

Question Paper

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Course Code:	BMGT101 L	Course Title:	Principles of Management	
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KEY

Q. No.	
1.	<p>Critically analyse the failure of FORD India, in the context of Fayol's principles and point out the flaws in the system</p> <p>Fayol's 14 Principles</p> <p>1. Division of Work</p> <p>2. Authority and Responsibility</p> <p>3. Discipline</p> <p>Without discipline, nothing can be accomplished. It is the core value for any project or any management. Good performance and sensible interrelation make the management job easy and comprehensive. Employees' good behaviour also helps them smoothly build and progress in their professional careers.</p> <p>4. Unity of Command</p> <p>5. Unity of Direction</p> <p>Whoever is engaged in the same activity should have a unified goal. This means all the people working in a company should have one goal and motive which will make the work easier and achieve the set goal easily.</p> <p>FORD India's goal was dented, as it wanted to follow US model in India and due to the cutthroat competition in the Indian market, the company could not survive. Several foreign automakers have entered India in the last several years, including Kia, MG Motors, Nissan owned Datsun etc, and are doing reasonably well. In fact, Kia India, which entered the country in 2017, has already captured a major market share and has emerged as the fourth largest car manufacturer by volume sales. And it affected FORD India.</p> <p>6. Subordination of Individual Interest</p> <p>This indicates a company should work unitedly towards the interest of a company</p>

rather than personal interest. Be subordinate to the purposes of an organisation. This refers to the whole chain of command in a company.

Ford India had virtually created the budget SUV segment in India with its EcoSport. Taking the benefit of the new tax law which prescribed a lower excise duty for cars below 4 meters in length, the company had launched the SUV at a much lower price compared to existing bigger cars in the segment. However, with time, it has been taken over by others like Maruti Suzuki, Tata Motors and Hyundai. Similarly, it had launched the sedan Aspire in sub-4 meter category, but could never put a dent on to competitors like Honda Amaze and Suzuki Swift Dzire.

7. Remuneration

This plays an important role in motivating the workers of a company. Remuneration can be monetary or non-monetary. Ideally, it should be according to an individual's efforts they have put forth.

“Despite the efforts of senior management , FORD was not been able to find a sustainable path forward to long-term profitability,” Ford India said in the statement announcing the decision to shut down its Indian car manufacturing operations. “The decision was reinforced by years of accumulated losses, persistent industry overcapacity and lack of expected growth in India’s car market,” . Around 4,000 employees are expected to be affected by this decision.

8. Centralization

9. Scalar Chain

10. Order

A company should maintain a well-defined work order to have a favourable work culture. The positive atmosphere in the workplace will boost more positive productivity.

Ford India decided to shut down its car assembly plants in Sanand in Gujarat and Chennai in Tamil Nadu, after suffering continuous losses for several years.

Ford India follows its American counterpart General Motors, which had left in India in 2017. Ford India has been struggling with its Indian business for last several years, which were reflected in its financial status. The company has around \$2 billion (Rs 14,802 crore) in accumulated losses in the last 10 years, and a \$0.8 billion (Rs 5,921 crore) non-operating write-down of assets in 2019, while its revenue continues to decline and losses mount.

11. Equity

12. Stability

An employee delivers the best if they feel secure in their job. It is the duty of the management to offer job security to their employees.

The threat of closure and failure in its Indian operations put pressure on the employees always and the stability was lost. This led to the downfall of Ford, as the

workers were under stress and the productivity was less.

13. Initiative

The management should support and encourage the employees to take initiatives in an organisation. It will help them to increase their motivation and morale.

Ford India has been struggling in the Indian auto market dominated by Indian and Korean companies. Although it was among the first foreign companies to enter India after economic liberalisations, and despite having an impressive product portfolio, it was outpaced by other players in the market.

14. Esprit de Corps

It is the responsibility of the management to motivate their employees and be supportive of each other regularly. Developing trust and mutual understanding will lead to a positive outcome and work environment.

The company had originally entered India in 1926, but had closed down its operations in 1953 after the Indian govt implemented import restrictions. The company re-entered in India in 1995, and formed a joint venture with Mahindra and Mahindra. However, the JV had ended in 1998 when Ford had increased its stack in the company.

