

Term-End Examination

June, 2016

**MS-1 : MANAGEMENT FUNCTIONS AND
BEHAVIOUR**

Time : 3 hours

Maximum Marks : 40
(Weightage : 100%)

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- Instructions :**
- (i) There are two Sections : A and B.**
 - (ii) Attempt any three questions from Section A. Each question carries 20 marks.**
 - (iii) Section-B is compulsory and carries 40 marks.**
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SECTION - A

Briefly describe different alternatives used in decision-making. How would you overcome barriers to effective decision-making ?

What are the sources of conflict in an organization and briefly discuss strategies to deal with conflict by citing suitable examples.

Describe different channels of communication, citing their merits and demerits.

an organization.

Write short notes on **any three** of the following

- (a) Stages of Developing interpersonal relationships
- (b) Pre-requisites for effective delegation.
- (c) Types of Power
- (d) Managerial grid
- (e) Methods of Control

SECTION - B

Read the case and answer the questions given at the end.

Mr. Sondhi, Chief Executive, India Gears, was sent by the Director Mr. Sen to Japan to study the ways the Japanese Industries worked, because he was highly impressed with the findings that the Japanese had stolen a march over other developed countries in the matter of industrialization.

He himself had a mind to apply some of the Japanese Techniques in his company, India Gears.

During his visit to Japan, Mr. Sondhi was deeply impressed by several techniques used by the Japanese such as Just in Time, Poka Yoke Kaizen, Quality circles, Total Employee involvement, etc.

homogeneous culture, religion and language which tied the Japanese in a close emotional bond. One aspect of the Japanese way of doing business which impressed Mr. Sondhi was the way that Japanese companies did outsourcing of several components to outside small companies. According to Sondhi, this permitted the Japanese firms to focus on their core competent areas in a better manner. In addition the vendors were able to supply the needed materials and components just-in-time thereby reducing the inventory to manageable levels. Further the size of the plant was reduced which reduced the taxes and effort of managing the in-house operations became simpler and more effective. One fact observed by Mr. Sondhi was that the vendors were close relatives of the employees which further increased the ties between the company and its employees.

On his return to India, Sondhi was very enthusiastic about the concept of outsourcing. He suggested to his Director about this idea of outsourcing. Mr. Sen, the Director, was also impressed with the idea and told that the sons and daughters of some managers of the company were young and enterprising engineering and management graduates searching jobs in a big city around Indore.

vendors to their company. The attitude of Mr Sen was to encourage young talent to start their own ventures. According to Mr. Sen, a part of the initial investment would be done by any manager whose son or daughter started the ancillary. The India Gears would be contributing some percentage of the initial investment.

Both Mr. Sen and Mr. Sondhi called a meeting of their trusted Managers. Mr. Mittal from Marketing and supply chain, Mr. Desai from Industrial engineering, Mr. Jain from maintenance, Mr. Nagpal from production and Mr. Apte from Design and quality. The topic of starting ancillaries was placed on the table, and in the end all the managers unanimously applauded the vision of their bosses. They said in chorus that they would give a thought to this highly magnanimous and collaborative proposal.

Soon the ancillaries were started with pomp and show and was hailed as a milestone in the history of India Gears. The managers whose young ones were unit heads were in high spirits. They often used to sing in the praise of Mr. Sen and Mr. Sondhi about their creative thinking when they used to meet in the afternoons for their executive lunch. They often discussed about the

Looking at the cheerful faces of his managers Sondhi thought that the managers were highly motivated with the success of the ancillaries run by their sons and daughters and that this would be helpful to India Gears as well. About one year after the starting of the ancillaries the routine annual audit of India Gears was done by their trusted Chartered Accountant, Mr. Agrawal, a brilliant pass out of NITIE, Bombay. Agrawal was known for his honest though brash and highly objective ways of presenting the Annual reports. The audit report gave a shock to Mr. Sen and Mr. Sondhi. The report said that the productivity had declined by 20% and the ROI declined from 20% to 12%. The auditor passed pictures saying that on a number of occasions certain orders were cancelled due to delay in the delivery to the customer. There were instances of return of consignment from US and UK due to the gears not meeting International Quality standards QS9000 laid down by three automobile plants of US, namely, Ford, GM and Chrysler. This had never happened in the past. Seeing this sudden decline in the effectiveness in the performance of India Gears, Mr. Sen was in a disturbed mood. He appointed an external Management and Technical Consultant to investigate into the matter.

records of the managers of the previous year to the current year to investigate into why this had gone wrong. After a detailed study of records and interview of junior and senior personnel he discovered certain startling facts. He summarized the important points and placed them before Mr. Sondhi and Mr. Sen as under:

1. The absenteeism level of some managers had increased a great deal. These were managers whose children had started ancillary. Among the problems discovered were refusal of Design to change customer's drawings from DIN standard to ISO standard, reduced use of the imported Carl Zeiss Measuring machine, increased machine downtime, high levels of inventory and inventory turnover ratio, increased scrap percent, poor housekeeping, improved inbound logistics but poor outbound logistics. This put a question mark on the dedication and loyalty to the organization. During the interview of the managers, it was discovered that two out of the five managers whose children owned the ancillary were planning to leave the organization. I wanted to focus on the growth of ancillary.

was found that he was making certain purchases to gain personal benefits which were not in the interests of the company. Because his children did not have any ancillary unit, therefore, he wanted to earn money by dishonest practices.

In a nutshell, the consultant explained to Mr. Sen that the ancillary development shifted the direction of goals of the managers away from the organizational goals. He explained to Mr. Sen the behavioural model of organizational effectiveness in which organizational goals must be reinforced by group and individual goals. Mr. Sen asked the consultant as to why certain Japanese concepts which succeed in Japan fail when they are practiced in some other country. The consultant replied that these concepts can be applied in other countries after some modifications looking to the cultural differences between Japan and the country where the change was contemplated.

the services of some managers who had their loyalty to the company, retrenched dishonest Purchase manager ; immediately gave an advertisement in National newspapers for quickly recruiting and selecting new managers. He learned a lesson that copying the models of other countries could result in a disaster.

Questions :

- (a) Analyse the case and highlight the main issues.
 - (b) Why did the starting of the ancillary adversely affect the working of Ir Gears ?
 - (c) Identify the action plan and evaluate the same.
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