

BITS-PILANI, K K BIRLA GOA CAMPUS
Second Semester 2022-2023
COMPREHENSIVE EXAMINATION

COURSE NO: MGTS F211

COURSE TITLE: Principles of Management

DATE: 08-05-2023 (FN)

PART A (Open Book)

MARKS: 08 Marks

Name:	ID No:
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Answer all questions

Duration: 30 Minutes

Read the following questions and answer them in the appropriate boxes provided.

1. Mr. Aadi Nerleker is the Managing Director of AK Tyres Ltd. His company wishes to bid for a 1000-hectare rubber plantation that Govt of Karnataka would lease for five years. The total initial investment, including the bid, machinery, and technological upgrades to the farm, is projected to cost Rs. 25 lakhs. Mr. Nerlekar relies on the NPV method to make business decisions. After accounting for all the risks, He has decided to use a discount rate of 18% for the project. Based on the cash flow projections below,

Year	1	2	3	4	5
Cash flow	₹ 1,99,000	₹ 4,50,100	₹ 7,91,155	₹ 9,52,300	₹ 2,13,265

(a) Find Summation of PV (cash flows) [1]

(b) Find the NPV of the project. [2]

(c) Find the payback period (years) of the project [1]

2. Calculate the cost of equity capital of Haldiram Ltd., whose risk-free rate of return equals 10%. The firm's beta equals 1.75 and the return on the market portfolio equals to 15%. [2]

3. Luis is the CEO of X Con Security Consultants GmbH. He has been offered a stall at a heavily attended two-day security convention. X Con has developed a proprietary Anti-theft system. The unit cost of the system including all overheads and direct expenses is €120 per package. The company has decided to price the product at €200 each. The booth rent for the two-day convention is €2000. What quantity of units will Luis need to sell in order to break even? [2]

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PART B (Closed Book)

MARKS: 32 Marks

Number of Questions: 5

Duration: 150 Minutes

Answer all Questions

1. In a short essay, contrast the three major behavior studies on leadership. [6]
2. Michelle supervises six very diverse workers. They are male, female, older, younger, different ethnic groups and nationalities, and in different life stages. How might Michelle use the various theories of motivation to keep her workers inspired? [Mention one point on each motivation theory] [6]
3. Why do people resist change? List and explain the techniques for reducing resistance to change. [6]
4. Read the following case and answer the question given at the end.

Case: Devender is hired to manage the human resources department of a local manufacturing company-Dido which has the reputation of being the firm "where you work until you find another job." Employee turnover is high and morale is low. Devender is determined to change the situation and make the organization's human resources a competitive advantage and source of pride for the firm. Devender restructured workplace programs and work practices by creating self- managed teams and flexible job assignments, initiating performance-based compensation and holding training programmes frequently. This is something, he believes, Dido must aspire and cultivate.

Top management realizes that the performance appraisal process is problematic. They ask Devender to make a study of a new appraisal technique, which rates employees according to items along a numerical scale with examples of actual behaviors on the job. Moreover, as part of restructuring the organization's human resources, Devender decides that a structured document, which states the minimum job qualifications that a person must possess to successfully perform a given job, must be written for each position. When asked by the top executives, Devender recommends a pay system that rewards employees for learning more job skills and competencies. As one of his first tasks, Devender's boss asks him to develop a database of the education, special capabilities and specialized skills of all the employees. Still Devender believes that the main reason for the high turnover is that individual jobs are very poorly defined. Employees are not sure of what is expected of them and that performance standards are unequal between regions and functions. This way, Devender advocates defining all the jobs and behaviors necessary to perform them for each position.

Questions

- a) Which performance appraisal method is evident in this case? [1]
- b) What do the initiatives taken for restructuring workplace programs and work practices point towards? [1]
- c) Which specific HR document has been advocated by Devender for restructuring the organization's human resources? [1]
- d) Which compensation method, is Devender advocating here? [1]
- e) Identify two processes/ phenomenon of HR planning evident in this case. [2]

5. Read the following case and answer the questions

Case: Creative Works is a small private-limited firm based out of Goa, established in the year 1994. The company started providing cold storage solutions initially to the fishing firms in Margao area, subsequently venturing into production of canned fish products. The company now produces dairy products as well as beverages, alongside the canned items, and has an average annual turnover of 3 Crore Rupees, even exporting to countries such as United Arab Emirates (UAE) and Indonesia.

The Managing Director (MD) of the company, Mr. Chandra, ensures that he controls most aspects of decision-making in the company. The role of employees is regulated. Their behavior as well as work profile, is clearly defined. Rule books are in place which clearly mention what the employees can and cannot do. Card punching systems are installed to monitor the time for which employees are physically present in the office. Managers are instructed by to keep a close watch on employees, who have to come at a fixed time, 8.30 am in the morning, and cannot leave before they finish nine hours working in the office. They get a 40 minutes break for lunch, exceeding which they are given a warning, with two straight warnings for an employee resulting in a half-day salary cut. Such an approach, according to Mr. Chandra, creates a serious work environment, necessary to achieving the goals of the organization.

Operationally, the company is structured based on the products it sells, designed to ensure that the company reaps benefits of economies of specialization. To create efficiency in output, employees are given specific job profiles and they routinely perform the same tasks. Furthermore, the reporting structure is organized such that each employee reports solely to the concerned departmental manager (ex: operations, marketing), with each departmental manager then reporting to the product heads. Since each department has a small number of employees, it becomes easier for the managers to implement the top-down approach preferred by Mr. Chandra.

Questions

- a) Identify and explain the organizational form (Mechanistic/ organic) being used by Creative Works [3]
- b) Draw and discuss the organizational structure being used by the company. [2]
- c) If the company wanted to move to a matrix organizational structure, what would be the advantages and disadvantages? [3]

The End
