Management Strategy

Winter-2023

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Q.1. **Four types of commonly used organization structures**   12
A

1. **Entrepreneurial Organisation Structure**
   This type of structure is mostly prevalent in small and less complex entities where most of the powers lie with the owner of the entity. However, as the size of an entity grows, it needs specialized knowledge to deal with day to day challenges and owner is compelled to hire persons and delegate his authorities to them.

2. **Functional Organisation Structure**
   In this type of structure, responsibilities relating to marketing, production, finance etc. are assigned to functional heads, who have expertise and experience of their relevant fields.

3. **Divisional Organisation Structure**
   In this type of structure, the organisation is divided into divisions. The divisions are mostly formed either on the basis of product categories or geographical areas.

4. **Matrix Organisation Structure**
   This type of structure is mostly used in organisations which engaged in carrying out large projects. Accordingly, a project head and a team directly reporting to him is responsible for the overall project. However, there are functional departments as well. In such situation, a close co-ordination is required between the project heads and the various functional heads.

Q.1. For MFL, Functional and Divisional organisation structures are more suitable.   10
b

Entrepreneurial structure is not suited because MFL is a corporate entity. Moreover, with two different product categories with different markets and wide geographical spread, the entity would be too complex for any one person to handle them all.

Functional structure is a must as the size of the entities and the fact that MFL would be dealing with issues related to production and marketing and would also require support of various ancillary functions such as procurement, finance, IT and HR.

Divisional Organisation Structure may also be appropriate for MFL as the company's operations are to be widespread geographically. Moreover, the dynamics of dealing in Home furniture and Office furniture are quite different. Hence, having geographical and/or product divisions may help in better control of operations.

Matrix Organisation Structure is not relevant for MFL as it would mostly be supplying standard products at least in first one to two years of its existence.

Total Marks 22

Q.2. The steps involved in managing change within a computer system and important controls to be implemented during the process are as follows:

1. **Request for change** should be formally given on a pre-specified format (form), by the concerned user or the IT department personnel as the case may be.

2. **Authorization** of change should be made by the senior management personnel. List of persons who are authorized to approve the change should be approved at the highest level of management.

3. Change should be made under test environment only. Changing in the live environment should be avoided to ensure that any improper or accidental change is avoided.

4. **User Acceptance Testing** should be carried out by the user who should sign off the change.

5   **Approval:** the change should be approved at the departmental head or other appropriate level, before implementing the change in live environment**.**

6   **Segregation of duties** Developed change should be transported by a person other than the developer. The developer should not have access to live environment.

Total Marks   10

Q.3.   Phases of System Development Life Cycle are as follows: 04
a
  (i)   Planning / Requirement Gathering
  (ii)   Analysis
  (iii)   Design
  (iv)   Development
  (v)   Testing
  (vi)   Implementation (Deployment)
  (vii)   Maintenance

Q.3.   Software development involves significant costs both in terms of costs and efforts. Further,   06
b   any weakness identified after the software has been deployed can prove even more costly in terms of incorrect information and the costs involved in making corrections. Hence, it is necessary that the process of software development should go through a proper and well documented system.

If proper system development procedures are not followed:

  (i)   The quality of the software may suffer.
  (ii)   The software may not be deployed in the planned time.
  (iii)   The cost of development and deployment may exceed the budgeted amount.

Total Marks   10

Q.4.   In view of the significance of the changes that are being planned, reactions by the employees may be different depending upon the impact of change on each employee. The possible reactions may be as follows:

<u>Willing Acceptance</u>
This would be an ideal situation and the management should incentivize such employees by allowing them to improve their skills. Monetary incentives may also be considered in deserving cases.

<u>Unwilling Acceptance</u>
Many employees would accept the change knowing that there is no other alternative. In such cases the management should try to explain the need for change. It should also try to convince them that the changes would improve the company's performance which will benefit the employees as well.

<u>Strikes and Protests</u>
Where there is a central bargaining agent (union) and the changes impact large number of employees, it may lead to large scale protests. In such a situation, the management would have deal with the situation by negotiating and try to achieve a compromise.

