading vehicle manufacturing company. It claims that it can create a fuel in its laboratory which can run the newly designed car. The company is ready to provide this fuel to its customers for free for one year provided they buy the car.

Which dimension of business environment is affected here by the company's innovative solution?

Answer:

The dimension of business which is affected here by the company's innovation is the "**Technological**" environment.

Question 10:

Identify the various dimensions of business environment:

1. With the election of a new government the Sensex drops by 748 points.
2. A particular channel refrains from showing the advertisement of a particular product as it is banned by the government.
3. A software is in high demand among the industrial buyers as it can connect all the branches of a company as a single integrated unit.
4. At the time of holi a large number of manufacturing firms get involved in making colours which are used in the celebration of this colourful festival.
5. It is not advisable to open a luxury car showroom in the middle of an economy where per capita income is very low.

Answer:

The various dimensions of business environment highlighted above are:

1. Political environment.
2. Legal environment.
3. Technological environment.
4. Social environment.
5. Economic environment.

Question 11:

A recent rate cut in the interest on loans announced by the Banks encouraged Amit, a science student of Progressive School to take a loan from State Bank of India to experiment and develop cars to be powered by fuel produced from garbage. He developed such a car and exhibited it in the Science Fair organized by Directorate of Education. He was awarded first prize for his invention.

Identify and explain the dimensions of business environment discussed in the above case.

Answer:

Following are the dimensions of business environment discussed in the above para:

1. **Economic Environment.** Economic dimension of business environment includes various economic factors like inflation, interest rates, currency value, income of people, etc. Both short and long term interest rates affect the demand for various goods and services in the economy. Lower interest rates lead to higher demand while higher interest rates lead to less spending by consumers leading to reduced demand.
2. **Technological Environment.** Scientific improvements and innovations are included in the technological dimension of business environment. It provides new ways and methods of producing goods and services. For example, technological developments in the field of computers and information technology have changed the ways in which companies promote their goods and services.

Question 12:

With change in the consumption habits of people, Neelesh, who was running a sweets shop shifted to chocolate business. On the eve of Diwali he offered chocolates in attractive packages at reasonable prices. He anticipated huge demand and created a website chocolove.com for taking orders online. He got lot of orders online and earned huge profit by selling chocolates. Identify and explain the dimensions of business environment discussed in the above case.

Answer:

Following dimensions of business environment are discussed in the given para:

1. **Social Environment.** Social Environment consists of attitudes, beliefs, desires, customs and traditions, level of education, composition of working population, culture, religion, values, etc. Values refer to concepts which are held by the society in high esteem and traditions include social practices that have been followed by the society for a long period of time.
2. **Technological Environment.** Scientific improvement and innovations are included in the technological dimension of business environment. It provides new ways and methods of producing goods and services. For example, technological developments in the field of computers and information technology have changed the ways in which companies promote their goods and services.

Question 13:

“World Software’s” is a software giant. It has many branches throughout the world. The company knows that it has great opportunities in its path. When it was limited only to its native country. With the passage of time within 20 years the economies of various countries have integrated. This has come as a great advantage to this company which has expanded. In many of the countries where it has its, branches the control of government in the public sector enterprises has diluted leading to more control in the hands of the private sector. One of the major reasons for the success of the company has been the role of the initiator the company has played as it was the first company of its kind to enter the market.

Identify the two important concepts highlighted above. Which type of advantage has been indicated in the last line of the above case?

Answer:

Globalization. With the passage of time within 20 years the economies of various countries have integrated.

1. **Disinvestment.** In many of the countries where it has its branches the control of government in the public sector enterprises has diluted leading to more control in the hands of the private sector.
2. **First mover advantage.** The role of the initiator the company has played as it was the first company of its kind to enter the market.

Question 14:

Met Lapp Networks and Technologies Ltd. is a leader in technology innovation in the United States, creating products and solutions for connecting the world. It has a large research and development team which invented the first smart watch, named as W-7. The watch besides showing the time, also monitors few health parameters like heartbeat, blood pressure etc. While in search of markets abroad, the company found that in India, the reform process was underway with the aim of accelerating the pace of economic growth. The company decided to take advantage of simplified export procedure and removal of quantitative as well as tariff restrictions in India.

It set up its office in Jamnagar with a view to capture the Indian market. In a short span of time, the company emerged as a market leader. Success of the company attested many other players to enter the market. Competition resulted in reduction in prices, thereby benefiting the customers.

1. In the above paragraph, two major concepts related to government policy have been discussed. Identify and explain these concepts.
2. Also, explain briefly any three impacts of these concepts on Indian business and industry.

Answer:

1. **The two major concepts related to government policy discussed in the given para are as follows:**
 - **Liberalization.** Liberalization means removing unnecessary control and restrictions over the business. It refers to those government policies that promote economic growth by lessening the restrictions and regulations placed on the business.
 - **Globalization.** It is an economic reform that aims at integration of markets in the global economy leading to the increased inter-connectedness of national economies. It simply means the integration of the various economies of the world leading towards the emergence of a cohesive global economy.
2. **Three impacts of liberalization and globalization on Indian business.**
 - **Increase in competition.** In today's Indian economy, competition has increased due to liberalized imports and entry of MNCs (foreign Multinationals). Although,

it is good for consumers, but some of the Indian industrial units, particularly small-scale and medium scale industries are facing problems.

- **More demanding customers.** Customers are well informed and so they have become more demanding. They have a wider choice and can now purchase better products and services.
- **Technological development.** Increasing competition has forced the companies to develop new technologies. New technologies make it possible to improve machines, production process, products and services. The rapidly changing technological environment has created tough challenges before small firms.
- **Necessity for change.** Since Economic Reforms of 1991 market forces have been changing rapidly. Therefore, business firms have to continuously modify their operations.
- **Need for developing human resources.** The new market conditions require people with higher qualifications, competence and greater commitment. Hence there is a need to train and upgrade human resources.

Question 15:

The internet has taken the whole world by surprise. The government has also been lenient in giving the online companies a chance to flourish in the changing business scenario. Interneters Online is an entrepreneurial initiative by a group of young engineers. The company has entered in the domain of providing products online. Many new firms have also entered after seeing them enter this mode of business and many of these firms are foreign in origin. The companies dealing in online business know that in today's world customer has many options. The customer is no more dependent on a single company for the product he requires. This has empowered the customer who has more choices and the result is a fragmented market. The firms selling with monopoly in the market are the stories of the past. The products offered by the companies are going through different types of technological changes. The companies are trying to give variety of products which are technologically advanced. "Interneters Online" is a firm which is right now selling 200 products online. Recently if tried to increase the number of products to be sold by 15 but it realized that many of these products were not allowed by the government to be sold in their territory.

Identify three impacts of government policy changes on Business and Industry highlighted in the above case. Also identify the dimension of business environment highlighted above.

Answer:

The three impacts of government policy changes on Business and Industry highlighted above are:

1. **Increasing Competition.** Many new firms have also entered after seeing them enter this mode of business and many of these firms are foreign in origin.
2. **More demanding customers.** This has empowered the customer who has more choices and the result is a fragmented market.

3. **Rapidly changing technological environment.** The companies are trying to give variety of products which are technologically advanced. The dimension of business environment which is highlighted above is Legal environment. It realized that many of these products were not allowed by the government to be sold in their territory.

Question 16:

The Indian companies after the year 1991 have especially paid attention to the need of having a manpower which can adjust to the changing competitive environment. The new market situations require employees with greater talent and higher level of competence.

In the above paragraph which one important impact of Government policy change on business is highlighted?

Answer:

Need for developing human resource.

Question 17:

With the abolition of licensing requirements a company has decided to enter into a new industry and the government's support is making the movements of goods easier. The company has lost its foothold in the previous industry in which it was once a leader. All this happened because of the opposition of a project which the company had undertaken in a village. The villagers started to gather and the incidence caught the attention of media. There were protests and the result was the closure of the plant. The biggest competitor of the company wanted to ensure that they gain from this situation. They started their vigorous efforts to increase their business output. This company knows that all the inputs are the resources from the outside environment and they have to be converted into successful products. Five years back the company used to make products which used to suit its production requirements. Now it has decided to manufacture products according to the requirements of the potential customers. The product can only reach customers in the best possible manner only if the company prepares itself. For this the company invests a lot in its employees so that they can meet the best standards of providing services which suit the customers. The revenue of the company can decline in the next few years. The reason for this could be the different types of innovative practices involved by various competitors in producing goods with the latest technology. For this the company will have to prepare itself.

Which economic reform is highlighted in the initial lines of the above case? Which dimension of business is affected here in the initial lines of the passage? Which importance of business environment is highlighted here? Name three different types of impacts of government policy changes on business and industry you can find here.

Answer:

The economic reform which is highlighted in the initial lines of the above case is Liberalisation. With the abolition of licensing requirements, the company has decided to enter into a new industry and the government's support is making the movements of goods easier.

The dimension of business which is affected in the above lines is Political. There were protests and the result was the closure of the plant.

The importance of business environment which is highlighted here is **Tapping useful resources.** There were protests and the result was the closure of the plant.

Three different types of impacts of government policy changes on business and industry we can find here are:

1. **Market Orientation.** Now it has decided to manufacture products according to the requirements of the potential customers.
2. **Need for developing human resource.** For this the company invests a lot in its employees so that they can meet the best standards of providing services which suit the customers.
3. **Rapidly changing technological environment.** The reason for this could be the different type of innovative practices involved by various competitors in producing goods with the latest technology.

Question 18:

It's high time that the government should finalize the industrial and monetary policies. The various economic indices like national income, per capita income, rate of savings and investment, etc. should be taken care of while deciding any economic plans for future. Which concept can be seen discussed in the above paragraph?

Answer:

The concept which has been discussed in the above paragraph is **“Economic Environment”**.

Question 19:

ABCDE Ltd. has opened a customized shoe business in 23 cities. The organization has done a lot of research on the nature of business environment in which it is doing business. The market has fragmented as there are many players, brand loyalties of the customers keep on changing, customers are more demanding and there is intense competition in the market. Every week on Saturday the board of directors sits for a meeting and decides the future course of action. They rely on their surveys and past performances of other companies to achieve policy making and deciding future course of action. The company devotes its lot of time in understanding the external environment. With all the research the company has realized that the business environment does tend to have a lot of impact on the organization so it is necessary to continuously monitor it.

Name the various importance of management highlighted above?

Answer:

The various importance of business environment highlighted above:

1. **It helps in coping with rapid changes.** The market has fragmented as there are many players, brand loyalties of the customers keep on changing, customers are more demanding and there is intense competition in the market.
2. **It helps in planning and policy formulation.** They rely on their surveys and past performances of other companies to achieve policy making and deciding future course of action.

3. **It helps in improving performance.** With all the research the company has realised that the business environment does tend to have a lot of impact on the organisation so it is necessary to continuously monitor it.

Question 20:

A greeting card making company in USA is flourishing well. The company makes cards for different occasions. During the time of Christmas and New Year, the production and selling of cards reaches a new high. The company exists in an environment which is democratic and there are rules for every business firm. Once you step out of the company there are customers, competitors, government authority and almost everything one can think of. The company appears to have a promising future. However the firm will have to understand the close relationship between various elements of the business environment around it.

In the above case which dimension of business environment is highlighted? Which features of business environment are highlighted in the above case?

Answer:

The dimension of business environment which is highlighted above is “**Social**”. The Company makes cards for different occasions. During the time of Christmas and New Year Eve. The production and selling of cards reaches a new high.

The features of business environment which are highlighted above are:

1. **Totality of external forces.** Once you step out of the company there are customers, competitors, government authority and almost everything you can think of.
2. **Inter-relatedness.** However the firm will have to understand the close relationship between various elements of the business environment around it.

Question 21:

‘Raise the Bar’ is a sports equipment company. It has different branches in different parts of the world. However, the requirements of the sports equipment’s are different in different branches. This is due to the change in cultures and lifestyles of people in the different countries. The market in which it is dealing is known for awareness of health. The more the awareness the more is the demand for such equipment’s. Company knows that the demand for these products is unpredictable as new designs keep on coming and the industry keeps on changing frequently. There is a Research and Development Department which keeps on updating the equipment’s in material and design. However the outside business environment is characterized by changing customer preferences, entry of new competitors making it change. A meeting was organized recently to understand the external business environment. However, after the meeting it was realized that business environment can’t be understood in totality it can only be understood by breaking it into its dimensions. The result of a successful meeting could be seen later in the performance of the company which created record sales in the coming year. Identify the features of business environment highlighted here.

