Chapter 7

Question Bank

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7.1 Organization structure

Q1.	What type of organizational structure do most small businesses follow? (a) Divisional structure (b) Functional structure (c) Hour Glass structure (d) Matrix structure **(Sample MCQs) (MTP 1, May 2019, 1 Mark)**
	Correct answer: (d) Matrix structure
Q2.	Change in company's ----------------- gives rise to problems necessitating a new -------------- to be made. (a) Structure, Strategy (b) Strategy, Structure (c) Structure, Structure (d) Strategy, Strategy **(Sample MCQs)**
	Correct answer: (b) Strategy, Structure
Q3.	Explain the concept of Network structure. **(RTP, May 2018, NA)**
	Network structure is a newer and somewhat more radical organizational design. The network structure could be termed as 'non-structure' as it virtually eliminates in-house business functions and outsource many of them. A corporation organized in this manner is a virtual organization because it is composed of a series of project groups or collaborations linked by constantly changing non-hierarchical, cobweb-like networks.
Q4.	Write short note on Characteristics of strategic business unit (SBU). **(MTP 2, May 2018, 3 Marks)**
	Strategic Business Unit (SBU) is a unit of the company that has a separate mission and objectives and which can be planned independently from other businesses of the orgnanisation. The three most important characteristics of SBU are:

	● It is a single business or a collection of related businesses which offer scope for independent planning and which might feasibly stand alone from the rest of the organization. ● It has its own set of competitors. ● It has a manager who has responsibility for strategic planning and profit performance. He has control of profit-influencing factors.
Q5.	Explain strategic business unit (SBUs). **(RTP, Nov 2018, NA)**
	A strategic business unit (SBU) is a unit of the company that has a separate mission and objectives which can be planned independently from other company businesses. SBU can be a company division, a product line within a division or even a single product/brand, specific group of customers or geographical location. The SBU is given the authority to make its own strategic decisions within corporate guidelines as long as it meets corporate objectives.
Q6.	Correct/ Incorrect. Strategies may require changes in organizational structure. **(RTP, Nov 2018, NA)**
	The statement is correct. Strategies may require changes in structure as the structure dictates how resources will be allocated. Structure should be designed to facilitate the strategic pursuit of a firm and, therefore, should follow strategy. Without a strategy or reasons for being, companies find it difficult to design an effective structure.
Q7.	Davis and Lawrence have proposed three distinct phases to develop matrix structure. Explain. **(RTP, Nov 2018, NA)**
	For development of matrix structure; Davis and Lawrence have proposed three distinct phases: ● **Cross-functional task forces:** Temporary cross-functional task forces are initially used when a new product line is being introduced. A project manager is in charge as the key horizontal link. ● **Product/brand management:** If the cross-functional task forces become more permanent, the project manager becomes a product or brand manager and a second phase begins. In this arrangement, function is still the primary organizational structure, but product or brand managers act as the integrators of semi-permanent products or brands. ● **Mature matrix:** The third and final phase of matrix development involves a true dual-authority structure. Both the functional and product structures are permanent. All employees are connected to both a vertical functional superior and a horizontal product manager.
Q8.	Correct/ Incorrect. Structure has no impact on the strategy of the organization. **(SA, Nov 2018, 2 Marks)**
	The statement is incorrect.

	Structures are designed to facilitate the strategic pursuit of a firm and, therefore, follows strategy. Without a strategy or reason for being, it will be difficult to design an effective structure. Strategic developments may require allocation of resources and there may be a need for adapting the organisation's structure to handle new activities as well as training personnel and devising appropriate systems.
Q9.	Manoj started his telecom business in 2010. Over next five years, he gradual ly hired fifty people for various activities such as to keep his accounts, administration, sell his products in the market, create more customers, provide after sales service, coordinate with vendors. Draw the organization structure Manoj should implement in his organization and name it. **(SA, Nov 2018, 5 Marks) (Study Material)**
	Manoj has started a telecom business. Accounts, Administration, Marketing (customer creation, after sales service, vendor coordination) are the functional areas that are desired in the organisational structure. Further there is inherent need to have a department for the management of telecom services/ operations. Thus, the functional structure in the telecom business of Manoj can be as follows:
Q10.	Discuss the concept of Multi Divisional Structure. **(RTP, May 2019, NA) (MTP 2, May 2019)**
	Multidivisional (M-form) structure is composed of operating divisions where each division represents a separate business to which the top corporate officer delegates responsibility for day-to-day operations and business unit strategy to division managers. By such delegation, the corporate office is responsible for formulating and implementing overall corporate strategy and manages divisions through strategic and financial controls. Multidivisional or M-form structure was developed in the 1920s, in response to coordination- and control-related problems in large firms. Functional departments often had difficulty dealing with distinct product lines and markets, especially in coordinating conflicting priorities among the products.