2. Two chemical engineers have produced a battery to replace lithium ion battery of EV vehicles. Their products are handy and safe. Provide a marketing strategy to be followed by them using Porter's model

Porter's Strategies

A firm's relative position within its industry determines whether a firm's profitability is above or below the industry average. The fundamental basis of above average profitability in the long run is sustainable competitive advantage. There are two basic types of competitive advantage a firm can possess: low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation, and focus. The focus strategy has two variants, cost focus and differentiation focus.

		Competitive Advantage	
		Lower Cost	Differentiation
Competitive Scope	Broad Target	1. Cost Leadership	2. Differentiation
	Narrow Target	3a. Cost Focus	3b. Differentiation Focus

chemical engineers have produced a battery to replace lithium ion battery of EV vehicles. Their products are handy and safe.

So differentiation strategy is to be followed

In a differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive

as important, and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price.

The generic strategy of focus rests on the choice of a narrow competitive scope within an industry. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others.

The focus strategy has two variants.

(a) In cost focus a firm seeks a cost advantage in its target segment, while in **(b)** differentiation focus a firm seeks differentiation in its target segment. Both variants of the focus strategy rest on differences between a focuser's target segment and other segments in the industry. The target segments must either have buyers with unusual needs or else the production and delivery system that best serves the target segment must differ from that of other industry segments. Cost focus exploits differences in cost behaviour in some segments, while differentiation focus exploits the special needs of buyers in certain segments.

3 In what ways do enterprises show social concern? Give at least two examples and explain.

While social concern and corporate social responsibility have become a standard metric for companies and for-profit organizations in the past decade until a few years ago, it was far less likely for social impact to be the primary goal of a for-profit business. Now, the number of social impact companies is increasing, and the public is taking notice. Still, what exactly are social impact companies?

Broadly speaking, social impact companies are organizations that prioritize doing work that consciously, systemically and sustainably serves or attempts to solve a local or global community need.

The goal of social impact companies differs from the typical corporate social responsibility approach in that making or supporting positive social change is prioritized in all of a social impact company's work, while CSR tends to be a secondary organizational value. Think carefully selecting clients, projects, and suppliers based on their impact on the world vs. mobilizing employees every few months to volunteer for a local nonprofit. The latter is still a decisive action, but it is not a sustained, systemic change.

So why do social impact companies matter? There is no denying that demonstrating positive social impact can increase a company's appeal to consumers and [job seekers](#). It offers people the choice to work for or do business with companies that are committing their time, their skills, and in many cases, a small portion of profits to making positive social change. Still, the (positive) repercussions of social impact companies go beyond that.

"Social impact strategy is any effort to create public value that is systematic, sustainable and innovative. Effectively creating social impact is an essential challenge to all organizations regardless of geography or sector."

TATA India

Influencing and improving the quality of lives

Furthering our Sustainable Development Goals (SDGs), our corporate social responsibility initiatives in FY 2020-21 touched 7.5 lakh lives in India, of which 41% belong to the SC and ST communities. We have been catering to domains, starting with sustainability initiatives through community engagement, to social upliftment and environmental transformation, addressing healthcare and sanitation issues, strengthening household income, making women self-reliant and more.

- **Aarogya** Addressing malnutrition, spreading awareness and delivering preventative healthcare – Impacted **3,82,888** lakh lives
- **Kaushalya** Improving employability through skill development, vocational training, assistance for supplementing income, women empowerment – Skilled **17,661** people
- **Amrutdhara** Offering water relief measures – Impacted **8,153** lives
- **Seva** Tata Motors' family volunteered – **10,232** employees clocked **29,011** hours for social



- **Vidyadhanam** Holistic educational initiatives and financial support – Touched lives of **1,16,893** students
- **Vasundhara** Planted **1,10,101** saplings, and reached out to create awareness in **90,575** people

Aadhaar Affirmative Action initiatives focussed towards integrated development approach – Touched lives of **3,18,000** people

Besides the ongoing programmes for societal and community betterment, our teams respond to issues on ‘need’ basis across the year as well. In 2020-21, we reached out to impact 1,36,800 lives through our Covid Response initiatives, which involved provision of essentials and food supplies, equipping the ground-zero heroes and educating masses for containment and protection, involving spends of around Rs 3.34 crores.

