



# MANIPAL INSTITUTE OF TECHNOLOGY

## MANIPAL

(A constituent institution of MAHE, Manipal)

Reg.

### VII SEMESTER B.TECH. END SEMESTER EXAMINATIONS NOVEMBER 2019

SUBJECT: ESSENTIALS OF MANAGEMENT [HUM 4001]

Date of Exam: 19/11/2019 Time of Exam: 2 PM to 5 PM Max. Marks: 50

#### Instructions to Candidates:

- ❖ Answer ALL the questions and missing data may be suitably assumed.

1A Starbucks Corporation, the most famous chain of retail coffee shops in the world, 10  
mainly benefits from roasting and selling special coffee beans, and other various kinds  
of coffee or tea drinks. It owns about 4000 branches in the whole world. The reasons  
why Starbucks is popular worldwide are not only the quality of coffee, but also its  
customer service and cosy environment. Starbucks establishes comfortable  
surroundings for people to socialize with a fair price, which attracts all ages of  
consumers to come into the stores. Besides, it is also noted for its employee  
satisfaction. The employee turnover rate of Starbucks is much lower than other  
industries on average. As a result, Starbucks is one of the optimal business models for  
strategies of employee motivation, customer satisfaction and cooperation of teamwork.

Motivation is a vital factor for business in the production process. Labourers are  
not machines, and cannot always do the same task with equal passion. The chief  
executive officer of Starbucks corporation, Howard Schultz, considers that the reason  
for success in Starbucks is not coffee but employees. He firmly believes that the spirit  
of Starbucks is employees and feels honored about the value of Starbucks employees.  
Starbucks offers an interactive structure that makes personnel throw themselves into  
their job.

The managers in Starbucks treat each employee equally and all of the staff are  
called 'partners', even the supervisors of each branch. In order to narrow the gap  
between managers and employees, they also co-work with the basic level staff in the  
front line. Due to this, they can maintain a good management system and create a much  
closer and more familiar atmosphere than other places. Not only do employees enjoy  
their job but customers are also affected by their enthusiasm.

Starbucks has a well-organized communication channel for employees. It places  
great importance on labor. For example, managers plan the working hours per worker



and arrange the schedule of time off, according to the workers' wants in order to meet their requirements. There are interviews weekly to see what employees' needs are. The partners have the right to figure out what is the best policy for them, and the directors show a respect for each suggestion. Starbucks even wants every employee to join in making and developing plans, then work together in achieving their goals. As a result, the policies and principles are communicated between all staff, and there is no limitation in employees' personal opinions.

All employees, including informal personnel, are offered a great deal of welfare policies, for instance, commodities discounts for employees, medical insurance (including health, vision and dental) and vacations. Moreover, the partners who work over 20 hours a week are entitled to benefits.

Starbucks also thinks that debt financing is not the best choice, thus it chooses to allocate stock dividends to all employees with a free script issue. By this policy, the employees can get benefits from the dividends of the company. Because of this, they have the same goal; in other words, they are motivated to increase the sales to earn more profits. To Starbucks, the employees are the most important asset. Starbucks establishes a well-developed system to keep good relationships between managers and employees. The numbers of employees in each branch are usually from three to six. They have a right to participate in the process of revising company policies. In that case, each staff member thinks that they also play an important role in company operating, and they jointly work out the direction of Starbucks. All this gives employees respect and a sense of participation.

**Questions to be answered:**

- 1) Differentiate between 'formal' and 'informal' organizations. What type of arrangement of people is found at Starbucks branches? **(2 marks)**
- 2) Which type of Span of control is observed in the above case? How does it help Starbucks? **(2 marks)**
- 3) Identify and list the hygiene factors and motivational factors felt by Starbucks employees with reference to Herzberg's 2-factor theory of motivation. **(4 marks)**
- 4) Communication plays a vital role in motivating the employees. What type of information is being communicated to Starbucks employees through formal and informal communication channels? **(2 marks)**

2A	Refer to the case description given in the question number 1. Which of the Henri Fayol's principles of management are followed in Starbucks. Explain them briefly.	4
----	--	---



