



Case Problems

1. T limited was engaged in the business of food processing and selling its products under a popular brand. Lately the business was expanding due to good quality and reasonable prices. Also with more people working the market for processed food was increasing. New players were also coming to cash in on the new trend. In order to keep its market share in the short run the company directed its existing workforce to work overtime. But this resulted in many problems. Due to increased pressure of work, the efficiency of the workers declined. Sometimes the subordinates had to work for more than one superior resulting in declining efficiency. The divisions that were previously working on one product were also made to work on two or more products. This resulted in a lot of overlapping and wastage. The workers were becoming undisciplined. The spirit of teamwork, which had characterised the company, previously was beginning to wane. Workers were feeling cheated and initiative was declining. The quality of the products was beginning to decline and market share was on the verge of decrease. Actually the company had implemented changes without creating the required infrastructure.

1. Identify the principle of management (out of 14 given by Henry Fayol) that were being violated by the company.

Ans: Company violated following principles

- (i) Division of work
- (ii) Unity of command
- (iii) Unity of direction
- (iv) Discipline
- (v) Subordination of individual interest to general interest
- (vi) Order
- (vii) Initiative
- (viii) Remuneration

2. Explain these principles in brief.

Ans:

(i) Division of Work: As per the case work is not divided among the workers as per their specialisation. As specialisation is the most efficient way to use human efforts and produces more and better work.

(ii) Unity of Command: In the case subordinates had to work for more than one superior. This results in declining efficiency. As per Fayol's principle of unity of command there should be one boss and if it is violated it results in authority is undetermined, discipline is in jeopardy, order distributed and stability threatened. Same we are observing in the above case.

(iii) Unity of Direction: The units of an organisation should be moving towards the same objective. Each group must be having same objective must have one head one plan. But in case first the producers are working on one product then moved to two or more group. Thus, this principle is also violated.

(iv) Discipline: In the case, there is a lack of formalised control as the workers are working beyond their abilities. There is no rules and regulations as well as lack of employment agreement.

(v) Subordination of Individual Interest to General Interest: Every

individual is working better only when the organisation is giving priority to their general interest. In the case, company is only focusing over its objective not on employees.

(vi) Order: People and materials must be in suitable places at appropriate time for maximum efficiency. But in case they are not following the order of anything,

(vii) Initiative: It implies that workers should be self motivated, suggestions should be taken from the employees. It results in substantial cost and time reduction but here they are taking no feedbacks, no suggestions.

(viii) Remuneration: The workers should get the fair wages but in case workers are performing day and night but they are not getting a fair amount for the same. This results that they are feeling cheated.

3. What steps should the company management take in relation to the above principles to restore the company to its past glory?

Ans: Following steps should be taken by the company to retain its past glory:

(i) Work is divided into small tasks and distributed among the employees as per their specialisation.

(ii) There should be one boss.

(iii) Functions should be performed under one head or one plan.

(iv) Formalised control should be maintained.

(v) Proper remuneration and impressive incentives should be given.

(vi) hierarchical communication pattern is to be followed.

(vi) Suggestions and feedback should be taken from the employees.

(viii) Maintain high morale among employees.

2. The management of company 'F' Limited now realised its folly. In order to rectify the situation, it appointed a management consultant 'M consultants' to recommend a restructure plan to bring the company back on the rails. 'M consultants' undertook a study of the production process at the plant of the company 'F limited and recommended the following changes

1. The company should introduce scientific management with regard to production.

2. Production Planning including routing, scheduling, dispatching and feedback should be implemented.

3. In order to separated planning from operational management 'Functional foremanship' should be introduced.

4. Work study should be undertaken to optimise the use of resources.

5. 'Standardisation' of all activities should be implemented to increase efficiency and accountability.

6. To motivate the workers 'Differential Piece Rate System' should be implemented.

7. The above changes should be introduced apart from the steps recommended in case problem-1 (as an answer to question number 3 of that case problem).

It was expected that the changes will bring about a radical transformation in the working of the company and it will regain its pristine glory.

1. Do you think that introduction of scientific management as recommended by M consultants will result in intended outcome.

Ans: Though scientific management is the best solution but still it will not be able to give very effective results as it has its own limitations.

(i) As competition has increased market research now will not help much.

(ii) Appointing professionals which increase the cost.

(iii) Principle of initiative will not help if functional foremanship will also be adopted.

(iv) In differential piece wage system only efficient workers may gain, the others will be in pain as they might lose their wages if

target not met. This will lead instability which is harmful.
(v) Lot of stress will be generated from top to lower level.

2. What precautions should the company undertake to implement the changes?

Give your answer with regard to each technique separately as enunciated in points 1 through 6 in the case problem.

Ans: A large number of changes will not accepted by anyone. So the company should play safe while making any changes.

(i) Trained staff can be appointed for few areas and workers can be trained to improve efficiency levels.

(ii) Production planning to be done with care.

(iii) Functional foremanship can be introduced but it not lead to clear killing of initiative. Workers should be eonsulted for suggestions.

(iv) Optimum use of method, time, motion and fatigue study should be done.

(v) Standardisation can be implemented for material, machinery and features of product.

(vi) Financial incentives should be provided to workers to get more work rather than adopting differential piece wage system.

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