

Motilal Nehru National Institute of Technology, Allahabad

School of Management Studies

M.C.A. Ist Semester

Mid Semester (Odd Semester) Examination, 2018-19

CA3102: Principle of IT Industry Management

Time: 1 hour 30 minutes

Max. Marks: 20

Note: Attempt all the questions.

1. Discuss the relevance of scientific management in contemporary business world. (5)
2. Briefly discuss 14 principles of Henry Fayol's administrative management (5)

(or)

Discuss the role of Maslow's need hierarchy theory in understanding and motivating employees in the organization.

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

Ford Motor Company has a long history of operating in Europe. Starting with export to the United Kingdom in 1903, the company established sales branches in France and England in 1908 and 1909. Later assembly plants were set up in those countries. In Germany, Ford established a plant in 1926. For several decades, the European operations were separated subsidiaries, each being accountable to the headquarters in the United States with little co-ordination among them. The rationale for the organization structure was that each country's customers have different needs, tastes, and preferences. In addition, each country had its own tariff regulations.

As the European countries grew closer together, Ford viewed its European operation as a common market with a regional organization named Ford Europe with two big manufacturing facilities in Germany and England. But now, the companies in the European countries were not anymore considered separate and independent, but operated with a coordinated strategy. The aim was to achieve economies of scale and to reduce engineering costs. Ford designed similar car for Europe, instead of designing different ones for each countries. Models such as Fiesta, Capri and Escort were the result of this new organization

structure. According to the new strategy, products were largely designed in UK and Germany and manufactured in those countries as well as in Belgium and Spain.

In 1994, a new strategy emerged that was named Ford 2000. In 1995, Ford merged its Automotive operating in North America with that of Europe. Again an important reason was to be more competitive and cost reduction through the elimination of unnecessary car platform and engine duplication. This meant fewer basic vehicle platforms as well as engines and transmissions. Moreover the regional profit centre concept was replaced product line concentration. Specially, the Ford Automotive Operation consisted of five vehicle centers with worldwide development of the cars and trucks. While four of those centers were in North America, the European center was responsible for developing small and mid-sized automobiles. Moreover, the North American center worked together with the Europeans to develop Mondeo, which was called the Mercury Mystique and the Ford Contour, produced in the U.S. and Mexico. These models were sold in some 78 countries.

But the Ford 2000 strategy and organization did not work well as shown by the 1998 performance especially in Europe where Ford was losing market share to competitors such as General Motors and Volkswagen. Consequently, the newly elected Jacques Nasser reviewed the centralized Ford 2000 strategy and reintroduced the market focus that gives more autonomy to the regions especially in Europe where many of its competitors introduced brands that address the needs of the customers. Nasser also created the Premium Auto Group for luxury cars that were more profitable than the low and mid-priced cars. The luxury car division consisted of cars such as Lincoln, Volvo, Jaguar and Aston Martin.

The 21st century brings new challenges for Ford. In the past, European carmakers were protected by quotas on Japanese cars. But these restrictions are going to be reduced or eliminated in the new century. This means that Japanese and Korean car manufacturer will market their cars in Europe. Also the introduction of the European currency will enable customers to compare prices across borders and select the best price. Finally, the global car industry is plagued with overcapacity that may result in fierce competition. Ford may have to review its current strategy.

Answer the following question:

- (a) What are the advantages and disadvantages of centralization and decentralization? (4)
- (b) What was rationale for the Ford 2000 program? (3)
- (c) Why did Ford establish a luxury car division? (3)