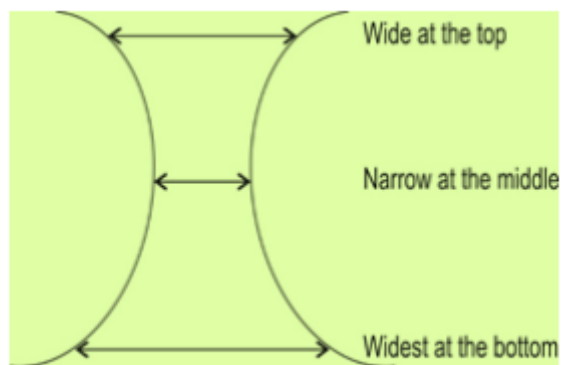|	
	Costs were not allocated to individual products, so it was not possible to assess an individual product's profit contribution. Loss of control meant that optimal allocation of firm resources between products was difficult (if not impossible). Top managers became over - involved in solving short-run problems (such as coordination, communications, conflict resolution) and neglected long-term strategic issues. Multidivisional structure calls for: • Creating separate divisions, each representing a distinct business. • Each division would house its functional hierarchy. • Division managers would be given responsibility for managing day-to-day operations. • A small corporate office that would determine the long-term strategic direction of the firm and exercise overall financial control over the semi-autonomous divisions.
Q11.	What is an Hourglass structure? How is it beneficial for an organization? **(SA, May 2019, 3 Marks) (Study Material)** **Or** Discuss the concept of Hourglass Structure **(RTP, Nov 2019, NA)**
	In the recent years information technology and communications have significantly altered the functioning of organizations. The role played by middle management is diminishing as the tasks performed by them are increasingly being replaced by the technological tools. Hourglass organization structure consists of three layers in an organisation structure with constricted middle layer. The structure has a short and narrow middle management level. Information technology links the top and bottom levels in the organization taking away many tasks that are performed by the middle level managers. A shrunken middle layer coordinates diverse lower level activities. **Hourglass Organization Structure** Hourglass structure has obvious benefit of reduced costs. It also helps in enhancing responsiveness by simplifying decision making. Decision making authority is shifted close to the source of information so that it is faster. However, with the reduced size of middle management, the promotion opportunities for the lower levels diminish significantly.
Q12.	Which of the following is not true for SBUs A. It is relevant for multi-product, multi-business enterprises.

	B. It provides for more control at enterprise level with centralised strategic planning. C. A SBU has its own set of competitors. D. SBUs can be created for units at distant geographical locations. **(RTP, Nov 2019, NA)**
	Correct answer: (b) It provides for more control at enterprise level with centralised strategic planning
Q13.	What is a strategic business unit? What are its advantages? **(RTP, May 2020, NA) (MTP 1, May 2020, 5 Marks) (Study Material)**
	A strategic business unit (SBU) is any part of a business organization which is treated separately for strategic management purposes. The concept of SBU is helpful in creating an SBU organizational structure. It is discrete element of the business serving product markets with readily identifiable competitors and for which strategic planning can be concluded. It is created by adding another level of management in a divisional structure after the divisions have been grouped under a divisional top management authority based on the common strategic interests. Advantages of SBU are: • Establishing coordination between divisions having common strategic interests. • Facilitates strategic management and control on large and diverse organizations. • Fixes accountabilities at the level of distinct business units. • Allows strategic planning to be done at the most relevant level within the total enterprise. • Makes the task of strategic review by top executives more objective and more effective. • Helps allocate corporate resources to areas with greatest growth opportunities.
Q14.	Delta is an organization specializing in Information Technology enables Services (ITeS) and Communications business. Previous year the organization had successfully integrated an Artificial Intelligence (AI) tool named 'Zeus' into the existing ERP system. The AI tool using Deep Learning technique provided a digital leap transformation in various business processes and operations. It has significantly diminished the role played by specialist managers of the middle management. This technological tool in addition to saving organisational costs by replacing many tasks of the middle management, has also served as a link between top and bottom levels in the organization and assists in faster decision making. The skewed middle level managers now perform cross-functional duties. Which type of organisational structure is the company transitioning into? **(RTP, Nov 2020, NA) (MTP 1, Nov 2020, 5 Marks)**
	The company Delta is transitioning into the Hourglass organization structure because it has used technological tools to transform various business processes and operations and has significantly diminished the role played by specialist managers of the middle management. The technological tool in addition to savings organisational costs by replacing many tasks of the middle management has also served as a link between top and bottom levels in the organization and assists in faster decision making. The skewed middle level managers now perform cross-functional duties. All these factors indicate towards Hourglass organization structure.

