

00251

**MANAGEMENT PROGRAMME**

**Term-End Examination**

**December, 2017**

**MS-001 : MANAGEMENT FUNCTIONS AND  
BEHAVIOUR**

*Time : 3 hours*

*Maximum Marks : 100*

*(Weightage 70%)*

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- Note :*
- (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**

1. Explain the need for MBO in an organization and the process involved in it. Briefly discuss the benefits of having MBO in an organization.
2. Briefly describe the antecedents of organizational change and the strategies to cope with the change.
3. Briefly discuss the factors influencing the choice of organizational structure. Describe any two types of structures and their advantages and disadvantages.
4. Discuss the determinants of interpersonal behaviour. Briefly explain how to develop interpersonal skills.

5. Write short notes on any three of the following :
- (a) Barriers to effective communication
  - (b) Gamesman model of decision-making
  - (c) Group cohesiveness
  - (d) Methods of control
  - (e) Prerequisites for effective delegation

### SECTION - B

6. Read the following case carefully and answer the questions given at the end :

Modern Bank Limited was established in 1938 by Vasudev Mudaliar as a private bank. The bank grew to become a ₹ 100 crore business by 1944 and a ₹ 500 crore business by 1960. Vasudev Mudaliar was succeeded in the business by his sons. In 1974, an investor, Sudhakar Gupta, bought 51% equity in the bank and assumed charge as chairman.

The bank gradually expanded in the four southern states and grew to be a business worth ₹ 3,200 crore by 1985. In 1987, Sudhakar Gupta brought in Arvind Jain, a young MBA graduate, as the MD of the bank. Arvind Jain focused his energies on building the brand of the bank among the traditional segments and simultaneously focused on building brand equity among the middle class. During this period the bank recorded continuous business growth and by 1997, the bank's total business stood at ₹ 12,000 crore.

Arvind Jain was a fiery young man who essentially believed in turnaround performance. His style of leadership was autocratic and he believed that people around him should be committed to executing his orders rather than wasting time on debates and discussions. He

formed a core group of top executives to strategize and monitor the implementation of action plans.

Being a traditional bank where hierarchy and authority were respected, it was not long before everyone adjusted to the new style of functioning. Everybody from the branch offices, regional offices, and the head office, religiously followed the orders of the top management. The result was a stupendous success. The bank became a force to reckon with among the private sector banks in southern India. Arvind Jain emphasized the following aspects :

- recruiting top-notch professionals
- re-engineering the corporate brand of the bank
- emphasizing marketing and business development
- a top-down approach in the decision-making process
- adoption of technology for modernizing business operations.

Along with the positive developments were a few negative aspects :

- centralization of the bank's functioning
- formation of a coterie which wielded power in the bank
- emphasis on performance at any cost rather than on means
- frustration and disillusionment of the employees at large

Parallel with these developments, there were other developments too in the bank. Differences arose between the promoter Sudhakar Gupta and the MD Arvind Jain, which eventually led to the resignation and exit of the latter from the bank. A few of his faithful followers too exited from the

bank. The chairman, in consultation with the board, appointed a senior banking professional, Manoj Pillai, from an established public sector bank, as the MD of Modern Bank.

On assuming charge, Manoj Pillai reshuffled the top management and set up a new team at the corporate office. It was his belief that systems and procedures should take precedence over individuals in the bank, and that after goals are set, executive should be given freedom to perform.

A few hallmarks of his leadership and management approach in the bank were as follows

- emphasis on streamlining systems and procedures
- nurturing employees to strictly adhere to laid-down norms/systems.
- training of existing employees in core areas such as credit, audit, etc.
- recruitment of young professionals, i.e., MBA, M.Com., etc. as management trainees and their induction into the bank to bring in fresh blood and enthusiasm.
- strengthening the training system for under-taking training and induction responsibilities.
- posting of successful line personnel as faculty in Staff Training Colleges to drive home the importance of training to the employees of the bank.
- continuing the technology upgradation processes undertaken during earlier review.

However, the employees of the bank, especially the top and middle management, who were used to following the instructions of the

central command and carrying out the decisions of centralized decision making could not adjust to the new leadership approach. The top executives started perceiving the new leader as weak, due to lack of the charisma and strong drive that they had seen in the earlier leader. Further, the emphasis on re-engineering the systems led to stagnation of product innovation and during the three years Manoj Pillai was with the bank, no product could be launched.

The bank slowly lost its market share and recorded a negative growth during the period 1997-2000. There was an interesting development in 1999, when the promoter offloaded a minus stake to a multinational bank. The changed business interest of the promoter led to further offloading of stake in favour of the multinational bank. As a result the majority stake in the bank stood transferred to the multinational bank.

The new management undertook a series of measures to re-engineer and redefine the brand and image of the bank. Some of the salient features of these measures were :

- upgrading the technology of the bank
- gearing up the bank for various technology initiatives such as core banking solutions, Internet banking, call centre and help desk, etc.
- recruitment of a new breed of professionals at all levels and in all functional areas to cater to the needs of the bank.
- strict implementation of the performance planning and measurement approaches.
- implementation of Cost To Company (CTC) approach for all the middle and top management officials of the bank.

- voluntary retirement scheme (VRS) for employees found to be lacking in the new set of competence.
- massive exercise of re-branding and re-engineering the product portfolio of the bank.
- creation of a core team of young professionals to continuously work on re-branding and product re-engineering.
- improving the learning infrastructure by networking the IT infrastructure with the existing training infrastructure to leverage the advantages.

During the initial transformation period, the old genre of employees were frustrated by the higher compensation given to the new recruits as well as the importance accorded to them as against the existing employees. This led to the exodus of a large number of employees through the voluntary retirement scheme. The remaining employees were in a state of confusion about the direction the bank was heading in.

In the meantime, the new management recruited an MD, Vikrant Advani, a senior banking professional with over 20 years of experience, to lead the bank, along with a new set of initiatives. After assuming charge, Vikrant Advani made it a point to personally interact with all senior executives. He communicated with all employees about the transformation process and the steps undertaken by the bank for the purpose.

As a step towards implementing the knowledge management process in the bank, the training department launched a whole set of initiatives with the help of the IT department as given below :

- setting-up of corporate Intranet for the bank with built-in features such as bulletin boards, discussion and chat rooms, etc.
- integrating the e-learning software with the Intranet to provide learning inputs to employees.
- identifying resource persons area-wise and making them available online to disseminate learning across the organization.
- collecting the critical experience of employees in various functional areas and presenting them as case studies for employees to learn.
- providing all the information and circulars related to various systems and procedures of the bank online to empower the employees with information.
- tying up with learning content providers for continuously updating the learning content.

**Questions :**

- (a) Analyse the case from the learning inputs from organizational perspective.
  - (b) Examine whether the technology transformation processes will lead to a change in organizational culture.
  - (c) Do you feel that the bank is on the right track ? Why ?
  - (d) Suggest steps for improving the knowledge management processes in the bank.
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