

**Post Graduate Diploma in Global Business
Leadership**

Term-End Examination

June, 2011

**MGB-013 : INTEGRATED BUSINESS CASE
ANALYSIS AND PRESENTATION**

Time : 3 hours

Maximum Marks : 100

Note : Attempt any four questions.

1. RAJU ELECTRONICS : GROUP DECISION MAKING 25

Raju electronics set up in Himachal Pradesh in 1996 is engaged in manufacturing electronic components, with his eyes on the future, Raju has purchased a plot to expand his business into other type of consumer items. Such a move was necessary in view of the field of electronic goods getting saturated. Shri Gupta, the Vice President of the company was asked by the chairman to form a group to recommend some new product for the consumer market keeping in view the existing facilities and resources of the company. Shri Gupta selected a team of seven persons from production, finance, research and marketing giving them the liberty to brainstorm and come

up with a flexible idea. The group elected Ravi as its leader to liaison between the group and Shri Gupta.

After several meetings and brainstorming sessions, the group came up with the idea of manufacturing golf balls and golf clubs. The reason given was the rising level of affluence, availability of leisure time and the elite status of golf which the middle class may find attractive. A report was submitted to Shri Gupta. The idea was however rejected on the ground of limited demand for the proposed product.

Dejected, Ravi asked the members to work on some other ideas. After a month, the group came up with the idea of manufacturing plastic dolls with a small tape player inside. On pressing the doll's belly it would state its name and other interesting things. To cut the costs, it was proposed to employ ex-convicts to achieve the social objective of providing social rehabilitation. The idea found favour with Shri Gupta who forwarded it to the top management.

The top management turned down the idea on the ground of high supervisory costs. Consequently, the group was sent back to the drawing board.

Questions :

- (a) Speculate on the reasons that the group must have considered before suggesting the manufacture of golf balls and golf clubs.
- (b) Was Shri Gupta justified in rejecting the idea of golf balls etc. without presenting it to the top management ?
- (c) Was the idea of baby dolls feasible ? What might be the reason for suggesting the employment of ex-convicts in view of the fact that the company was not into social welfare ?
- (d) Was the top management justified in rejecting the second idea in view of the present day focus on corporate social responsibility ?
- (e) If you were a member of the group, what would have been your idea ?

2. ORGANISATIONAL CULTURE IN SINGH'S CORPORATE HOUSE :

Mr. Singh is a successful industrialist with facilities spread over the whole of NCR. The headquarters of the company are at New Delhi. To build up a professional organisation, the following directives have been given :

- Compulsory dress code for the staff.
- Work activity to be guided by professional approach.
- Team spirit to guide the employees in their endeavour to achieve organisational goals.
- Salary structure to be above prevailing market rates so as to secure single minded devotion of the employees.
- High expense accounts permitted to executives to entertain potential clients.
- Despite major policies having been made by Mr. Singh, the employees have the liberty to take "on the spot decisions" to meet the demands of a specific situation.

So high is the commitment of Mr. Singh to professionalism that he severely rebuked his own son, a general manager in the company, for his unprofessional behaviour.

One incident specifically speaks about the cultural moorings of the organisation Ravi, a bright IITian is employed in Singh's company at Karnal. Ravi's father is very close to a businessman in New York who is a friend of Mr. Singh. Through the New York businessman, Ravi's father attempted to persuade Mr. Singh to transfer Ravi to New Delhi.

On his visit to Karnal, Mr. Singh reprimanded Ravi for using his friend in New York to seek transfer to New Delhi. Mr. Singh remarked that the company exists to do business not to do favour, Ravi expressed regret for his unprofessional behaviour .

Questions :

- (a) Write an essay on the organisational culture prevailing in Singh's companies.
- (b) Will you condemn Ravi's behaviour keeping in view the situation in India where seeking favour is quite common place ?
- (c) Was Mr. Singh justified in reprimanding Ravi and denying the transfer ?
- (d) If you were in Singh's place, what would have been your stand ?