Total Marks   07

Q.5. **Supply Chain**

GFL can use big data for improvement in its supply chain by analyzing data from multiple sources such as manufacturers, distributors and suppliers. This analysis would enable the company to identify names of leading suppliers worldwide, of the required quality and quantity of its raw materials. FCL would be able to compare their prices and the time needed for delivery, enabling it to reduce its costs and delivery times.

Customer retention and loyalty

Big data can assist FCL in analyzing customer feedbacks from various social media sites, what prices the customers are willing to pay, what features are they looking for in different items and the types of customers with whom the GFL brand is more popular. This analysis would enable GFL to improve its products, help set prices, and appropriately target ads and promotions.

Total Marks 08

Q.6. In a task culture the focus is on tasks and their completion in the most effective and efficient way. In such a culture, employees gain respect on the basis of their knowledge, skills and their ability to contribute significantly towards the achievement of tasks.

Firms providing professional services and firms undertaking projects such as construction companies mostly adopt task culture.

Total Marks 04

Q.7. **(a) Customer Service:** Data analytics can be used to collect data regarding customer behavior and customer preferences. This data can then be used to provide personalized customer services. **02**

(b) Pricing: Data analytical tools can be applied to determine the impact of price changes on the customer demand. Based on such analysis the organization can decide upon the prices for its various products. **02**

(c) Improving goods delivery services: By collecting and using data regarding traffic congestions at various times of the day, the organizations can determine the optimal routes at various times of the day, to reduce costs and time of delivery. **02**

(d) Inventory Planning: Data can be used to determine seasonal trends in demand of various products in order to ensure that appropriate levels of inventory are available at all times. **02**

Total Marks 08

**Q.8.
a** The advantages which organizations seek to achieve, when they decide to outsource some of their functions are as follows: **12**

1. To concentrate on core activities: Many large organizations outsource non-core functions such as administration & maintenance, fleet management, etc. to be able to concentrate on its core activities.

2. To save cost: As a company grows, its salary and benefit structure improves significantly and it becomes too costly to hire permanent employees for some relatively unskilled tasks. Hence they outsource work to contractors, for tasks such as cleaning, security services, etc.

3. To obtain specialist services: Some professional services like dealing with legal and taxation, requires services of senior professionals. Hiring such professionals is

difficult mainly because it is difficult to give them a career path and also because professional development is not possible unless the professional are exposed to a variety of situations, which is usually not possible in a normal commercial organization.

4. Some businesses require such a variety of services that it is not possible for it to carry them all itself. For example, in construction companies involved in large projects, it is imperative that they outsource work.

Q.8.
b
Organizations may face the following issues when they resort to outsourcing: 03

1. Confidentiality tends to be compromised.

2. Third party staff lacks the same degree of loyalty as may be found in permanent employees.

3. Third party may tend to compromise quality to save cost.

4. If the contracted organization is unable to perform satisfactorily, dealing with it may become difficult especially because finding another organization to perform the work may not be easy.

Total Marks   15

Q.9.   **(i) Tells:** The leader takes the decision and informs the team.

   (ii) Tells and Sells: The leader takes the decision but explains the benefits of the decision to the team.

   (iii) Tells and talks: The leader takes the decision, presents the background of the decision and also invites questions from the team and answers them.

   (iv) Consults: Initially the leader takes a decision but then discusses it with the team with open mind and may change the decision based on the team's views/discussion.

Total Marks   08

Q.10.
a
Since ZEL is known and recognized for good quality of its products, it may not be able to compete the new entrants as regards the price of products. Consequently, the Board has suggested to concentrate of Differentiation strategy.   02

Q.10.
b
Areas of improvement under the Differentiation strategy may be as follows: 06

   (i)   Quality of product
   (ii)   Product design
   (iii)   User friendly operating procedures
   (iv)   Free home delivery
   (v)   Liberal return policy
   (vi)   After sales service
   (vii)   Warranties
   (viii) Arrangements with financial institutions / banks for arranging supplies under credit or lease arrangement.

Total Marks   08

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