Answer:

The different features of business environment highlighted above are:

1. **Relativity.** This is due to the change in cultures and lifestyles of people in the different countries.
2. **Uncertainty.** Company knows that the demand for these products is unpredictable as new designs keep on coming and the industry keeps on changing frequently.
3. **Dynamic nature.** However, the outside business environment is characterized by changing customer preferences, entry of new competitors making it change.
4. **Complexity.** However after the meeting it was realized that business environment can't be understood in totality it can only be understood by breaking it into its dimensions.

Question 22:

GHJ Private Ltd. is concerned about the external environment of business. It is busy analyzing various factors which are going to affect its business. However with a lot of understanding it developed about the business it found two types of factors; one which affected the firm directly and the other which affected all the firms in the business. With the passage of time the challenges for the company have increased. The company finds new competitors and technological challenges which are posing new changes for it. The company at the end of the year decides to have a survey. This survey is about knowing the business environment properly. Even after spending a lot of money on the surveys the company comes to conclusion that it's not easy to understand the business environment and it is properly understood only in parts. The company is ready to seek advice from experts and is eager to notice changes in the business environment. When a multinational company enters the market the company is eager in taking preventive measures like improving the product, aggressive advertising, etc. A special team of experts have been created. The team observes the changes taking place like changing branding loyalty, more demanding customers, etc. as it knows the pace of change is more important than the change itself. The painstaking efforts of the company don't go unrewarded. The company by the end of the year makes huge profit and by understanding the business environment is able to increase its revenue.

Which features of business environment have been highlighted in the above case? Also identify the various importance of business environment highlighted above.

Answer:

The various features of business environment which are highlighted in the above case are:

1. **Specific and general forces.** However with a lot of understanding it developed about the business it found two types of factors; one which affects the firm directly and the other which affected all the firms in the business.
2. **Dynamic nature.** The Company finds new competitors and technological challenges which are posing new changes for it.
3. **Complexity.** Even after spending a lot of money on the surveys the company comes to a conclusion that it's not easy to understand the business environment and it is properly understood in parts.

The various benefits of business environment highlighted in the above case are:

1. **It helps the firm to identify threats and send early warning signals.** When a multinational company enters the market the Company is eager in taking preventive measures like improving the product, aggressive advertising, etc.
2. **It helps in coping with rapid changes.** The team observes the changes taking place like changing branding loyalty, more demanding customers, etc. as it knows the pace of change is more important than the change itself.
3. **It helps in improving performance.** The Company by the end of the year makes huge profit and by understanding the business environment, is able to increase its revenue.

Question 23:

Identify the dimensions of business environment in the following cases:

1. Hand-woven carpets are banned in some European countries as they think there can be involvement of child labor in the manufacturing of these carpets. Products produced through the involvement of child labor are banned in these countries.
2. With the winning of a new party in a particular country an automobile company has decided to take back its plan of opening 15 plants in that country.
3. In the month of October a greeting card manufacturing company has decided to increase its scale of production of New Year Greeting Cards.
4. A chocolate making company has decided to make more sweetened chocolates for people living in a particular country.
5. A super bike producing company has decided to withdraw its earlier proposal of opening 10 new plants in a country as it finds the per capita income of that country too low to purchase its bikes in large numbers.
6. Advertising of a particular brand is taken back as it is expected to hurt the sentiments of a particular section of society. The company takes this decision on a conscientious level.

Answer:

The various dimensions of business environment highlighted above are:

1. Legal Environment.
2. Political Environment.
3. Social Environment.
4. Social Environment.
5. Economic Environment.
6. **Social Environment.** Since nothing is preventing the company legally, the decision is taken after taking into consideration the social feelings of the people.

Question 24:

'On Your Marks' is a good shoe manufacturing company. The company is the first to start a shoe having a unique technology giving it a long life. However the company knows that it exists in an environment where everything around it counts; so everything around it matters. Therefore, it is trying to observe every small aspect of the business environment. There are various factors which are closely related to each other and can't be understood in isolation like change in lifestyle which can be linked to the improved demand of technologically advanced shoes. However, the company can't be self-satisfied. It will have to adjust to rapidly changing technology, fragmentation of market, changing brand loyalties, etc. It has got good man power and a very well established production department. It knows that various resources in the form of inputs have to be transformed into the best products and sold for increasing its revenue. However, there are various challenges which the company is facing. These are in the form of protests done by labor unions throughout the country which sometimes assume the form of strikes. The board of directors is keen to adapt to this difficult situation. Government is playing a very positive role, like it did a few years back, and is freeing the business environment from unnecessary restrictions and government controls. The company is hopeful of emerging as a winner under such government support.

Which features of business environment are highlighted in the above case?

Identify the importance of business environment highlighted in the above case?

Which dimension of business environment is highlighted above?

Which economic reform is discussed in the last part of the case?

Answer:**The features of business environment highlighted in the above case are:**

1. **Totality of external forces.** However, the company knows that it exists in an environment where everything around it counts; so everything around it matters.
2. **Inter-relatedness.** There are various factors which are closely related to each other and can't be understood in isolation like change in lifestyle which can be linked to the improved demand of technologically advanced shoes.

The importance of business environment highlighted in the above case:

1. **It helps in coping with rapid changes.** It will have to adjust to rapidly changing technology, fragmentation of market, changing brand loyalties, etc.
2. **It helps in tapping useful resources.** It knows that various resources in the form of inputs have to be transformed into the best products and sold for increasing its revenue.

The dimension of business environment which is highlighted in the above case is '**Political Environment**'. These are in the form of protests done by labor unions throughout the country and about to assume the form of strikes.

The economic reform which is discussed in the last part of the case is '**Liberalization**'. Government is playing a very positive role, like it did a few years back, and is freeing the business environment from unnecessary restrictions and government controls.

Question 25:

'Runners Ahead' is an emerging software consultancy company. The specific manner but political, social and economic conditions affect it in a general way. The company has decided to prepare an emergency plan to meet unpredictable challenges which change the business in a very fast manner particularly in the field of Information Technology. The changes in the IT sector are very fast. So the chances of success are high; like in the case of new software launched where the company has the advantage of entering the market early. However, things are not so easy. Every time circumstances pose new challenges. The organization has decided to monitor the external business environment so that it can adopt suitable measures to increase its client base.

Recently the company has been given a project by the government to study and analyses its new policy. The policy of the government is to give a bigger role to the private sector by reducing its own role in the Public Sector Undertakings.

In order, to meet new challenges the company has to exploit various aspects of business. Recently it has invented a new type of advanced software for social networking sites for the aged people catering to their specific needs. The company is expecting huge rise in its revenue through the help of this project.

Which features of business environment is highlighted in the above case?

Identify the importance of business environment highlighted in the above case.

Which economic reform is highlighted in the above case in the second paragraph of the above case?

Which dimension of business environment is highlighted in the above case?

Answer:

Recently the company has been given a project by the government to study and analyze its new policy. The policy of the government is about giving a bigger role to the private sector by reducing its own role in the Public Sector Undertakings.

In order, to meet new challenges the company has to exploit various aspects of business. Recently it has invented a new type of advanced software for social networking sites for the aged people catering to their specific needs. The company is expecting huge rise in its revenue through the help of this project.

The features of business environment highlighted in the above case are:

1. **Specific and general forces.** The company finds its business affected by customers, competitors, tax taking authorities in an isolated manner but political, social and economic conditions affect it in a general way.
2. **Uncertainty.** The Company has decided to prepare an emergency plan to meet unpredictable challenges which change the business in a very fast manner particularly in the field of Information Technology.

The importance of business environment highlighted above:

1. **It enables the firm to identify opportunities and get the first mover advantage.** So the

chances of success are high; like in the case of new software launched where the company has the advantage of entering the market early.

2. **It helps in improving performance.** The organization has decided to monitor the external business environment so that it can adopt suitable measures to increase its client base.

The economic reform highlighted in the above case is '**Privatization**'. The policy of the government is about giving a bigger role to the private sector by reducing its own role in the Public Sector Undertakings.

The dimension of business environment which is highlighted above is 'Social'. Recently it has invented a new type of advanced software for social networking sites for the aged people catering to their specific needs.

Question 26:

'Shaktishali Steel' is a steel manufacturing company. The owner's brother is a director in a public sector undertaking. He advises his brother to make his company run properly otherwise they can also face the same result which less performing PSU's have faced. The Public Sector Undertakings now have changed and are trying to generate high revenues for their own functioning, as the government support has declined.

In the above case which impact of government policy changes on business has been highlighted?

Answer:

Loss of budgetary support to the public sector.

Question 27:

After the adoption of various economic reforms by the Indian government, the business scenario in the country has changed. Earlier, the firms used to produce first and go to the market for sale later. But now-a-days firms analyze the needs and wants of the consumers first and then produce goods accordingly.

Identify the impact of government policy changes on business and industry in India, mentioned in the above case.

Answer:

Market Orientation

Question 28:

Identify the dimensions of Business Environment in the following cases:

1. The demonetization move of the government has resulted in the accumulation of lakhs of crores of rupees in the banks. Now the banks will give more loans to the people at lower interest rate. General public can now afford home loans more easily.
2. Small business will now move towards transaction of business affairs in plastic money. This will lead to use of internet, new gadgets, etc. and reduce dependence on cash. Report generation of these transactions will be helpful in acting as proof for the betterment of future business.

Answer:

1. **Economic environment.** Since the demonetization move results in lowering of interest rates.
2. **Technological environment.** Due to demonetization move, there will be technological advancement in the way business transactions will be done.

PUNYA

CASE STUDIES- CHAPTER 4

PLANNING

Question 1.

A shoe manufacturing company wants to become a market leader. For this a detailed planning is required. The first step taken by the firm is to set targets for the three months duration for selling maximum number of shoes in the market which they set as 2, 50,000. The team doesn't want to make any mistake so they decide to do proper planning. They decide to chalk out alternative plans so that they can arrive at the best possible plan. However the team is surrounded with doubts. To remove doubts it goes for judging the plans to get the most profitable one. The plan is taken to the whole organization and the concerned persons. Ultimately it is put into action. Without much caring for the results the company starts working on the other project simultaneously.

Identify the steps in the planning process which have been applied by the organization in the above case?

Answer:

In the above case the steps of planning which are applied are:

1. **Setting Objectives.** The first step taken by the firm is to set targets for the three months duration for selling maximum number of shoes in the market which they set as 2, 50,000.
2. **Identifying alternative courses of action.** They decide to chalk out alternative plans so that they can arrive at the best possible plan.
3. **Evaluating the different courses of action.** To remove doubts it goes for selecting the plan which can be considered as the most profitable.
4. **Selection of the best plan.** The best plan is finalized.
5. **Implementation of the plan.** Ultimately it is put into action.

Question 2.

'Indian Drugs and Pharmaceuticals Ltd.' is engaged in the manufacturing and distribution of medicines. The company has set-up an objective of increasing its sales turnover by 20%. To achieve this objective the company has decided to diversify into baby health care products. Since the company has already set its objectives and developed the premises based on the same, it wants your help for the remaining steps to be taken in this process. Explain briefly these steps. [2016 Comptt. D]

Answer:

Following are the remaining steps in the planning process.

1. **Identifying alternatives.** In this step various alternative courses of action are identified. The identified course of action can either be routine or innovative in nature. An

innovative course of action involves sharing of ideas by more and more people. In important projects more and more alternatives should be generated and discussed.

2. **Evaluating alternative courses.** In this step the positive as well as negative aspects associated with each and every alternative course of action is evaluated and analysed. In other words, the pros and cons of each alternative is studied.
3. **Selecting an alternative.** In this step the best plan is adopted and implemented. That plan is selected which has minimum negative aspects. The ideal plan should be the one which is most feasible and profitable.
4. **Implementing the plan.** In this step plans are put into action. All other managerial functions come into picture in this step. It involves doing what is required for the purpose of implementation of plan.
5. **Follow-up action.** This step involves monitoring of the plans. This step ensures that plans are being implemented and activities are performed as per schedule.

Question 3.

In the above case identify the steps of the planning process which are not indicated?

Answer:

The steps of the planning process which are not indicated in the above case are:

- Developing premises
- Follow up

Question 4.