3. McDonalds Global HR

McDonald is spread over 91 countries with 18000 restaurants. It serves 33 million people each day. International sales account for over 50 percent of its sales. To generate this sale, McDonald employs more than 2 million people. Operating in so many different countries require the company to adapt its products, services and HR practices to legal, political, economic and cultural factors in each of the country. For instance, beef is not acceptable in India and consequently McDonald has to use mutton. To appeal to Japanese taste buds, McDonald has developed teriyaki burgers. Separate dining rooms have been provided for males and females in the Middle East.

Before beginning overseas operations, HR professionals are deputed to determine the way the HR activities need to be adjusted. One method is to contact the HR professional of other US forms operating in the country to obtain information about the political, legal and cultural issues. Once a decision is made to begin operations, employment procurement begins. In view of the significance of customer service, selection activity focusses on candidates with customer service skills. For worker positions such as cashier, endeavour is made to find a person with a friendly disposition.

For stores management, the company picks up a selective profile emphasizing leadership skills. Once screened, the candidates are asked to work in a restaurant for a week. During this time both the company and the candidates can evaluate one another to ascertain if job fit is appropriate. After a group of stores managers and assistant managers are selected future managers and assistant managers are chosen through internal promotions.

Then begins the training to acquaint employees with their job, and McDonald's philosophy of customer service. McDonald has taken Hamburger University curriculum for USA and translated it into 22 different languages for use in training centres.

Questions :

- (a) Identify cultural factors that might be important in a training programme for food handlers at McDonald.
- (b) Rather than focussing on differences what similarities do you expect to exist among the customers and employees in the USA and abroad ?

Over the past decade, more and more corporations have added women to their boards. This trend reflects both public pressure and growing perception that women can be effective as corporate managers. They can bring different and valuable perspective to a board's decision making process. In a survey of 115 large public companies in the early 1990s in the USA, Fondas and Sasalos examined as to how the factors such as the proportion of inside directors as the board, degree of institutional ownership, role of top management in choosing directors and the presence of women directors affected the reported ability of board to influence key management decisions. The results indicated that the boards with one or more female directors have substantially more influence over management decisions than all male board. Among other variables only the degree of institutional ownership significantly enhances board involvement.

The presence of women on the board brings a broader perspective to the table. Since women have to cross many hurdles in the process of selection to the board, this very fact reinforces their resolve to discharge their responsibilities effectively. Whatever the reason, the fact is that women directors can improve board functioning.

Questions :

- (a) Is it important for corporate boards to be diverse ? Why ? Why not ?
- (b) Why are there no women on several boards ? What might be the potential consequences of their absence ?
- (c) Write a comprehensive note on important women directors in India ?

5. AUDIO DUPLICATION SERVICES (ADS) 25

ADS is a compact disc and cassette duplication and distribution company. Its major customers, the big record companies, use ADS to duplicate and distribute CDs and cassettes. ADS stores the master tapes and on a customer's request, it makes the copies and delivers them to customer's customers, music stores and other point of sales such as departmental stores. ADS is one of the six big players in the audio duplication market with 20 percent share of the market. Managers at ADS are currently trying to react to the following difficult supply chain related issues.

- (a) Some of the big national retailers are asking ADS's customers ie; the record companies to manage the inventory through vendor managed inventory (VMI). The record

companies will decide as to how much of each album, CD and cassette title is delivered to each store and when each delivery is inside. For this purpose, the record companies will be provided continuous updated point of sale (POS) data from each of the stores. The record companies will own the inventory until sale. There upon payment will be transferred from retailers to record companies. To cope up with this demand, the record companies have sought ADS's help as regards logistics of the VMI agreement.

- (b) Earlier ADS used to deliver to distribution centres of large national retailers who further distributed to individual stores. Now retailers are providing incentives to ship directly to individual stores which means higher expenses for ADS.
- (c) ADS's shipping costs are increasing because deliveries are made on shipment to shipment basis. Perhaps the better way could be to purchase a fleet of trucks and do the shipping in house or to out source the shipping to a third party.

There are other issues such as future of audio duplication industry as online distribution technologies become more prevalent, on the basis of the above discuss.

- (i) Why are ADS's customer's customers moving towards VMI arrangement.
 - (ii) How will this impact ADS's business ?
How can ADS's management take advantage of this situation ?
 - (iii) How should ADS manage logistics ?
 - (iv) Why are large national retailers moving towards direct shipment model ?
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