Social concern of Wipro

At Wipro, we think that it is critical to engage with the social and ecological challenges that humanity is facing. It is our conviction that engagement with social issues must be deep, meaningful, and formed on the bedrock of long-term commitment. This is the only way by which real change can happen on the ground. It is also reflective of the fact that such an approach serves both enlightened business interests and social good.

We are committed to an approach that is focused on bringing change from the inside out at four different levels:

1. Fulfilling basic duties and obligations and practicing high levels of corporate governance and transparency;
2. A proactive approach to leading initiatives inside the organization that demonstrate commitment to a humane, sensitive and sustainable world;
3. Engaging with, and contributing to, relevant issues in neighbourhood communities, and initiatives in all regions and countries;
4. Using the power of communication and advocacy to influence the larger society.

Our CSR programs’ implementation happens through multiple channels – Wipro Foundation, a trust set up in April 2017, Wipro Cares, a trust for employee contributions that are matched by Wipro, and through functions and groups within Wipro Ltd.

The central tenet of our approach has been an emphasis on strong, meaningful work on systemic social issues. Our CSR (Corporate Social Responsibility) policy reflects principles and strategies that have informed our long history of corporate citizenship and social responsibility. Wipro Foundation represents the Corporate Social Responsibility (CSR) initiatives of Wipro Limited. Going back over two decades, we focus on social initiatives in Education, Healthcare, Ecology, Disaster Response and Cities & Public Spaces.

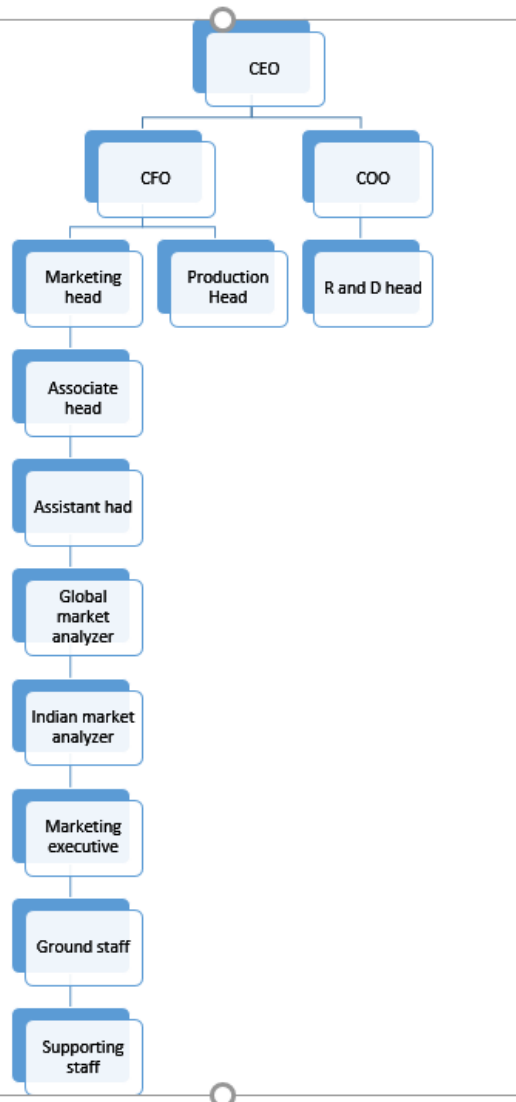
As a part of our philosophy of adhering to the highest ethical standards, transparency, and accountability, disclosures are considered critical in the company. Disclosures help us adhere to regulatory requirements, and to proactively inform and engage with our various stakeholders. Read our CSR policy, sustainability reports, and other disclosures, to learn more about our work and approach.

4 An industry with 2000 employees and ten levels of organizational structure, has an enthusiastic CEO who checks all the employees individually and takes corrective action on the spot, when things go wrong. Point out the violations of management principles and present ways to avoid these in future