‘**Serious Business**’ is a balloon manufacturing firm. With the arrival of foreign firms it is feeling the pressure of improving its business strategy. Because of the firm’s advance planning it could not suddenly bring changes in its plans as the whole organization had started implementing the decided plan. But this year the organization wants to ensure success. However, the firm knows that the external environment is changeable and continues to vary in a fast manner. The organization wants to prepare in advance for a better future. It has decided to allocate a portion of its budget specifically for proper planning as it knows there are going to be expenses like Expert’s fee, survey charges, etc.

Which limitations of planning have been identified in the above case?

Answer:

The limitations of planning highlighted in the above case are:

1. **Planning leads to rigidity.** Because of the firm’s advance planning it could not suddenly bring changes in its plans as the whole organization had started implementing the decided plan.
2. **Planning may not work in a dynamic environment.** However, the firm knows that the external environment is changeable and continues to vary in a fast manner.

3. **Planning involves huge costs.** It has decided to allocate a portion of its budget specifically for proper planning as it knows that there are going to be expenses like Expert's fee, survey charges, etc.

Question 5.

'Flows Technology' deals in bulb manufacturing business. It plans for a successful year of production and sale this year. It has in advance given targets to all its departments and employees. The departments and employees are happy about this. They know that now they won't have to do unconcerned activities thus leading to more focused approach resulting in saving of resources. The company is thinking of starting two new plants in the southern portion of India. For this some concrete plan has to be made. The main core team of the company has decided to weigh all the options and then choose the best one. The road might be long but the company is geared to face all the challenges.

In the above case identify importance of planning highlighted.

Answer:

The importance of planning indicated in the above case are:

1. Planning provides directions. It has in advance given targets to all its departments and employees.
2. Planning reduces overlapping and wasteful activities. They know that now they won't have to do unconcerned activities thus leading to more focused approach resulting in saving of resources.
3. Planning facilitates decision making. The main core team of the company has decided to weigh all the options and then choose the best one.

Question 6.

An established firm has fifty years of experience in shipping industry. The company time and again proves itself as one of the dominant figures in the market. The plan for the whole year is given a lot of importance. According to the owner of the company their plans are the basic structures upon which other important functions of management rest. It is important that the plans are communicated to the employees. The top management ensures that the plans are communicated and implemented at all levels and in all departments. To learn from past mistakes is a habit of this successful company. They prepare plans for short term as well as long term where it can be seen that throughout the year the plans are prepared one after another. Shipping industry needs such dedicated companies. The goals are specific and the activities to achieve these specific goals are undertaken. The company has planned a growth of 20% in revenue this year. Let's see how much it's possible for it to achieve it by the end of the year.

In the above case identify the various features of planning highlighted.

Which type of plan is indicated in the above case?

Answer:

The features of planning highlighted above are:

1. **Planning is a primary function of management.** According to the owner of the company their plans are the basic structures upon which other important functions of management rest.
2. **Planning is pervasive.** The top management ensures that the plans are communicated and implemented at all levels and in all departments.
3. **Planning is continuous.** They prepare plans for short term as well as long term where it can be seen that throughout the year the plans are prepared one after the other.
4. **Planning focuses on achieving objectives.** Goals are specific and the activities to achieve these specific goals are undertaken.

The type of plan which is indicated in the above case is '**Objective**'. The Company has planned a growth of 20% in revenue this year. Here the plan is precise and quantified. When a goal is quantified it becomes an objective.

Question 7.

Kumar is an energetic middle level manager. He tries to make best plans. For this he involves foresight and intelligent imagination. Within three years many of his projects have been very successful. His high success rate is due to his good plans. He always makes alternative plans and selects the best out of them after considering relevant aspects. However, he knows it is not necessary that his all plans will be successful. He knows that sometimes his concern for making very good plans eats a lot of time and energy. His friend Jyoti suggests him to take suggestions from others when he makes his plans and also consider plans made by others. Even after so much painstaking Kumar knows that his plans can yet fail in the uncertain business environment. He has recently decided to plan carefully in future.

Which features of Planning have been highlighted in the above case?

Which limitations of Planning have been highlighted in the above case?

Answer:

The features of Planning which have been highlighted in the above case are:

1. **Planning is a mental exercise.** For this he involves foresight and intelligent imagination.
2. **Planning involves decision making.** He always makes alternative plans and selects the best out of them after considering relevant aspects.

The limitations of Planning which have been highlighted are:

1. **Planning is a time consuming process.** He knows that sometimes his concern for making very good plans eats a lot time and energy.
2. **Planning does not guarantee success.** Even after so much painstaking Sukumar knows that his plans can yet fail in the uncertain business environment.

Question 8.

Identify the types of plans:

1. Ramesh is a senior middle level manager. He is busy in allocating resources to his staff, he has also finalized the objectives and decided the course of action to be followed. He is expecting energy in his staff for the whole season but he will have to be cautious.
2. Suresh is giving a speech to the workers of his factory. He is the owner of a toy manufacturing factory and has 123 workers. He tells them that this year's target of production is 7.5 lakh toys.
3. On the wall of 'Health is Wealth' hospital a board is hanging. On this board. It is written 'We care for the health of senior citizens as our topmost priority'. This hospital is known for treating people aged more than 60 years.
4. Rakesh calls his new subordinates for a meeting. He is a top level manager. He arranges for a power point presentation to train his subordinates who are all middle level managers. He tells them the way of doing task of treating suppliers through a new software system to be installed within next 30 days.
5. Dinesh takes a meeting and guides his employees in a type of plan which is chronological in nature and is situation specific. It is a collection of various methods in a step wise sequence.
6. Amit has given a detailed statement of expected results in numerical terms. This plan is conveyed to the subordinates by him in a special meeting.

Answer:

The different types of plans are:

1. Strategy
2. Objective
3. Policy
4. Method
5. Procedure
6. Budget

Question 9.

Two years ago Madhu completed her degree in food technology. She worked for some time in a company manufacturing chutneys, pickles and murabbas. She was not happy in the company and decided to have her own organic food processing unit for the same. She set the objectives and the targets and formulated action plan to achieve the same. One of her objective was to earn 10% profit on the amount invested in the first year. It was decided that raw materials like fruits, vegetables, spices, etc. will be purchased on three months' credit from farmers cultivating organic crops only. She also decided to follow the steps required for marketing of the products through her own outlets. She appointed Mohan as a production Manager who decides the exact manner in which the production activities are to be carried out. Mohan also prepared a statement

showing the number of workers that will be required in the factory throughout the year. Madhu informed Mohan about her sales target for different products, area wise for the forthcoming quarter. While working on the production table a penalty of? 100 per day for not wearing the caps, gloves and apron was announced.

Quoting lines from the above para identify and explain the different types of plans discussed.

Answer:

The different types of plans are:

1. 'One of the objective was to earn 10% profit on the amount invested in the first year.'
Objective. An objective is the end result towards which all managerial efforts and organizational activities are directed.
2. 'Raw materials like fruits, vegetables, spices, etc. will be purchased on three months credit from farmers cultivating organic crops only.'
Policy. A policy is a part of the general standing plan of a business. It is the general course of action to be followed in a particular situation.
3. 'To follow the steps required for marketing of the products.'
Procedure. A procedure is a series of related tasks that make up the chronological sequence and establish a way of performing the work.
4. 'Statement showing the number of workers that will be required in the factory throughout the year.'
Programme. A budget is a plan which states expected results of a given future period in numerical terms. It may be expressed in time, money or physical units.
5. 'Penalty off 100 per day for not wearing the caps, gloves and apron.'
Rule. A rule is a statement that specifies what is to be done or not to be done.

Question 10.

In an annual general meeting a company sets its targets for the year. The manufacturing department has decided to manufacture 2.5 million units of the product and has decided to monitor the performance so as to control it accordingly. The survey done by the company has shown a number of cities in the north which are showing increased demand for the product. The company in its research during the last three months generated various options and decided to follow the best one. The HR team is also concerned about its output. The HR head revealed that there can be shortage of MBA pass outs which can reduce the quality of manpower in the near future so it has decided to arrange HR workshops in different colleges to get the best candidates. The board meeting ends on a positive note.

In the above case identify the importance of planning and the concerned lines.

Answer:

The importance of planning highlighted above:

1. **Planning establishes standards for controlling.** The manufacturing department has decided to manufacture 2.5 million units of the product and has decided to monitor the performance so as to control it accordingly.

2. **Planning facilitates decision making.** The Company in its research during the last three months generated various options and decided to follow the best one.
3. **Planning reduces the risk of uncertainty.** The HR head revealed that there can be shortage of MBA pass outs which can reduce the quality of manpower in the near future so it has decided to arrange HR workshops in different colleges to get the best candidates.

Question 11.

'Dhulai' is a washing machine manufacturing company. The company decides to enter into music system manufacturing industry. The company has a committed top management. It knows that there are various challenges in the market where its decisions regarding the new industry might fail. Still the top management doesn't want to waste a lot of resources on its plans. It knows that sometimes plans take more time in making than getting implemented. However, the company wants to proceed with a positive approach. It has decided to study all the aspects of its competitors, to set all its objectives and to allocate the required resources. The company did well in its previous business. At that time they took planning very seriously as they knew everything the company would do had to be based on concrete plans. The company will start its operations from next month.

Which function of management has been discussed in the above case? Which limitations of planning have been highlighted in the above case? Which type of plan is indicated in the above case? Which feature of planning is highlighted above?

Answer:

The function of management which is discussed in the above case is 'Planning'. The company decides to enter into music system manufacturing industry.

The various limitations of planning highlighted above are:

1. **Planning does not guarantee success.** It knows there are various challenges in the market where its decisions regarding the new industry might fail.
2. **Planning involves huge costs.** Still the top management doesn't want to waste a lot of resources on its plans.
3. **Planning is a time consuming process.** It knows that sometimes plans take more time in making than getting implemented.

The type of plan indicate above is '**Strategy**'. It has decided to study all the aspects of its competitors, to set all its objectives and to allocate the required resources.

The feature of planning highlighted above is **Planning is a primary function of management.** At that time they took planning very seriously as they knew everything the company would do had to be based on concrete plans.

Question 12.

Dheeraj is a very hard working manager. After working for the implementation of his well chalked out plan he, from the start of July, decides to see in what ways and up to what accuracy has his plan been implemented.

Which step of the planning process will be involved by Dheeraj from the starting of July?

Answer:

The step of the planning process involved by Dheeraj will be the last step:
'Follow through'

Question 13.

Suraj is the CEO of a company. He in accordance with the other board members decides to formulate a general statement which will be guiding the thinking of the employees. He further goes on to formulate many such statements in the next six months. These statements could be divided into two categories.

Which type of plan is indicated above? What are the two types of this plan? Also give one example of this plan.

Answer:

Suraj is the CEO of a company. He in accordance with the other board members decides to formulate a general statement which will be guiding the thinking of the employees. He further goes on to formulate many such statements in the next six months. These statements could be divided into two categories.

The type of plan highlighted in the above case is 'Policy' (He decides to formulate a general statement which will be guiding the thinking of the employees).

The two types of policies are **major policies and minor policies.**

One example of Policy is '**Recruitment Policy**'.

Question 14.

A specific statement was given by an HR head. This statement had no scope for any flexibility. It was the simplest type of plan. Identify the type of plan. Give one more characteristic of this plan. Which plan is the widest type of plan?

Answer:

The type of plan is '**Rule**'.

One more characteristic of this plan. It tells which action must or must not be taken.

The widest type of plan is '**Programme**'.

Question 15.

Ramesh is a supervisor in a company. He works at the lower level of management. He teaches 'on the job training' the ways in which a task is to be done by the workers at the shop floor level. He meets his boss once a week and gives him a numerical statement quantifying the numbers needed in various activities at the shop floor for next 6 months. The boss approves his requirements and gives him a job to set targets in figures about the next plan he thinks is good for the manufacturing unit. Ramesh's dedication is noticed by all.

In the above case which types of plans have been highlighted?

Which step of planning process is highlighted in the above case?

Answer:

The types of plans which have been highlighted above are:

1. **Method.** He teaches 'on the job training' the ways in which a task has to be done by the workers at the shop level.

2. **Budget.** He gives him a numerical statement quantifying the amount needed in various activities at the shop floor.

The step of planning process highlighted in the above case is '**Setting Objectives**'. The boss approves his requirements and gives him a job to set targets in figures about the next plan he thinks is good for the manufacturing unit.

Question 16.

Rajesh is at the real point of decision making in the course of his planning. He has arrived at this point after identifying various alternative courses of action. After identification he was thoroughly involved in the evaluation of each of these alternatives. He later got involved into making several permutations and combinations of these alternatives to arrive at this point. Through which stage of the planning process is Rajesh going? Also give the next two steps of planning process.

