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INDIAN MARITIME UNIVERSITY
(A Central University, Government of India)
December 2017 Examinations -I SEMESTER
MBA (PSM)/ITLM
Principles and Practices of Management
PG21T2101/22T2101

Date: 04.12.2017 | Maximum Marks: 60
Time: 3 Hrs | Pass Marks: 30

Part-A- Answer all Questions (12X1=12 marks)

1. Which management theorist is responsible for the motivation-hygiene theory?
   A: Abraham Maslow
   B: Dale Hawthorne
   C: Peter Drucker
   D: Frederick Herzberg

2. ‘Harmony not Discord’ is associated with
   A. Modern management
   B. Scientific management
   C. Traditional management
   D. Cultural management

3. The major contribution of the Industrial Revolution was the substitution of _______ for Human power.
   A. Solar power
   B. Mechanical power
   C. Critical thinking
   D. Electricity

4. A Policy refers to
   A. A small impact plan
   B. A specific rule
   C. A broad guideline to action
   D. A short term program

5. Blue ocean strategy means
   A. A well tried plan to increase market
   B. A market strategy to cover new innovation
   C. An entry strategy to a competitive market
   D. A market for maritime products

6. Decision making includes
   A. Evaluation of alternatives.
   B. Choosing the best alternative
   C. Implementing the best alternative
   D. All of the above

7. The following does not affect Span of Management.

A. Space
B. Supervisor's ability
C. Nature of function
D. Educational level

8. Coordination includes
    A. cooperation,
    B. control
    C. cohesiveness,
    D. all of the above

9. Which management concept suggests that low-importance decisions be handled by subordinates, so that managers can focus on high-importance decisions?

    A: management by exception
    B: exclusionary management
    C: inclusionary management
    D: management by objective

10. What is the term used to define the number of subordinates directly controlled by a manager?
A. Departmentation
B. Sphere of influence
C. Delegation
D. Span of management

11. Which of the following is not delegation?
    A. assigning shifts,
    B. applying leave,
    C. work order to supervisor,
    D. project manager's schedule to work stations

12. Concurrent control takes place
    A. when action is in progress,
    B. after work is done,
    C. before work is done,
    D. none of above

Part- B

Answer 5 out of 7(5X4 = 20 marks)

13. Explain the behavioural approach to Management.

14. What do you understand by the planning process

15. Elucidate the role of Forecasting in business

16. In an organisation explain Line and staff authority.

17. Write a note on 'MBO'

18. Explain the concept of 'Cognitive Dissonance'

19. MNCs need to have specific strategies to cope with cultural differences. Comment.

PArt –C

Q No 20 is compulsory. Answer any 3 from Q (21 to 25) (4x7=28 marks)

20. Read the case study below and provide an analysis

A case study- **How Starbucks' Growth Destroyed Brand Value**

In February 2007, a leaked internal memo written by founder Howard Schultz showed that he recognized the problem that his own growth strategy had created: "Stores no longer have the soul of the past and reflect a chain of stores vs. the warm feeling of a neighborhood store." Starbucks tried to add value through innovation, offering wi-fi service, creating and selling its own music. More recently, Starbucks attempted to put the focus back on coffee, revitalizing the quality of its standard beverages. But none of these moves addressed the fundamental problem: Starbucks is a mass brand attempting to command a premium price for an experience that is no longer special. Either you have to cut price (or that implies a commensurate cut in the cost structure) or you have to cut distribution to restore the exclusivity of the brand. Expect the 600 store closings to be the first of a series of downsizing announcements. Sometimes, in the world of marketing, less is more.

Schultz sought, admirably, to bring good coffee and the Italian coffee house experience to the American mass market. Wall Street bought into the vision of Starbucks as the "third place" after home and work. New store openings and new product launches fuelled the stock price. But sooner or later chasing quarterly earnings growth targets undermined the Starbucks brand in three ways.

First, the early adopters who valued the club-like atmosphere of relaxing over a quality cup of coffee found themselves in a minority. To grow, Starbucks increasingly appealed to grab and go customers for whom service meant speed of order delivery rather than recognition by and conversation with a barista. Starbucks introduced new store formats like Express to try to cater to this second segment without undermining the first. But many Starbucks veterans have now switched to Peets, Caribou and other more exclusive brands.

Second, Starbucks introduced many new products to broaden its appeal. These new products undercut the integrity of the Starbucks brand for coffee purists. They also challenged the baristas who had to wrestle with an ever-more-complicated menu of drinks. With over half of customers customizing their drinks, baristas hired for their social skills and passion for coffee, no longer had time to dialogue with customers. The brand experience declined as waiting times increased. Moreover, the price premium for a Starbucks coffee seemed less justifiable for grab and go customers as McDonald's and Dunkin Donuts improved their coffee offerings at much lower prices.

Third, opening new stores and launching a blizzard of new products create only superficial growth. Such strategies take top management's eye off of improving same store sales year-on-year. This is the heavy lifting of retailing, where a local store manager has to earn brand loyalty and increase purchase frequency in his neighbourhood one customer at a time. That store manager's efforts are undercut when additional stores are opened nearby. Eventually, the point of saturation is reached and cannibalization of existing store sales undermines not just brand health but also manager morale.

None of this need have happened if Starbucks had stayed private and grown at a more controlled pace. To continue to be a premium-priced brand while trading as a public company is very challenging. Tiffany faces a similar problem. That's why many luxury brands like Prada remain family businesses or are controlled by private investors. They can stay small, exclusive and premium-priced by limiting their distribution to selected stores in the major international cities.

Question – Was it a wrong decision to open more branches? Analyse why Starbucks had to ultimately close down many points. Write your analysis in not more than 500 words

21. Write a brief essay on Fayol's' principles of Management
22. Bring out the meaning of Portfolio matrix using a BCG matrix
23. Explain styles of leadership with examples from contemporary business leaders
24. Write a brief note on ERG theory and Expectancy theory of Motivation
25. Explain the new techniques adopted in control function.