Principle of specialisation

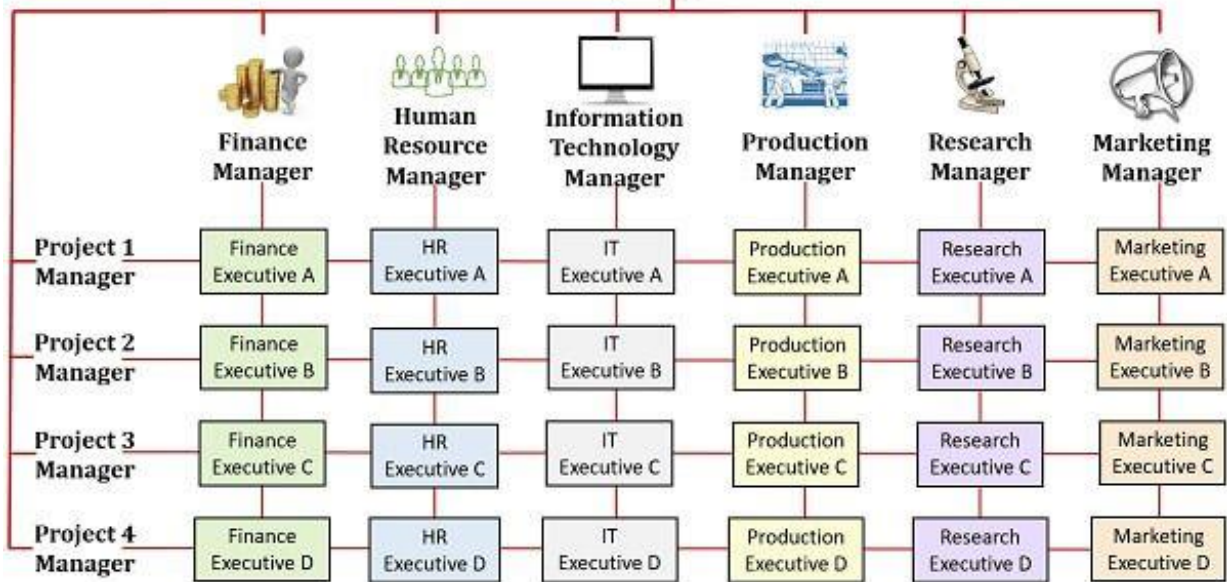
- The organization should be set up in such a way that every individual should be assigned a duty according to his skill and qualification.
- The person should continue the same work so that he specialises in his work.
- This helps in increasing production in the concern.

- **Principle of authority and responsibility**
- The authority flows downward in the line.
- Every individual is given authority to get the work done.
- Though authority can be delegated but responsibility lies with the man who has been given the work.
- The responsibility cannot be delegated under any circumstances.
- **Span of control**
- The number of subordinates should be such that the supervisor should be able to control their work effectively.
- Moreover, the work to be supervised should be of the same nature.
- If the span of control is disproportionate, it is bound to affect the efficiency of the workers because of slow communication with the supervisors.
- **Principle of unity of command**
- There should be a unity of command in the organization.
- A person should be answerable to one boss only.
- If a person is under the control of more than one person then there is a likelihood of confusion and conflict. He gets contradictory orders from different superiors.
- It also leads to consistency in directing, coordinating and controlling.
- **Principle of exception**
- This principle states that top management should interfere only when something goes wrong.
- If the things are done as per plans then there is no need for the interference of top management.
- The management should leave routine things to be supervised by lower cadres.
- It is only the exceptional situations when attention of top management is drawn.



5 Present a matrix organization structure for any industry of your choice and highlight the advantages of this structure compared with other structures.

Company's CEO



The matrix organizational structure is a combination of two or more different kinds of organizational structures, such as project management or functional management. Additionally, the matrix structure is composed of both a traditional hierarchy of management, where employees are managed by a functional manager, as well as additional project managers who can manage employees across different departments. These two or more managerial systems intersect on a grid or matrix.

Advantages

1. Collaboration between different departments The biggest advantage of a matrix structure is that it brings together highly skilled team members from different departments, allowing the organization to capitalize on the resources it already has rather than seeking expertise and recruiting project team members from outside of the organization.
2. Combines project and functional management structures The matrix structure combines the project management structure with the functional management structure to increase efficiency, adapt to changing markets and respond more quickly to market demand.
3. Allows interdepartmental communication The matrix structure also allows for better interdepartmental communication and collaboration. By allowing different departments to work together, the matrix structure fosters a more open work environment ultimately making the organization more dynamic.
4. Employees can develop new skill sets The matrix structure can offer employees the opportunity to strengthen their interpersonal skills, communication skills and new skill sets due to the nature of utilizing more than one manager. Working outside of a traditional or hierarchal structure can benefit employees by helping them develop new skill sets and gain valuable experience from working with different departments