Answer:

Rajesh is at the **real point of decision making** in the course of his planning. He has arrived at this point after identifying various alternative courses of action. After identification he was thoroughly involved in the evaluation of each of these alternatives. He later got involved into making several permutations and combinations of these alternatives to arrive at this point. The stage through which Rajesh is going is '**Selecting an alternative**'. The real point of decision making is selecting an alternative.

The next two steps in the process of planning are '**Implementing the plan**' and '**Follow through**'.

Question 17.

Naman is a very intelligent planner. He knows the market pretty well. For last 15 years he has been leading several successful projects for his company. Company gives him responsibility to start a new project in S. America. With his experience he makes assumptions about all the possible future scenarios.

Which step of the planning process is the above paragraph related to?

What is the other term used for assumptions in planning process?

What is the base material for developing premises?

Answer:

The step of the planning process referred to here is '**Developing Premises**' (second step of the planning process).

The other term used for assumptions in planning process is '**Premises**'.

The base material for developing premises is **forecasts, existing plans or any past information.**

Question 18.

'**High Voltage**' – a company which manufactures microwaves is known for its flawless planning. However the top management of the company accepts that some of its plans have failed in the past as the outside business environment is unpredictable and dynamic. The company invests a huge portion of its revenue on planning related issues. Recently in a newspaper the company was blamed for preventing its employees from doing new things due to the plans which are decided by the top management. Rajesh a middle level manager in the

company in a seminar said that the planning aspect of a company should be dealt cautiously. There should be specific goals and activities to reach these goals should also be properly executed. Company has many serious competitors in the market. Even they unanimously agree that without planning no other function of management can exist and it's the basic platform on which the whole structure of management is laid. When it comes to follow up of plans it becomes very important to know the standards. The success of a plan can only be checked when it is known how much of the set target has been met because it is at the stage of planning these targets are set. It's not about the past. It's for the coming time and challenges that a company formulates a plan. Rajesh knows this well. He uses his intelligent imagination and foresight while formulating the plans.

Which limitations of planning have been highlighted in the above case?

Which features of planning have been indicated in the above paragraph?

Which importance of planning do you find sighted in the above case?

Answer:

The limitations of planning highlighted in the above case are:

1. **Planning may not work in a dynamic environment.** (However the top management of the company accepts that some of its plans have failed in the past as the outside business environment is unpredictable and dynamic).
2. **Planning reduces creativity.** (Recently in a newspaper the company was blamed for preventing its employees from doing new things due to the plans which are decided by the top management).

The features of planning indicated in the above case are:

1. **Planning helps in achieving objectives.** There should be specific goals and activities to reach these goals should also be properly executed.
2. **Planning is the primary function of management.** Even they unanimously agree that without planning no other function of management can exist and it's the basic platform on which the whole structure of management is laid.
3. **Planning is a mental exercise.** He uses his intelligent imagination and foresight while formulating his plans.

The importance of planning highlighted in the above paragraph:

- **Planning sets standards for controlling.** The success of a plan can only be checked when it is known how much of the set target has been met because it is at this stage of planning such targets are set.

Question 19.

It is deciding in advance what to do and how to do? It is one of the basic managerial functions. It requires that before doing something, the manager must formulate an idea of how to work on a particular task. This function is closely connected with creativity and innovation. It seeks to bridge the gap between where we are and where we want to go and is performed at all levels of

management.

In spite of this the function of management referred above has a number of limitations. Explain any two such limitations.

Answer:

Planning function of management has been referred above.

Two limitations of the planning function of management are:

1. **Rigidity.** One of the limitations of planning is rigidity. The existence of, a plan puts the managerial activities in a rigid framework. Programs are carried out according to the plan and deviations are considered to be highly undesirable.
2. **Reduces creativity.** Planning involves deciding in advance what is to be done, how is it to be done, when is it to be done and by whom is it to be done. There is very little scope for deviating from the plans. This blind conformity with the pre-determined guidelines discourages individual initiative and freedom.

CASE STUDIES – CHAPTER 5

ORGANISING

Question 1.

‘Rats & Fleas’ is a pesticide producing company. The company identifies the various types of activities to be done. For this it divides the work into various departments. The company then gets involved in its business with a lot of zeal.

After one year of successful run the company decides to transfer the decision making authority to the lower most level of the employees. For this a major policy decision is taken.

Identify the function of management highlighted above and another concept also. Give the next two steps of this function. Also give one importance of the other concept which you have identified.

Answer:

The function of management highlighted in the above case is ‘Organizing’. This can be seen in the first paragraph.

The other concept of management which is highlighted in the second paragraph is ‘Decentralization’. After one year of successful run the company decides to transfer the decision making authority to the lower most level of the employees. For this a major policy decision is taken.

The next two steps of this function ‘Organizing’ is

- Assignment of duties and
- Establishing reporting relationships.

One importance of ‘Decentralization’ is Relief to the top management.

Question 2.

Alliance Ltd. is engaged in manufacturing plastic buckets. The objective of the company is to manufacture 100 buckets a day. To achieve this, the efforts of all departments are coordinated and interlinked and authority-responsibility relationship is established among various job positions. There is clarity on who is to report to whom.

Name the function of management discussed above.

Answer:

Organizing.

Question 3.

To make the annual function of the school successful the principal of the school divided all the activities into task groups each dealing with a specific area like rehearsals, decoration, stage management, refreshments etc. Each group was placed under the overall supervision of a senior teacher. Identify the function of management performed by the Principal in doing so.

Answer:

Organizing.

Question 4.

To make the sports day of the school successful the Headmaster of the school divided all the activities into task groups each dealing with a specific area like holding of event, arrangement of medals, refreshments etc. Each group was placed under the overall supervision of a senior teacher. The physical education teacher was made responsible for holding different events, the home science teacher for refreshments and the Math's teacher for medals.

Identify the function of management performed by the Headmaster in doing so.

Answer:

Organizing.

Question 5.

An Indian information technology company presently employing 10,000 people, desires to expand its business in manufacturing, trading, etc. It wants to become a global company. To achieve its objectives it has started shifting from a centralized to a decentralized management system.

Identify the management function being performed by the company to become a decentralized company.

Answer:

Organizing.

Question 6.

Due to proper organizing and division of work, a company goes for systematic assignment of jobs among the employees, much importance of organizing is highlighted here? Give three more importance of organizing?

Answer:

The importance of organizing which is highlighted here is 'Benefits of specialization'.

Three more importance of organizing:

- Clarity in working relationship.
- Adaptation to change.
- Effective administration.

Question 7.

A school principle believes in proper organizing. He time and again tells his staff to be organized as he believes that through proper organizing they can move away from present norms and accept new challenges with success. They will be able to add more activities and projects in their yearly plan.

Which importance of organizing has been indicated in the above paragraph?

What is Organization Structure? Which type of organization is 'School'?

Answer:

A school principle believes in proper organizing. He time and again tells his staff to be organized as he believes that through proper organizing they can move away from present norms and accept new challenges with success. They will be able to add more activities and projects in their yearly plan.

The importance of organizing which is indicated above is 'Expansion and Growth'. Organization structure is the framework within which managerial and operational tasks are performed within an organization. It explains the relationship between people, the work to be done by them and the resources to be utilized by them.

School is a formal organization.

Question 8.

'Aasmaan Colors' is a profit making color producing company. The company deals in making different types of colors used in painting. The organization has always been systematic in its approach and due to good organizing has seen a continuous increase in its revenue. Workers are given their respective jobs clearly which leads to gaining of experience since they do their respective jobs on a regular basis leading to high productivity. The organization has many challenges and it wants to improve. There is no doubt in the lines of communication and everyone knows who has to report whom. With passage of time, there is more need to connect with the employees. They are the most important asset to the organization. When managers delegate work to their subordinates they set themselves free from routine jobs and this leads to great amount of learning for the subordinates in practical situations. Which importance of organizing has been highlighted in the above case?

How would a company adapt to changes with the help of organizing?

Answer:

The importance of organizing highlighted in the above case:

1. Benefits of specialization. Workers are given their respective jobs clearly which leads to gaining of experience since they do their respective jobs on a regular basis leading to high productivity.
2. Clarity of working relationships. There is no doubt in the lines of communication and everyone knows who has to report to whom.
3. Development of personnel. When managers delegate work to their subordinates they set themselves free from routine jobs and this leads to great amount of learning for the subordinates in practical situations.

The company would adapt to the changes in the environment by modifying the organization structure according to the requirement. The relationships among various job positions can be altered or changed according to the requirements. Even if a change is required in the managerial levels the Company may have to go ahead with it.

Question 9.

An organization is working by clubbing similar related jobs under different departments. The HR department is not in direct touch with the Marketing Department and this has created problems. The HR head feels that he only knows about the HR department and similar is the case with the Marketing department. However the truth is both of them have limited and specific skills.

Which type of organization structure does this organization has? What will be the outcome of this mode of thinking in the near future for the organization? Name one more disadvantage of this type of organization structure?

Answer:

The type of organization structure which is present is functional structure. Similar related jobs are clubbed under one department.

The reason for the limited scope of vision for both these department heads is their limited set of skills and knowledge only about their departments. In the future these departmental heads won't be able to reach the top most level of management. This means their managerial development will not reach its peak because people at the top management should have knowledge about every department.

One more disadvantage of this type of structure is the resulting of conflicts.

Question 10.

Identify the following into formal and informal organization:

1. Mountain cold storage has a well-defined structure of authority relationships. This structure is created after a lot of planning by the top level management.
2. Tanuj Drinks is an organization which helps quench the thirst of people sitting on roadside and parks on Sundays. This organization has originated from Mountain cold storage spontaneously.
3. An organization holds its meeting according to the mood of the members. It has no set pattern of behavior.
4. An organization which is run in Central Delhi is known for its rigid nature.
5. Cricket Club is an organization in which the authority of the members, constituting it, is because of their positions in the management.
6. Tran's life is an organization in which only the managers are the leaders.

Answer:

1. **Formal Organization.** As it is a structure of authority relationships.
2. **Informal Organization.** It emerged spontaneously from a formal organization.
3. **Informal Organization.** No set pattern of behavior is there.
4. **Formal Organization.** It has rigid nature.
5. **Formal Organization.** Authority of the members is due to their position in the management.
6. **Formal Organization.** Only managers because of their formal positions are leaders not because of their personal qualities.

Question 11.

'Steele Ltd/ decided to set-up its steel manufacturing factory in the backward area of Orissa where very less job opportunities were available. People of that area welcomed this effort of 'Steele Ltd.' To attract people to work in its factory it also decided to provide many other

facilities like school, hospital, market, etc. in the factory premises.

‘Steelo Ltd.’ started earning huge profits. Another competing company asked its production manager ‘Aslam’ to investigate the reasons of earning huge profits by ‘Steelo Ltd.’

Aslam found that in both the companies there was systematic coordination among the various activities to achieve organizational goals. Every employee knew who was responsible and accountable to whom. The only difference was that in his organization communication took place only through the scalar chain whereas ‘Steelo Ltd.’ was allowing flow of communication in all the directions as per the requirement which lead to faster spread of information as well as quick feedback.

1. Identify the type of organization which permits ‘Steelo Ltd.’ the flow of communication in all the directions.
2. State another advantage of the type of organization identified in (a) above.
3. State any two values which ‘Steelo Ltd.’ wanted to communicate to the society

Answer:

1. Informal organization
2. Advantage. Informal organization helps in fulfilling the social and affiliation needs of the members of the organization and thus enhances the level of job satisfaction.
3. Two values communicated by Steelo Ltd. are:
 - Development of backward area thereby fulfilling social responsibility.
 - Providing employment to the needy and creating employment opportunities.

Question 12.

In the above cases identify the ‘basis’ on which these organizations are categorized into formal or informal.

Answer:

The basis of each case is given:

1. Basis: **Definition or Meaning**
2. Basis: **Origin**
3. Basis: **Behavior**
4. Basis: **Nature**
5. Basis: **Authority**
6. Basis: **Leadership**

Question 13.

Lalit has joined a manufacturing firm as a worker. He has recently started working on the shop floor. The management is quite liberal and has allowed the workers to form a hockey club. The

workers assemble and play hockey in the evening after the completion of their work. However the management is a little worried about the outcomes. The management is trying to change the schedule of the workers but they are unsure about the reaction of the workers. Though majority of the workers are sincere, like Lalit, yet the management is concerned about their companions in the hockey club.