2B	<p>Raman came with a good proposal and discussed it with his six friends. Under the changing social, economic and political environments, these seven entrepreneurs would like to start a firm to manufacture copper wire in an innovative method. All the seven entrepreneurs have an engineering background in Mechanical and Manufacturing and are financially sound. They are having adequate knowledge in designing and manufacturing aspects. They are planning to raise the required capital from 3 different sources: (i) promoter's capital (ii) loan from banks (iii) general public in the form of shares and debentures, and, wishing to register their firm as a public limited company.</p> <p><b><u>Questions to be answered :</u></b></p> <ol style="list-style-type: none"> <li>1. Entrepreneurs can be classified on different criteria. List any four criteria these seven entrepreneurs can be classified as observed in the case. (1 mark)</li> <li>2. Discuss briefly the contents of their business plan. (5 marks)</li> </ol>	6
3A	Differentiate between US and Japanese styles of management.	3
3B	With the help of proper examples, explain briefly any six types of budgets prepared by managers for a Building Construction Company. Classify those six budgets into monetary and non-monetary type budgets.	4
3C	Discuss the Three Generic Competitive Strategies by Porter by quoting the relevant examples.	3
4A	<p>"Our problems of control are over," said Venkatesh, the director of information systems, to Ramajayan, president of Elumalai Enterprises Ltd. "With our new computer installation, data gathering, departments and plant terminals, high speed printers, and cathode-ray-tube display stations, every responsible manager can find out what is happening in his or her area as it happens. Delayed reports can now be a thing of the past. I am sure you will find that the investment we have made in these systems is the best expenditure this company ever made. We will soon have real time control and we can manage to a desired standard, in exactly the way a thermostat keeps our offices at a desired temperature.</p> <p>"I hope you are right," responded Ramajayan. "But I wonder."</p> <p><b><u>Questions to be answered :</u></b></p> <ol style="list-style-type: none"> <li>1. Exactly what is real-time control?</li> <li>2. What other two types of control can be used in the above case?</li> <li>3. Briefly explain all the three types of control.</li> </ol>	3
4B	Managers play 10 different sub-roles, according to Henry Mintzberg. Name the three sub-roles played by managers under the main role 'Interpersonal Roles'. Explain them.	3



4C	<p>A company has four divisions – production, personnel, finance and marketing. Each division is headed by divisional manager. Each divisional manager reports to managing director who, in turn, reports to the chief executive officer of the company. The company has spread its offices in different geographical areas – south, east, north and west. The managers of southern and eastern regions have further diversified their operations into consumer and industrial use of its products while the other two regions meet only industrial demand for their products.</p> <p><b><u>Questions to be answered :</u></b></p> <ol style="list-style-type: none"> <li>1. Draw the organization chart of this company. What is the method of departmentalization used at each level on the chart?</li> <li>2. State the main dis-advantage associated with each method of departmentalization used in the above description.</li> </ol>	4
5A	<p>Draw the basic ‘skill distribution diagram’ of the first-line, mid-level and top-level managers.</p>	1
5B	<p>General manager Mr. Daş Gupta, production of Arihant Co. Ltd. appointed Mr. Aryan as his production manager and gave him the charge of whole unit. He told Mr. Aryan, “From today onwards, I give you charge of the entire production unit. I have full faith in you and believe you can solve your problems. Most of the supervisors here are self-directed to work. Seldom ever have they come to me for getting their problems solved and no worker has ever complained against them. They are efficient in doing their jobs and I don’t even think they need to undergo any management training programme. I am sure you can also handle your problems on your own. You don’t need to consult me every time you deal with a problem-solving situation. You learn by doing mistakes. Nevertheless, feel free to approach me whenever you like.”</p> <p><b><u>Questions to be answered :</u></b></p> <ol style="list-style-type: none"> <li>1. Would you characterize Mr. Das Gupta as a theory X leader or a theory Y leader? State reasons.</li> <li>2. List the four systems of management as proposed by Rensis Likert. Describe, in these circumstances, the best leadership style according to Likert’s four systems of management.</li> </ol>	4
5C	<p>List the activities of staffing. Explain them briefly.</p>	5

\*\*\*\*\*