

MANAGEMENT PROGRAMME

Term-End Examination

December, 2013

08446

**MS-3 : ECONOMIC AND SOCIAL
ENVIRONMENT**

Time : 3 hours

Maximum Marks : 100

(Weightage 70%)

Note : There are two sections A and B. Attempt any three questions from section A, which carry 20 marks each. Section B is compulsory and carries 40 marks.

SECTION - A

1. Examine in detail the interaction between political environment and business management with suitable examples.
2. Analyse the structure and growth of private sector in the country.
3. Explain the importance of Balance of Payments (BOP). Analyse the major features of India's BOP and their implications.
4. Critically examine the Tax Reforms in terms of Immediate Reforms and Medium Term Reforms. Discuss its impact on the fiscal position of the government.
5. Write short notes on **any four** of the following :
 - (a) The Unorganised Sector
 - (b) Monopolistic and Restrictive Trade Practices
 - (c) Capital Account Convertibility
 - (d) Administered Prices
 - (e) Public debt

SECTION -B

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

Japan a Case Study

Japan in the last sixty years may not have forgotten the defeat in the Second World War, but due to the indomitable spirit of its populace it has come out a winner in the business world, with extremely high growth rate as compared to even its victors. Pre-war Japanese products in India were not considered as of good quality. " Oh! It is a Japanese product " were the derisive words used for the imports from Japan. How this dramatic change took place makes an interesting case study. Japan has no natural resources, is plagued with recurrent earthquakes has very little land and is made up of several islands. Its culture is age old and people are bound by traditions. The transformation from a laidback eastern tradition bound country into a modern fast moving dynamic business potentate has left most theorists and philosophers agape with wonder.

After the war was over and Japan became an ally of the powerful USA , who incidentally took over the country's defence, a fact, which left the Japanese ready to concentrate on nation rebuilding activities. To create wealth for the country, business and industry were the most important planks and they went into these areas with full vigour. This time around the Japanese wanted to drop the tag of poor quality suppliers. For this purpose, they invited business gurus from the USA who toured the country giving their inputs in quality improving techniques. Quick on the uptake, the Japanese improved on the teachings of the gurus and came out with the

Quality Circle Programme, which has revolutionized the business world over. Over the last sixty years, the Japanese innovations in the field of business and industry have underscored even the success of the giant the USA. Some of their strategic decisions and innovations are given below.

- Understanding the value of money blocked in inward inventories introduced to the world the Just In Time -JIT- plan for saving of cost to the tune of ten per cent in having virtually no inventories. JIT works well if there is close partnership like co-operation between the firm and the supplier. In turn it becomes useful to see that the supplier is also having JIT from his suppliers. Such a chain can account for large sums of money being released for the purposes of development and growth.
- Zero defect production came about with the help of TQM and Quality Circle programmes. Firms could eliminate the final product testing and could disband the entire set of engineers involved in the testing process. This led to higher production, lower rejections and savings of raw material and manpower and reworking costs. This made the Japanese competitive in the world.
- Suppliers seized to be necessary evils who never supplied on time gave defective products and always wanted higher prices for their products. Joining hands with suppliers and making them almost their partners, helping them in their JIT and quality programmes gave the firms and the

suppliers confidence in each other. The firm has been able to reduce costs by eliminating suppliers assessment for each order placed on him. It has also helped in reducing the time to bring new products in the market. New materials are available from the partnership sources without delay.

- Japanese innovation of small teams, the quality circles, which manage continuous incremental improvements in the firms processes to create low cost and high profit system.
- Japanese firms bring about technological cohesion by using different technology together as tech - fusion as a paradigm shift in the product development areas. Hybrid technologies like opto - electronics mechatronics.
- Japanese firms believe in cross - functional teams and flexible structures in problem solving areas. Product development process time period has been greatly reduced in view of the market demands and shortening product life cycles.

Japanese firms believe that if the employees are fully motivated, enjoy job satisfaction and teamwork, they can create better organizational processes and work with total dedication and this is achieved through well - structured programmes like quality circles. Quality circles are engaged in the processes as follows :

- (a) Problem finding action
- (b) Problem solving function
- (c) Solution action plans
- (d) Feedback loops
- (e) Integrated responsibility
- (f) Study of the environment to avoid pitfalls

Problem finding goes down the firm's ladder as even the lowly worker is expected to locate problems, so that they can be nipped in the bud and the need for finding solutions does not arise. Also if the workers find the problems and solutions to the problems, it would be easy during implementation.

Problem solving leads to finding solutions of the market needs, new products and services; solutions to quality problems, process problems and product differentiation plans of existing products to bring sustainable competitive advantage.

Using new ideas in the existing processes the firm arrives at solutions implementation. Most Indian firms do not want to have workers trying to find out the solutions for their own workstation problems, as they consider them unworthy of taking important decisions and they believe that only top managers are capable of finding the solutions to the problems. This leads to solutions being thrust upon the juniors, which they resent and hence do not feel committed to implementing them.

Employees Suggestion Plan : While these plans are in place in several countries, they have become the moving spirit for job satisfaction. All suggestions are given due credit and as the suggestions are made after thorough investigations and experimentation, they are implemented. Employees feel highly motivated to see their ideas implemented. Quality circles help generate the suggestions and on a regular basis the Japanese worker keeps sending the suggestions with an yearly average of minimum 50 to maximum 1000 suggestions, where the average for the American worker comes to about 3.

Problems in Japan are considered beneficial because they provide the firm with impetus to overcome them and improve the firm's efficiency even further.

Japanese business culture believes that for furthering the cause of the firm they need people with good education. The firms believe in collective decision - making with upward flow of decisions. The main points of their business culture are given below.

- Authority with seniority
- Respect for age
- Life long employment
- Loyalty to the firm
- Participation in the quality circles
- Group information and decisions in quality circles
- Emphasis on productivity
- Debt financing is facilitated by the banks
- Slow decision process but fast implementation

Questions :

1. Compare and contrast the Japanese and Indian cultural stream.
 2. How can the Indian business learn from their Japanese counterparts ?
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