Which type of organization is the hockey club? Name two disadvantages which you can predict from the above case?

Answer:

The type of organization which is discussed above is Informal Organization (Hockey Club). The two disadvantages which can come up in the above case are:

1. The management may be unsuccessful in implementing changes. As here the management is trying to implement changes and the hockey club members may oppose them by showing unity.
2. The informal organization (hockey club) may pressurize the workers to agree to its demand and this can affect the interests of the organization in a bad manner.

Question 14.

Identify the type of organization structure in the following cases:

1. Apexa Glue is a manufacturing company based upon functions and has important departments like HR, Marketing, Finance, etc.
2. Ravi runs a company in Hyderabad. The company is known for its product specialization and has a lot of reputation in the market.
3. Nitin is an owner of a reputed manufacturing company. However in his firm it is difficult to fix responsibility on a particular department.
4. Archana is a dynamic CEO. In her organization she allows for autonomy and opportunity to perform multiple functions. This had led to managerial development in her employees.
5. Rajiv Bulbs is a city based flourishing company. Recently it has won award for being the most economical company as the functions are not duplicated in it.
6. Synchronization of efforts is easy in Sigma Tube lights Ltd. as all the related functions related to a particular product are integrated within one department.

Answer:

1. Functional structure
2. Divisional structure
3. Functional structure
4. Divisional structure
5. Functional structure

6. Divisional structure

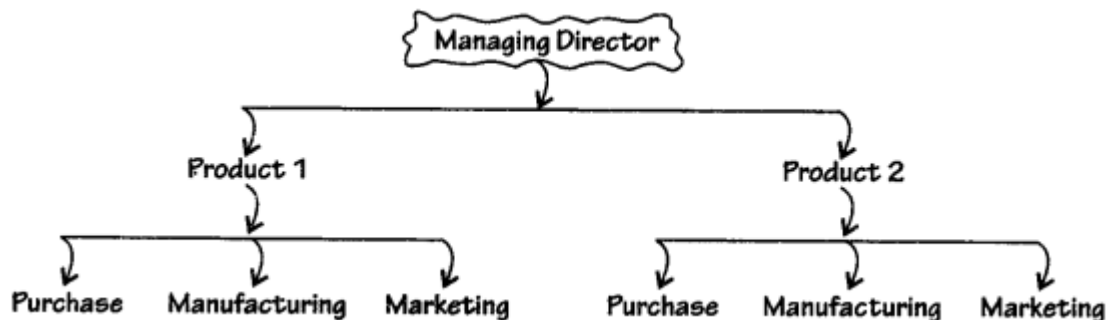
Question 15.

A company has been registered under the Companies Act with an authorized share capital of Rs.20,000 crores. Its registered office is situated in Delhi and manufacturing unit in a backward district of Rajasthan. Its marketing department is situated in Bhopal. The company is manufacturing Fast Moving Consumer Goods (FMCG).

1. Suggest with the help of a diagram a suitable organization structure for the company.
2. State any three advantages of this organization structure.

Answer:

1. Divisional structure:



2. Advantages of Divisional Structures:

- Product specialization helps in development of varied skills.
- Helps in fixation of responsibility.
- Promotes flexibility as each division is autonomous.
- Facilitates expansion and growth.

Question 16.

Ajanta Foods Ltd. is engaged in the trading of 'Noodles'. It has its registered office in Kolkata, manufacturing unit in Solan and marketing department at Delhi. Which type of organizational structure the company should adopt to achieve its target?

Answer:

Functional Organization Structure.

Question 17.

In the above cases (in Question 9) identify the 'basis' on which the organization structures are categorized into functional or divisional.

Answer:

1. Basis: **Formation**
2. Basis: **Specialization**

3. Basis: **Responsibility**
4. Basis: **Managerial development**
5. Basis: **Cost**
6. Basis: **Coordination**

Question 18.

A Company named Mahi Cycles has decided to start a new branch in the Middle East. The company has recognized the amount of work to be done in number of hours. The company has found out that it will take 25000 hours of man work and has subsequently divided the number of hours for different operations. The real challenges of the company begin here. Very methodically responsibility of the recognized amount of work has been given to different individuals according to their capabilities.

Which function of management is highlighted above? Identify the two steps of this function indicated above.

Answer:

The function of management which is highlighted above is 'Organizing'.

The two steps of Organizing which are indicated in the above case are:

1. **Step 1:** Identification and division of work. The Company has found out that it will take 25000 hours of man work and has subsequently divided the number of hours for different operations.
2. **Step 2:** Assignment of duties. Very methodically responsibility of the recognized amount of work has been given to different individuals according to their capabilities.

Question 19.

Rolling Eagle is an organized firm. The firm has been considered as one of the major producers of steel in the manufacturing industry. A group of people from foreign countries have come to India to find out the reason for their success. They found that there is proper utilization of resources and this has led to a great control of management over every aspect. The company has reached this place after a lot of research and its application. Every person knows what he has to do and this has led to the achievement of great skill development at 'per employee level'. The company has a monitoring cell which keeps track of all the major developments around. This has made it possible for the company to change itself according to the requirements of the outside environment.

In the above case which concept of management is highlighted? Discuss its three types highlighted in the above case?

Answer:

The concept of management which is highlighted above is 'Importance of Organizing'.

The three different types of 'Importance of Organizing' indicated above are:

1. **Optimum utilization of resources and effective administration.** They found that there is proper utilization of resources and this has led to great control of management over every aspect.

2. **Basis of specialization.** Every person knows what he has to do and this has led to the achievement of great skill development at 'per employee level'.
3. **Adaptation to change.** This has made it possible for the company to change itself according to the requirements of the outside environment.

Question 20.

Kaamna is a bright young management trainee. After six months of testing by her organization she is given charge of her office as an assistant manager. She starts her job with a lot of enthusiasm but realizes that it won't be possible for her to continue without sharing her tasks. She keeps a secretary who takes orders from her. This has reduced her burden of work and has helped her to focus on priority assignments.

Which concept of management is discussed in the above case? Name two importance of this concept.

Answer:

The concept of management which is discussed above is 'Delegation'.

The two importance of Delegation:

- Delegation helps in the development of employees.
- Delegation acts as the basis of management hierarchy

Question 21.

Aman Chadha started 'Bulls Eye' a company for providing cyber security solutions to businesses. Its objective is to prevent, detect and respond to cyber-attacks and protect critical data. He was a hardworking software engineer and an expert in cyber security. His reputation grew by leaps and bounds as he was not only a person of integrity but also did his work with utmost honesty and sincerity.

The business started growing day by day.

He was delighted when he was offered a big project by the Ministry of Defense. While working on the project, he found that the volume of work made it impractical for him to handle all the work by himself. He decided to expand the team. The company maintained a close liaison with a local engineering college. During a campus placement, Ishan and Vrinda were appointed to work for the new project.

He found the new employees capable, enthusiastic and trustworthy. Aman Chadha was thus, able to focus on objectives and with the help of Ishan and Vrinda, the project was completed on time.

Not only was this Aman Chadha also able to extend his area of operations. On the other hand Ishan and Vrinda also got opportunities to develop and exercise initiative,

1. Identify and briefly explain the concept used by Aman Chadha in the above case which helped him in focusing on objectives.
2. Also, state any four points of importance of the concept identified in (a) above.

Answer:

1. The concept used by Aman Chadha in the above case is delegation. Delegation is the entrustment of responsibility and authority to another and the creation of accountability for performance which helps a manager to extend his area of operations.
2. Importance of delegation:
 - **Effective management.** By delegation managers get freedom from doing routine work. They get more time to concentrate on important matters.
 - **Employee development.** As a result of delegation, employees get more opportunities to develop new skills. It makes them better future managers.
 - **Motivation of subordinates.** Delegation of authority enhances the status of subordinates; and provides motivation to them, to improve their performance.
 - **Facilitates organizational growth.** Delegation helps in growth and expansion of the organization by providing a ready workforce to take higher level responsibilities.
 - **Basis of management hierarchy.** Delegation of authority establishes superior-subordinate relationship which is the basis of hierarchy of management.

Question 22.

Alpha Tonics is a progressive company which has achieved new records in the field of medicines. Recently the company decided to go for a major shift in policy decision by handing over the decision making authority to the lower most level of employees. For this the company went for a thorough planning. Within four months the positive results of this major policy decision was recognizable. The employees felt a lot of development in their skill of taking first step to manage things on their own. Some major newspapers also covered this development. The production of the company increased. The company's top management could now focus on new areas of innovation as the employees turned more reliable.

One day it so happened that the company's manufacturing branch in south could not fulfill even half of its production target and the operations manager was held answerable for the assigned target. He was called in the office. When he was questioned it was found that his right to command the workers was insufficient and it should have been more to create results. The management decided to listen to him and he was given more power. When he went to the shop floor he told the workers that the standard of behavior of the workers should come from the official rules and procedures.

In the above case which concept of management has been related to in the first paragraph of the case?

Which two advantages of this concept have been highlighted in the above case?

Which two elements of delegation have been highlighted in the second paragraph of the case?

Which one feature of the informal organization has been opposed by the operations manager in the above case?

Answer:

The concept of management highlighted in the first paragraph of the case is 'Decentralization'.

Recently the company decided to go for a major shift in policy decision by handing over the decision making authority to the lower most level of employees.

The two advantages highlighted of this concept are:

1. **It helps in development of initiative among subordinates.** The employees felt a lot of development in their skill of taking first steps to manage things on their own.
2. **It helps in developing managerial talent for the future.** The Company's top management could now focus on new areas of innovation as the employees turned more reliable.

The two elements of delegation highlighted in the second paragraph of the case are:

1. **Accountability.** The operations manager was held answerable for the assigned target.
2. **Authority.** When he was questioned it was found that his right to command the workers was insufficient.

The feature of informal organization which is opposed here is 'the standards of behavior originate from the group norms' which should not be the case in a formal organization bounded by rules and procedures.

Question 23.

Arnav Electricals is a company which has in recent years adopted the decentralized method of running the organization. The company has grown dynamically and the decisions taken by the lower level management are implemented which saves time as people taking decisions are near the point of action. However, recently chairman of another manufacturing firm who is also a good friend of Arnav, chairman of Arnav Electricals, met him and asked him how he could evaluate performance of employees in case he goes for a decentralized approach. A few hours later Arnav's secretary calls him and asks for the list of works to be done the next day. He narrates him all the important tasks to be executed.

Which importance of decentralization has been highlighted in the above case?

What advice do you think Arnav should give to have better control in a decentralized organization?

Which concept of organizing is taking place between Arnav and his secretary?

Which type of scope does this concept have?

Answer:

The importance of decentralization which is highlighted above is Quick decision making. (The company has grown dynamically and the decisions taken by the lower level management are implemented which saves time as people taking decisions are near the point of action).

The advice that Arnav should give in order to get a better control is to make the departments answerable for the final outcomes. Better control systems like balance score card, management information system and observation through CCTV cameras to be adopted to keep track of the employees' performance.

The concept of organizing which is taking place between Arnav and his secretary is

'Delegation'. As it is a superior subordinate relationship involving sharing of tasks of Arnav, the

manager, here.

Delegation has a narrow scope as it is limited to superior and his immediate subordinate.

Question 24.

‘Pappu Sweets Makers’ is a sweets making company which has turnover in crores. In order to manage the work in the organization the departments have been created on the basis of functions. Examine the following situations of this organization and give answers accordingly:

Situation 1: It is expected that employees who are performing similar tasks work under the same department. So the company now has HR, Marketing and Finance departments. The division is based on specific functions.

Situation 2: There are similarities in the tasks performed within the same department.

Situation 3: The profit is increasing month by month due to the success of this structure of the organization.

Situation 4: There has been minimum duplication of efforts as the same department is taking care of single function.

1. Which type of organization structure is discussed in the above case?
2. What type of specializations exists in the above case in the organization according to Situation 1?
3. What will be the outcome of Situation 2?
4. Why do you think the profit is increasing as given in Situation 3?
5. What will be the result of Situation 4?

Answer:

1. The type of organization structure which is discussed in the above case is Functional Structure.
2. The type of specializations which exists in the Situation 1 is ‘Occupational Specialization’.
3. The outcome of Situation 2 will be increase in control and coordination.
4. The profit is increasing as given in Situation 3 as there is increase in managerial and operational efficiency.
5. The result of Situation 4 will be the resulting of economies of scale due to attainment of specializations which will lead to lowering of cost.

Question 25.

Mr. Atul is the owner of a garment manufacturing company. He finds the spreading of message in his organization a problem as a lot of time is taken. On many occasions he tried to bring different equipment’s and software systems to increase the speed of spreading of message. In the month of February this year a new type of machine was installed in the production department. He wanted to have a candid opinion about the utility of the machine from the employees but no

one had the courage to tell him about the flaws of the machine on his face. After three months when there were shortcomings in the production of garments he realized his limitation. With passage of time he found the motivation level of employees too low. Many of the employees and workers were new and found the place unfamiliar and didn't have friends which resulted in the lowering of production.

1. What would you suggest to Mr. Atul in this scenario?
2. Identify the three problems in the above case and give the outcomes of your solution given in the previous question on these problems.

Answer:

1. Mr. Atul should promote the growth of an informal organization like cricket club, hockey club, etc. within his organization for the workers.
2. The three problems which are highlighted in the above case and the outcomes of the respective solutions are:
 - o The spreading of message in his organization is a problem as a lot of time is taken. An informal organization results in faster spread of information as the prescribe lines of communication are not followed.
 - o Employees' reaction towards plans and steps of the organization are not clear to the management. Through the informal organization a candid opinion of the employees can be found.
 - o The social needs of the employees are not fulfilled. An informal organization helps in the fulfillment of social needs which increases the confidence and satisfaction level of employees.

Question 26.

Mr. Manuj is an efficient manager working in a multinational company. He is fond of completing all his work by himself. As a human being he is very good and supportive and due to this he doesn't want to put burden of work on others. Sometimes he is so much involved in doing different types of works in the office that he even misses the priorities areas.

Which concept of management is seen violated here? What is going to be another disadvantage of this violation? Also identify one disadvantage given in this case.

Answer:

The concept of management which is violated here is 'Delegation'. He is fond of completing all his work by himself.

Another disadvantage. Employees need for recognition won't be satisfied. They won't be able to develop their skills if they will not share tasks in actual work environment.

The disadvantage of violating delegation given in the case is the lack of priority given by the manager to key areas as he is involved in tasks which can be handled by his subordinates.

Sometimes he is so much involved in doing different types of works in the office that he even misses the priorities areas.

Question 27.

'Money Makers' is a leading toy manufacturing company. With the help of proper delegation it has enabled the existence of proper workforce to take up leading positions in several challenging projects. The company has been in news for good reasons related with innovation. Due to proper delegation the relationships between the superiors and the subordinates are properly defined at various levels leading to creation of a strong management structure. Last year it was awarded for good administration. Due to proper delegation there is no overlapping of duties and duplication of efforts as there is clarity of working relationships.

The company is acting as a role model for other players in the industry. The productivity of the organization has improved as it is very organized. Specific jobs are done only by specific workers resulting in increase of efficiencies at individual levels. The company is now thinking of going global and has recently opened a branch in Europe. However the conditions are going to be different there. Keeping in mind the strong organizing of the company it is expected that it will be able to modify its organizational structure and prove its superiority there also.

Recently a meeting is held by the top management. It is decided that the organization will go for a major shift in policy decision and involve the lower level of management in decision making. The size of the company is growing so it will require more participation from the employees.

1. Identify the three advantages of delegation highlighted above.
2. Identify the two advantages of organizing highlighted above.
3. Find the concept given in the third paragraph of the above case.

Answer:

1. The three advantages of delegation indicated above are:
 - **It helps in facilitation of growth.** With the help of proper delegation it has enabled the existence of proper workforce to take up leading positions in several challenging projects.
 - **It acts as the basis of management hierarchy.** Due to proper delegation the relationships between the superiors and the subordinates are properly defined at various levels leading to creation of a strong management structure.
 - **It helps in better coordination.** Due to proper delegation there is no overlapping of duties and duplication of efforts as there is clarity of working relationships.
2. The two advantages of organizing highlighted above are:
 - **Benefits of specializations.** Specific jobs are done only by specific workers resulting in increase of efficiencies at individual levels.
 - **Adaptation to change.** It is expected that keeping in mind the strong organizing of the company it is expected that it will be able to modify its organization structure and prove its superiority there also.

3. The concept of management highlighted in the third paragraph of the above case is 'Decentralization'.

Question 28.

Samir Gupta started a telecommunication company, 'Donira Ltd.' to manufacture economical mobile phones for the Indian rural market with 15 employees. The company did very well in its initial years. As the product was good and marketed well, the demand of its products went up. To increase production the company decided to recruit additional employees. Samir Gupta, who was earlier taking all decisions for the company had to selectively disperse the authority. He believed that subordinates are competent, capable and resourceful and can assume responsibility for effective implementation of their decisions. This paid off and the company was not only able to increase its production but also expanded its product range.

1. Identify the concept used by Samir Gupta through which he was able to steer his company to greater heights.
2. Also explain any three points of importance of this concept.

Answer:

1. Concept used—Decentralization
2. Importance of Decentralization:
 - **Reduces the burden of top management:** A decentralized structure lays emphasis on the delegation of authority at all levels. This relieves the top management of routine and time-consuming tasks. Decentralization reduces the burden of top executives and provides them enough time to concentrate on other important functions.
 - **Develops initiative among subordinates:** Decentralization creates self-confidence amongst the subordinates. This is because when lower managerial levels are given freedom to take their own decisions, they learn to depend on their own judgment. It works as an initiative and helps to promote creativity in them.
 - **Develops managerial talent for the future:** As a result of decentralization, employees get more opportunities to develop new skills. It makes them better future managers.
 - **Prompt decisions:** Decentralization provides more freedom to lower level managers to take their own decisions. There is no more need to get approval from higher level. It helps in quicker and better decision-making.

Question 29.

In a progressive company the HR department decided to go for a unique way of controlling the performance of the employees. They decided to give every employee a balance score card through which their performance could be measured. The top brass could leave the decision making on the employees. Due to this change in the approach of the management the evaluation

of employees and departments became easier. Since the decisions were not to be taken now by the top management only, the speed at which the decisions were taken got increased. The top management could now see the changes in the organization. It was quite obvious that they could now sit, relax and focus on other areas.

Since this organization is a formal organization. In a recent assessment meeting by the top management it was found that the company was meeting the following criteria:

1. Mutual relationships among the employees were clearly defined.
2. Duties of all the employees were clearly specified.
3. There was a definite framework and each employee knew his role.

In the above case identify the highlighted advantages of decentralization.

In the second part of the case the advantages of formal structure of the organization are given. What are going to be the outcomes of each of these advantages?

Answer:

The advantages of decentralization highlighted above are:

1. **Decentralization helps in better control.** Due to this change in the approach of the management the evaluation of employees and departments also started to become easier
2. **Decentralization helps in quick decision making.** Since the decisions were not to be taken now by the top management only, the speed at which the decisions were taken got increased.
3. **Decentralization provides relief to the top management.** It was quite obvious that they could now sit, relax and focus on other areas.

The respective outcomes of the advantages of the formal organization given in the case are:

1. **It became easier to fix responsibility on the employees and the departments** (as mutual relationships among the employees were clearly defined).
2. **There was no scope for any doubt about the role of the employees** (as duties of all the employees were clearly specified).
3. **The goals were effectively achieved** (as there was a definite framework and each employee knew his role).

Question 30.

Identify the category of 'Organization A' in the following cases:

1. Organization A originates from an organization B which runs on rules and procedures. It has originated due to personal interaction among employees of organization B.
2. Organization A follows independent channels of communication.
3. Organization A has a definite framework for the fulfillment of operational tasks.

4. Organization A emerges spontaneously and is not willingly created by the management.
5. Organization A helps in coordinating and streamlining the functioning of different departments.
6. Organization A gives more stress on targets to be completed than the interpersonal relationships among the workers.
7. The behavior of members of Organization A is not dependent on the rules and procedures of the parent organization B (from which it has emerged).
8. There is lot of delay in decision making as the established chain of command is followed in Organization A.
9. Organization A helps in fulfilling the social needs of the members as they find likeminded people.
10. Organization A is deliberately created by the top management.

Answer:

1. Informal organization
2. Informal organization
3. Formal organization
4. Informal organization
5. Formal organization
6. Formal organization
7. Informal organization
8. Formal organization
9. Informal organization
10. Formal organization

Question 31.

Gargi Chemicals has many branches throughout the country. The company has recently adopted the decentralization model. This has given the freedom to the lower level managers to take decisions on their own and have faith on their own judgments. This has really helped the organization in taking the business to new heights. The employees are handling the projects independently and the experience thus gained can help them rise in the organization earning them responsible positions in the management in the future.

The organization knows that there is no substitute to delegation. In the past when the optional policy decision of decentralization was not adopted even then the company was doing good. The managers knew that through proper delegation they could leave the routine work on subordinates

and focus on priority areas. This was how the company grew. It was due to delegation that superior-subordinate relationship got established and there was clarity of reporting relationships. The company works on product specialization. We can see that in the future the managers will have full scope to develop their managerial talents.

In the above case identify the advantages of decentralization.

Delegation is must for the organization. What advantages of delegation are indicated in the above case?

What type of organization structure does the company have?

Why will managers be able to maximize their potential in the above organization structure?

Answer:

The company works on product specialization. We can see that in the future the managers will have full scope to develop their managerial talents.

The advantages of decentralization highlighted above are:

1. **Development of initiative among subordinates.** This has given the freedom to the lower level managers to take decisions on their own and have faith on their own judgments.
2. **Development of managerial talent in the subordinates for the future.** The employees are handling the projects independently the experience thus gained can help them rise in the organization earning them responsible positions in the management in the future.

The advantages of delegation highlighted above are:

1. **Delegation helps in effective management.** The managers knew that through proper delegation they could leave the routine work on subordinates and focus on priority areas.
2. **Delegation acts as basis of management hierarchy.** It was due to delegation that superior-subordinate relationship got established and there was clarity of reporting relationships.

The type of organization structure present is divisional structure as there is product specialization.

The managers will be able to maximize their potential in the above structure because all concerned skills and abilities related to a particular product will be known to him as he will be responsible for the product. Such managers will have knowledge of all the departments and will be able to rise to the top in the management hierarchy.

Question 32.

Identify the type of organization structure in the following cases:

1. A manager gains experience of all the related functions like HR, Marketing, Finance, etc.
2. A particular division may try to increase its profit at the cost of others in an organization.
3. This type of structure is suitable for large business enterprises where several products are there for sale. It is easy to add new departments as new products are added.

4. The organization believes in occupational specialization and lays stress on specific functions.
5. In this type of organization less focus is given on overall enterprise targets.
6. The size of organization is large and there is a need for higher degree of specialization.
7. There is a similarity of tasks within a department and more chances of control and coordination.
8. Problems of improper coordination may result as message will flow between functionally different departments.
9. There can be blame game as conflict of interests may arise between functionally different departments.
10. There are chances of flexibility and initiative as the departments function as autonomous units.
11. A manager supervises all the situations and functionalities related to a particular department. Here the authority is more than the other type of organization structure.
12. The expansion and growth is easier as new units can be adjusted without disturbing the ongoing operations.
13. The training of managers is easier as the limited sets of skills are targeted for a particular employee.

Answer:

1. Divisional structure
2. Divisional structure
3. Divisional structure
4. Functional structure
5. Functional structure
6. Functional structure
7. Functional structure
8. Functional structure
9. Functional structure
10. Divisional structure
11. Divisional structure
12. Divisional structure

13. Functional structure

PUNYA

CASE STUDIES – CHAPTER 6

STAFFING

Question 1: In a leading manufacturing company there was a meeting regarding the importance of a function of management which was very much required in meeting the growing needs of good employees and solving complicated issues related with human behavior at the workplace. They also discussed about the most important resource of an organization.

Which function of management is indicated here in the above case? Give one advantage of this function.

Which most important resource of an organization is indicated here?

Answer: The function of management which is indicated here is Staffing.

One advantage of staffing is:

1. **Staffing helps in obtaining competent personnel for the organization.**
 - The most important resource of an organization indicated here is 'Human Resource'.

Question 2: Alpha Enterprises is a company manufacturing water geysers. The company has a functional structure with four main functions— Production, Marketing, Finance and Human Resource. As the demand for the product grew, the company decided to hire more employees.

Identify the concept which will help the Human Resource Manager in deciding the actual number of persons required in each department.

Answer: Concept: Workload Analysis.

Question 3: Bhagwati Enterprises is a company engaged in the marketing of air- conditioners of a famous brand. The company has a functional structure with four main functions — Purchase, Sales, Finance and Staffing. As the demand for the product grew, the company decided to recruit more employees.

Identify the concept which will help the Human Resource Manager to find out the number and type of personnel available so that he could decide and recruit the required number of persons for each department.

Answer: Workforce Analysis.

Question 4: Pluto Utensils is a very old manufacturing company. Recently it was found by the management that the employees who were working in the organization were lethargic with limited skills. The management compared its organization with that of others and found a huge difference. When a proper analysis of job positions and their occupants was done it was found that many of them were not working at places suitable to them. This increased the worry of the management. The organization had already spent five decades in the industry and was worried about the successful continuation of business which required capable future managers but the current employees were not much capable. The company had recently suffered huge losses. It was running out of budget. To add to its problems the number of employees was more than required so the company had to bear additional cost. It is said that one bad thing leads to another. This came true for the company when there was some negative reporting about its HR practices in a daily newspaper where it was mentioned that the employees were not satisfied and

suffered with low morale. The scene forty years back was different when the company used to be the number one brand in its segment.

Which function of management doesn't seem to be working well for the company in the above case? Identify the different benefits, associated with the proper utilization of this function, the company would have enjoyed if everything had worked in its favor.

Answer: The function of management which doesn't seem to be working well for the organization is 'Staffing'.

The benefits of staffing highlighted above are:

1. **Competent Personnel.** Recently it was found by the management that the employees who were working in the organization were lethargic with limited skills.
2. **Right person for right job.** When a proper analysis of job positions and their occupants was done it was found that many of them were not working at places suitable to them.
3. **Succession Planning.** The organization had already spent five decades in the industry and was worried about the successful continuation of business which required able future managers but the current employees were not much capable.
4. **Optimum utilization of human resources.** To add to its problems the number of employees were more than required, so the company had to bear additional cost.
5. **Improves job satisfaction and morale of the employees.** This came true for the company when there was some negative reporting about its HR practices in a daily newspaper where it was mentioned that the employees were not satisfied and suffered with low morale.

Question 5: 'Seven Colors' is a progressive company with a very good HR record. Recently it created a pool of prospective candidates for jobs to be given in various departments. The company is always willing to complete its HR duties properly. Various job positions exist in the company. The company makes it compulsory for the HR department to prepare job descriptions so that necessary information about the jobs could be created. For its decent HR practices the company has won several awards. It knows that the most important asset of an organization is its image and to protect it the company should always be ready to do extra efforts. Last year when a few groups filed a complaint against the company it made great efforts to fight legally and came out victorious. It has a very good set up to promote the interests of the employees. In order to give them a familiar environment the company promotes various informal organizations and proper celebration of all festivals. It is very responsive towards its workers and always attends to their problems. There is a special cell in the HR department which is very responsive to the complaints made by the employees regardless of the level at which they work. Recently a national newspaper made a very favorite mentioning of the absence of strikes in the company as the management-labor relations are very good and a lot of importance is given to the demands of the labor unions. A very peaceful environment exists in the organization.

In the above case there are highlighted various duties of the HR department. Identify them.

Answer: The various duties of the HR department highlighted above are:

1. **Recruitment is done in order to create the pool of candidates who can then be made to go through the process of selection.** Recently it created a pool of prospective candidates for jobs to be given in various departments.

2. **Analyzing jobs and preparing job descriptions.** The Company makes it compulsory for the HR department to prepare job descriptions so that necessary information about the jobs could be created.
3. **Defending the company in case any law suit is filed against the company.** Last year when a few groups filed a complaint against the company it made great efforts to fight legally and came out victorious.
4. **Helps in fulfilling social needs thus providing welfare and social security.** In order to give them a familiar environment the company promotes various informal organization and proper celebration of all festivals.
5. **Handles grievances of the employees and makes timely attention to the complaints made by them.** There is a special cell in the HR department which is very responsive to the complaints made by the employees regardless of the level at which they work.
6. **Maintaining proper relations between labor and management.** Recently a national newspaper made a very favorite mentioning of the lack of strikes in the company as the management-labor relations are very good and a lot of importance is given to the demands of the labor unions.

Question 6: Mr. Naresh recently completed his M.B.A. from one of the Indian Institutes of Management in Human Resource Management. He has been appointed as Human Resource Manager in a Truck Manufacturing Company. The company has 1,500 employees and has an expansion plan in hand that may require additional 500 persons for various types of jobs. Mr. Naresh has been given the complete charge of the company's Human Resource Department.

List out the specialized activities that Mr. Naresh is supposed to perform as the Human Resource Manager of the company.

Answer: Being Human Resource Manager of the company Mr. Naresh is supposed to perform the following specialized activities:

1. Recruitment
2. Job analysis, collecting information about jobs in order to prepare job description.
3. Developing compensation and incentive plans.
4. Making arrangements for training and development of employees.
5. Maintaining good relations with labor unions.
6. Handling grievances and complaints.
7. Taking care of social security and welfare of employees.
8. Protecting the company against law suits, and avoiding legal complications.

Question 7: Aditya Rubbers is thinking of knowing the worth of its employees but it is unable to do so yet. The firm now has decided to include a step in its staffing process through which it can judge the performance of its employees.

Name the step the organization will include.

Name two more other steps in the staffing process which precede this step.

Answer: The step discussed here is 'Performance Appraisal'.

The following two steps in the process of staffing are:

1. Placement and Orientation.
2. Training and Development.

Question 8: Company A requires new employees. For this the company has started making efforts. The financial condition of the company is not very good but the requirement of employees at key positions is required.

Company B doesn't want too much complication in the process of selection and placement. It wants to keep the process simple. The targets of production are already very demanding for the top management. They want a way where their least efforts are required to form the required taskforce to be involved for special projects.

Company C is struggling with lack of balance in the composition of its workforce. There are certain departments in which the number of employees is surplus whereas there are certain departments in which there is shortage of required number of employees.

How can Company A solve its problem?

Which type of recruitment will be good for Company B?

What do you think could be the solution for Company C?

Answer: The Company A can solve its problem by going for Internal Recruitment as in this way the process of selection and placement will be simplified. The candidates who are already part of the organization can be more easily judged and evaluated. The reliability component will also be high in this type of recruitment.

The Company B should go for Internal Recruitment. This mode of recruitment will be cheaper and the Company can thus save money which is required more in case of external recruitment.

The Company C should opt for Internal Recruitment as employees can be transferred from surplus areas to areas where there is shortage of employees. So an optimum balance can be achieved within the departments.

The concept of management which is highlighted in the above case is 'Merits of Internal Recruitment'.

Question 9: In 'Amazing Kids' which is a school of reputation the principal has decided to improve the performance of teachers through proper motivation. He has planned to promote some of the good performing teachers to the post of supervisors in their respective wings. The adjoining school after knowing this decides to do the same but the school is new and there is no scope of filling the higher slots with the teachers of the school as all of them are new too.

This school then goes for external sources of recruitment for which two sources are checked:

1. They approach a government office for this purpose. Here in this government agency link between job seekers and employers is matched and people who are unemployed get registered for skilled as well as unskilled jobs.
2. They check the data of people who applied for the jobs of teachers but were unable to

make it. There was a chance that these people could be easily recruited since they were interested in the jobs last year.

A friend of the principal of 'Amazing Kids' is a factory owner. He told him that finding workers for his factory is easy as he generally requires unskilled labor. Daily notification is put outside the factory building and people apply and get selected on spot.

1. In the above case which type of recruitment is attempted by the principal of 'Amazing Kids'?
2. Which limitation is discussed in the last part of first paragraph of the case?
3. Identify the two external sources of recruitment involved by the second school in the above case.

Answer: In 'Amazing Kids' which is a school of reputation the principal has decided to improve the performance of teachers through proper motivation. **He has planned to promote some of the good performing teachers to the post of supervisors in their respective wings.**

1. **Internal source of recruitment.** He has planned to promote some of the good performing teachers to the post of supervisors in their respective wings. The adjoining school after knowing this decides to do the same but the problem with them is that the school is new and there is no scope of filling the higher slots with the teachers of the school as all of them are new too.
2. **Limitation of internal recruitment.** The school is new and there is no scope of filling the higher slots with the teachers of the school as all of them are new too.
This school then goes for external sources of recruitment for which two sources are checked:
 - They approach a government office for this purpose. Here **in this government agency link between job seekers and employers is matched and people who are unemployed get registered for skilled as well as unskilled jobs.**
 - They check the data of people who applied for the jobs of teachers **but were unable to make it.** There was a chance that these people could be easily recruited since **they were interested in the jobs last year.**
3. **The two external sources of recruitment used by the second school are:**
 - **Employment exchange.** This government agency creates a link between job seekers and employers. People who are unemployed get registered for skilled as well as unskilled jobs.
 - **Casual callers.** Since they were interested in the jobs last year but were unable to make it. A friend of the principal of 'Amazing Kids' is a factory owner. He told him that finding people for jobs is easy for his factory is easy **as he generally requires unskilled labour. Daily notification is put outside the factory building and people apply and get selected on spot.**
4. **Direct recruitment.** As he generally requires unskilled labor. Daily notification is put outside the factory building and people apply and get selected on the spot.

Question 10: Anjana chemicals is looking for qualified and talented people to apply for vacant jobs in the organization. With the passage of time the organization has learned a lot with its experience. It knows when it goes for final selection of candidates, it will have to design different tests. They want to test the employees on the basis of their learning and decision making ability. The company wants to ensure proper testing of the recruited candidates. After this the candidates will be judged on the basis of in-depth formal conversation. After the selection the candidates are placed and trained. Employees have to be trained on the equipment they will be using but this training will take place away from the workplace.

1. Which type of recruitment should the company depend upon?
2. Which type of test should be conducted done by the organization to suit their need?
3. Which stage in the selection process is highlighted after the written test?
4. What type of training is given to the candidates?

Answer:

1. The company should depend upon external recruitment to meet its needs. Anjana chemicals is looking for qualified and talented people to apply for vacant jobs in the organization.
2. The type of test needed by the organization to suit their need is intelligence test. They want to test the employees on the basis of their learning and decision making ability.
3. The stage in the selection process which is highlighted after the written test is employee interview. After this a stage in the selection process will come when the candidates will be judged on the basis of in-depth formal Conversation.
4. The type of training given to the candidates is vestibule training. Employees have to be trained on the equipment they will be using but this training will take place away from the workplace.

Question 11: Though the company XYZ has started its recruitment timely the process is T1 ore it has decided to use internet for its help so that it can get qualified personnel's. The organization knows that its challenges are not going to be over. It decides to have different types of good quality tests at the stage of selection.

The three types of tests are:

1. Test A will involve measuring the ability of the employees to learn new skills. This test can somehow foretell the ability of an individual to develop.
2. Test B will involve measuring the current existing skills of the employees. These skills are the ones which are already possessed by the employees.
3. Test C will check the applicant's reaction to emotions evaluating, value based and maturity evaluating questions. However these tests are tough to be designed and would pose challenge to the organization.
 - o Which specific type of external recruitment is later adopted by the company?

- Which one more benefit will occur with this new adoption?
- Identify the different tests given in the above case.

Answer: In the above case:

1. The Company is doing external recruitment. Since the process is taking a lot of time.
2. The specific type of external recruitment which is adopted by the company is web publishing. The Company then decides to use internet for its help.
3. Since it is an external source of recruitment it will give a wider choice to the organization in terms of employees. A large number of people can apply as large number of people will have access to the net.
4. The three different tests given in the above case are:
 - Test A is aptitude test. Measuring the potential of the employees to learn new skills.
 - Test B is trade test. Measuring the current existing skills of the employees.
 - Test C is personality test. Checking the applicant's reaction to emotions evaluating, value based and maturity evaluating questions.

Question 12: Sharmila, a very able HR manager, is called by her boss. He tells her to judge whether there is under manning or over manning in the organization. She takes her work sincerely and finds out that the total number of employees in the organization is less than required. Then she starts a process of searching potential employees for the organization. In her efforts to do so she adopts three ways:

1. She goes to various MBA colleges to find out new talent.
2. She talks to the existing employees for information about candidates in their know-ledge who can be recruited in the organization.
3. She asks for data base of the candidates who applied last year but could not make it to the organization.
 - Which type of analysis is done by Sharmila?
 - Which process is started by Sharmila to meet the problem of under manning?
 - Identify different types of sources of external recruitment highlighted in the above case.

Answer:

1. The type of analysis done by Sharmila is workforce analysis. Her boss tells her to judge whether there is under manning or over manning in the organization.
2. The process started by Sharmila to meet under manning is recruitment. She then starts a process of searching potential employees for the organization.
3. The different types of sources of external recruitment highlighted in the above case are:
 - Campus recruitment. She goes to various MBA colleges to find out new talent.

- Employee recommendation. She talks to the existing employees for information about candidates in their knowledge who can be recruited in the organization.
- Casual callers. She asks for data base of the candidates who applied last year but could not make it to the organization.

Question 13: Name one advantage of each source of external recruitment highlighted in the case in the previous question.

Answer:

The advantages of each source of external recruitment highlighted in the above case are:

1. Campus recruitment. The organization can have young enthusiastic talent hired from colleges. The young talented employees can be better molded and their energy harnessed in a better manner. The expectation in terms of salary is also less thus saving cost.
2. Employee recommendation. The employees who are already part of the organization would recommend people who are in their knowledge and are capable of joining the organization. Such types of references generate employees whose backgrounds are properly known.
3. Casual callers. These are the potential candidates who were unable to make it to the organization in the previous attempts. The candidates can be employed at a lower salary and this can prove to be a cost saving strategy for the organization. Such candidates are almost equal in capability but were rejected due to tough competition.

Question 14: Ashish, the Marketing Head, Raman, the Assistant Manager and Jyoti, the Human Resource Manager of 'Senor Enterprises Ltd/ decided to leave the company. The Chief Executive Officer of the company called Jyoti, the Human Resource Manager and requested her to fill up the vacancies before leaving the organization. Informing that her subordinate Miss Alka Pandit was very competent and trustworthy, Jyoti suggested that if she could be moved up in the hierarchy, she would do the needful. The Chief Executive Officer agreed for the same. Miss Alka Pandit contacted 'Keith Recruiters' who advertised for the post of marketing head for 'Senor Enterprises Ltd. They were able to recruit a suitable candidate for the company.

Raman's vacancy was filled up by screening the database of unsolicited applications lying in the office.

1. Name the internal/external sources of recruitment used by 'Senor Enterprises Ltd.' to fill up the above stated vacancies.
2. Also state any one merit of each of the above identified source of recruitment.

Answer:

1. Sources of recruitment used by 'Senor Enterprises Ltd.':

- Promotion—for the post of Human Resource Manager
- Placement Agencies and Management Consultants—for the post of Marketing Head
- Casual Callers—for the post of Assistant Manager

2. One merit of each source of recruitment:

- Promotion. Promotion of employees helps in improving their motivation, loyalty and satisfaction level.
- Management Consultants. Management Consultancy firms help the organization to recruit technical, professional and managerial personnel. They recommend suitable names to their clients.
- Casual Callers. Maintaining a database of unsolicited applicants in their offices helps the organization in reducing the cost of recruiting workforce. It is the cheapest source of recruitment.

Question 15: Radhika Garments Ltd. are the manufacturers of 'Ladies Designer Suits' with their own trade mark. During the year 2013-14 the company employed 30 senior technicians to work on machines imported from France for manufacturing of 'Ladies Designer Suits'. The technicians were employed on a probation of one year and were put on their respective jobs after 10 days of on-the-job training. Because of the faulty selection process they could not perform well. Ten of them left the job on their own and 12 had to be removed by the company during the probation period. Now the company is in the process of selecting new technicians. Advise the company about any three types of selection tests, describing each in about 20 words that may be used for selecting the desired technicians.

Answer: Three types of selection tests:

1. **Intelligence tests.** Such tests are designed to check the level of intelligence of the candidates. It reflects the learning ability of an individual along with his ability to make judgments and decisions.
2. **Aptitude test.** Aptitude test is designed to measure the potential of an individual for learning new skills. It reflects the candidate's capacity to develop in the future.
3. **Personality test.** Such tests help in judging the overall personality of an individual. These indicate about the person's reactions to emotions, maturity level and value system.

Question 16: Identify the type of recruitment in the following cases:

1. In a cotton cloth manufacturing company the productivity has declined during last couple of years. When the senior management decides to go into the root because they find that there is lack of new talent in the organization and the organization is suffering from 'inbreeding'.
2. In 'Make my dress', a company with a vision, employees have a low spirit of competition and their enthusiasm level is very low as they find it difficult to have a good level of competition.
3. In a company there are many highly qualified personnel who are trained in different scenarios. They have a lot of experience and knowledge about the latest in the market.
4. A company XYZ is enjoying wider choice of employees and is doing great.
5. There is a lot of dissatisfaction among the existing employees in an organization. This is due to reduced chances of promotion.
6. A budding organization has a confused approach towards staffing. There have been frequent transfers resulting in the reduction of productivity.

7. An organization has a policy of time bound promotions which has made the employees lethargic.
8. The recruitment process of an organization is very costly. They have to spend a lot of money on expenses like advertisement.

Answer:

1. Internal recruitment
2. Internal recruitment
3. External recruitment
4. External recruitment
5. External recruitment
6. Internal recruitment
7. Internal recruitment
8. External recruitment

Question 17: Mohit Gupta is working with 'Yellow Security Services Ltd.' He is also recruiting security guards for the company. The company provide security services in Delhi and Noida at short notice to various companies. The guards are recruited on temporary basis. The guards provided by this company are known for their honesty and punctuality. Mohit Gupta is well known in his village for providing employment to unskilled people.

1. Name the source of recruitment used by 'Yellow Security Services Ltd.'
2. State any one disadvantage of this source of recruitment.
3. Identify the need of 'Security Guards' which is being fulfilled by the company as per Maslow's need hierarchy.
4. Identify any two values communicated to the society in the above stated case.

Answer:

1. External source of Recruitment—Labor contractor.
2. The main disadvantage of this source of recruitment is that in case the contractor leaves the organization, all the workers employed through him will also quit.
3. Basic Physiological needs.
4. Two values communicated to the society are as follows:
 - Social responsibility by creating employment opportunities.
 - Upliftment of the weaker section of the society.

Question 18: 'Safal Hain Hum' is a company having a very good HR department. It provides learning opportunities that are designed to assist the employees to achieve .With the passage of time the organization has learned several methods of training. In one of the methods the trainee is put under the guidance of a master worker for skilled jobs. Moreover, things are not easy for the organization at the

stage of selection process. The recruitment process followed is very lengthy and costly for the firm. Secondly, a very large number of candidates appear for the different posts after recruitment is started. However, at the first stage of the selection process the managers eliminate unqualified and unsuitable applicants on the basis of the reasons which are not found in their application forms as they are not fit to meet basic requirements.

1. What concepts does 'Safal hain Hum' help achieve its employees?
2. Which type of 'on-the-job' training is provided by the organization to its employees?
3. At which stage of the selection process do the managers get rid of unqualified candidates?
4. Which type of recruitment is used by the company to get the potential candidates?

Answer:

1. 'Safal hain Hum' helps employees achieve development. It provides learning opportunities which are designed to assist the employees to achieve growth.
2. The type of training provided by the organization to its employees is apprenticeship. Under this training the trainee is put under the guidance of a master worker.
3. The stage of the selection process at which the managers get rid of unqualified and unsuitable candidates is preliminary screening. At the first stage of the selection process the managers eliminate unqualified and unsuitable applicants on the basis of the reasons which were not found in their application forms.
4. The type of recruitment which is used by the company to get the potential candidates is external recruitment. This process is very lengthy and costly.

Question 19: Identify the type of training involved and also categorize whether it is 'on the job' training or 'off the job training':

1. In a shoe manufacturing company a group of new recruits are being trained. They are trained under an experienced trainer Mr. Arun. He is training them skills which will require at least six months of dedication under real work environment.
2. A student of ABC MBA College is having a combined training analysis where he is having two mentors. One mentor is from the college and the other is from the company. The idea is to give real knowledge about the corporate functioning.
3. In a steel plant training is given to the new employees on sophisticated machines which are not being operated at the workplace. These machines are kept away. Actual work environment is created inside the classroom and the trainees are guided properly there itself.

Answer: The types of training involved in the above cases are:

1. Apprentice Programme (On the job training)
2. Internship training (On the job training)
3. Vestibule training (Off the job training)

Question 20: A company manufactures very sophisticated switch gears used in automatic cars. For this the company uses hi-tech machines. Most of the times the workers of the factory remain idle because of lack of knowledge regarding the use of these hi-tech machines. The frequent visits by the engineers and constant supervision of the foreman results into high overhead charges. Explain the way by which this problem can be overcome. Also state how this helps the employees.

Answer: The problem faced by the firm can be solved by providing training to the employees (factory worker in this case).

Benefits of training to employees:

1. Training increases satisfaction and morale of the employees.
2. Training makes the employees more efficient, hence chances of accidents are reduced.
3. Training helps the employees to earn more due to improved performance.
4. Training helps in promotion and career growth due to improved skills and knowledge.

Question 21: Ashish Steel Makers' has decided to include a team of dynamic managers in the Company. For this they want to judge the pattern of interests of the potential managers. After giving this test they want to further know how much the candidate is useful for organization. They decide to take another test which can measure the existing skills of the candidates. Rajeev, an exceptional candidate, is given certain document which contains information like job title, pay, allowances, responsibilities, etc. After the employees join they are given a very good training. The Company doesn't want to stop at 'training' which is a job related process. They want to bring a concept which is a career related process.

1. Which two type of selection tests are highlighted in the above case?
2. Which document is given to Rajeev?
3. Name one benefit that employees will have from training.
4. Which career related process is here referred to?

Answer:

1. **The two types of selection tests highlighted in the above case are:**
 - **Interest test.** They want to judge the pattern of interests of the potential managers.
 - **Trade test.** Test which can measure the existing skills of the candidates.
2. **The document which is given to Rajeev is contract of employment.** Document which contains information like job title, pay, allowances, responsibilities, etc.
3. **One benefit that employees will have from training.** It will help them give an effective response to external business environment which is changing fast.
4. **The career related process which is referred to here is development.** A concept which is career related process.

Question 22: Identify the concept of staffing highlighted here:

1. ABCD is a new organization. All the employees are new and the management has no idea about the nature, performance and attitude of the employees. The organization is unable to use promotion as a way of filling the upper posts or transfer as a way of balancing the man power in different departments.
2. The process of selection and placement has got simplified in an MNC as the employees which are already part of the organization can be more easily evaluated.
3. A company during the selection process relies heavily on a formal in-depth conversation of the applying candidate. Information is sought and personality of the applicant is judged.
4. An important psychological test conducted to know the level of a person's ability to learn and make decisions and judgments.
5. When an employee passes all the tests, clears the interview and is confirmed after reference and background checks, he has to go through this stage. The concerned manager's decision is to be considered here as he will be responsible for the performance of the new employee.
6. This source of recruitment is for requirement of unskilled workers at a short notice. The agent involved here himself is the employee of the organization and is in direct contact with the laborers.
7. Government agencies acting as good source of recruitment. They provide both skilled as well as unskilled job seekers. These agencies act as link between job seekers and job providers.
8. This process helps an organization get assessment of the number and types of employees required for the performance of various jobs in order to achieve organizational objectives. (ix) Raman who is a senior manager in a company decides to judge the performance of the employees of his department. He makes sure that in this step of staffing process he judges their past as well as present performance. He asks his team of five members set for this purpose to make standards on which the employees could be judged.

Answer: The different concepts of staffing highlighted above are:

1. Limitations of internal sources of recruitment.
2. Merits of internal sources of recruitment.
3. Employment interview.
4. Intelligence tests.
5. Selection decision.
6. Labor contractors.
7. Employment exchange.
8. Workload analysis.
9. Performance appraisal.

Question 23: In a shoe manufacturing company a group of new recruits are being trained. They are put under the guidance of a master worker Mr. Arun. Mr. Arun is guiding them to acquire a higher level of skills. The training programme for the workers is supposed to last for around four months. Identify the training method discussed in the above para.

Answer: Apprenticeship Training

Question 24: Identify the type of training mentioned in the following case:

Navin is a newly recruited candidate in a company. Being new to the organization he is taken around the office premises by the HR Manager to familiarize him with the work environment and the other members of the organization. The basic idea behind is to outline the basic overview of the business and its functioning and Navin's role in the environment.

Answer: Induction/Orientation Training

Question 25: Ravi who has three years of work experience in the shipping industry has recently joined a new company. The new job is challenging and requires him to go through a training programme offered by the company. The fourteen-day programme will help him gain practical knowledge and skills related to his job.

Identify the type of training highlighted above.

Answer: Internship Training