Wide at the top

Narrow at the middle

Widest at the bottom
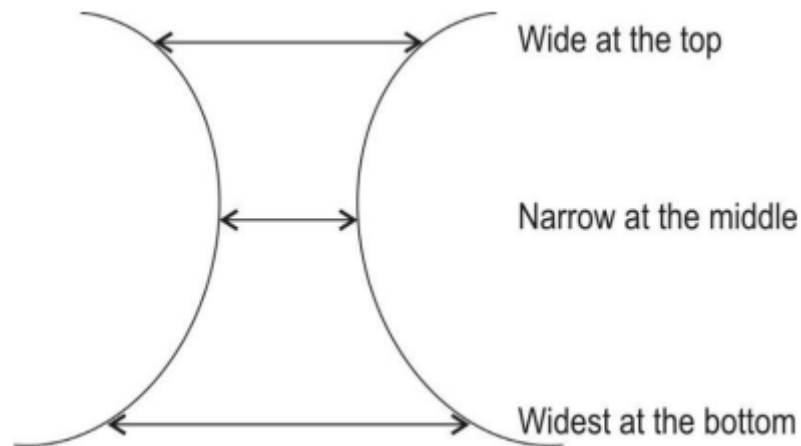
Q15.	Moonlight Private Limited deals in multi-products and multi-businesses. It has its own set of competitors. It seems impractical for the company to provide separate strategic planning treatment to each one of its product or businesses. As a strategic manager, suggest the type of structure best suitable for Moonlight Private Limited and state its benefits. **(SA, Jan 2021, 5 Marks) (Study Material)**

It is advisable for Moonlight Private Limited to follow the strategic business unit (SBU) structure.

Moonlight Private Limited has a multi-product and multi-business structure where, each of these businesses has its own set of competitors. In the given case, Strategic Business Unit (SBU) structure would best suit the interests of the company.

SBU is a part of a large business organization that is treated separately for strategic management purposes. It is separate part of large business serving product markets with readily identifiable competitors. It is created by adding another level of management in a divisional structure after the divisions have been grouped under a divisional top management authority based on the common strategic interests.

Very large organizations, particularly those running into several products, or operating at distant geographical locations that are extremely diverse in terms of environmental factors, can be better managed by creating strategic business units, just as is the case for Moonlight Private Limited. SBU structure becomes imperative in an organization with increase in number, size and diversity.
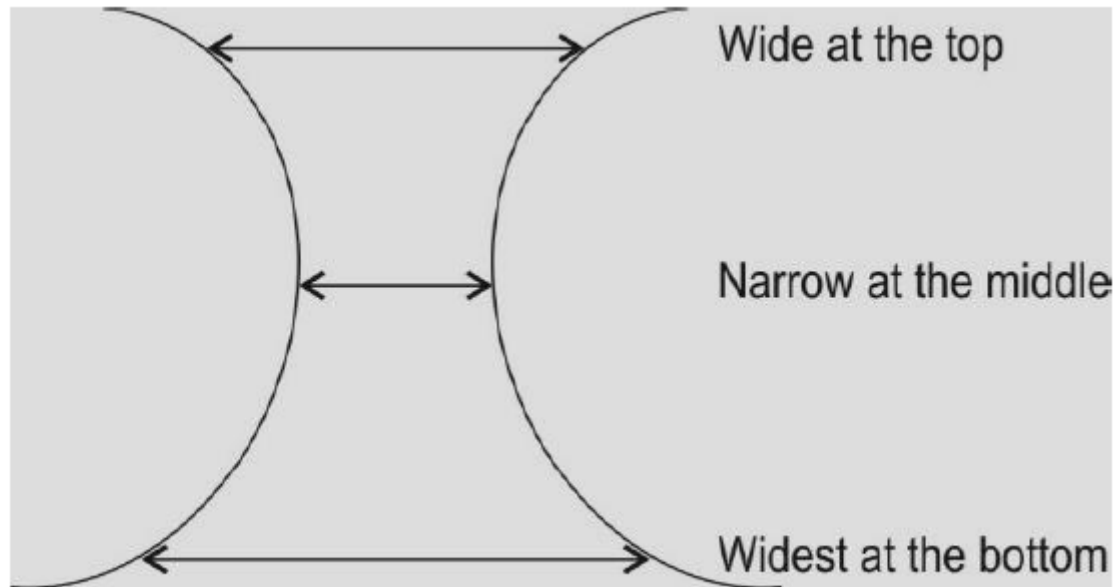
Benefits of SBUs:

1. Establishing coordination between divisions having common strategic interest.

2. Facilitate strategic management and control.

3. Determine accountability at the level of distinct business units.

4. Allow strategic planning to be done at the most relevant level within the total enterprise.

5. Make the task of strategic review by top executives more objective and more effective.

6. Help to allocate resources to areas with better opportunities.

Thus, an SBU structure with its set of advantages would be most suitable for the company with the given diverse businesses having separate identifiable competitors, but a common organizational goal.

Q16.	Elucidate Matrix Structure **(SA, Jan 2021, 5 Marks)**

In matrix structure, functional and product forms are combined simultaneously at the same level of the organization. Employees have two superiors, a product / project manager and a functional manager. The "home" department - that is, engineering, manufacturing, or marketing - is usually functional and is reasonably permanent. People from these functional units are often assigned temporarily to one or more product units or Projects.

The product units / projects are usually temporary and act like divisions in that they are differentiated on a product-market basis. The matrix structure may be very appropriate when organizations conclude that neither functional nor divisional forms, even when combined with horizontal linking mechanisms like strategic business units, are right for the implementation of their strategies. Matrix structure was developed to combine the stability of the functional structure with flexibility of the product form. It is very useful when the external environment (especially its technological and market aspects) is very complex and changeable.

Q17.	A corporation organized in network structure is often called
	(a) Virtual organization
	(b) Hierarchical organization
	(c) Structured organization
	(d) Simple organization
	(MTP 1, May 2021, 1 Mark)
	Correct answer: (a) Virtual organization

Q18.	Davis and Lawrence have proposed three distinct phases for development of matrix structure. These phases are (1) Cross-functional task forces (2) Product/brand management and (3) _____.
	(a) Market/external management
	(b) Functional matrix
	(c) Mature matrix
	(d) Internal management
	(MTP 2, May 2021, 2 Marks)
	Correct answer: (c) Mature matrix

Q19.	Bunch Pvt Ltd is dealing in multiproduct like electronics and FMCG and are having outlets in different cities and markets across India. Due to scale of operation, it is having technical difficulty in dealing with distinct product line and markets especially in coordination and control related problems. Identify and suggest an ideal organizational structure for Bunch Pvt Ltd in resolving the problem?
	(RTP, Nov 2021, NA)

	To deal with the problems facing by the Bunch Pvt Ltd., we suggest Multi divisional structure for the organisation. Multidivisional (M-form) structure is composed of operating divisions where each division represents a separate business to which the top corporate officer delegates responsibility for day-to-day operations and business unit strategy to division managers. By such delegation, the corporate office is responsible for formulating and implementing overall corporate strategy and manages divisions through strategic and financial controls.
	Multidivisional or M-form structure was developed in the 1920s, in response to coordination- and control-related problems in large firms. Functional departments often had difficulty dealing with distinct product lines and markets, especially in coordinating conflicting priorities among the products. Costs were not allocated to individual products, so it was not possible to assess an individual product's profit contribution. Loss of control meant that optimal allocation of firm resources between products was difficult (if not impossible). Top managers became over-involved in solving short-run problems (such as coordination, communications, conflict resolution) and neglected long-term strategic issues.
Q20.	Maadhyam, a hearing aid manufacturer recently introduced an AI based management tool in its organization which are having the qualities and capabilities of managing teams across functions. This technological tool in addition to saving organisational costs by replacing many tasks of the middle management has also served as a link between top and bottom levels in the organisation and assists in quick decision making. The skewed middle level managers now perform cross -functional duties. What could be their new organizational structure post implementation of AI based management tool? How can this structure benefit the organization? **(MTP 1, Nov 2021, 5 Marks)**
	In the recent years information technology and communications have significantly altered the functioning of organizations. The role played by middle management is diminishing as the tasks performed by them are increasingly being replaced by the technological tools. Hourglass organization structure consists of three layers in an organisation structure with constricted middle layer. The structure has a short and narrow middle management level. Information technology links the top and bottom levels in the organization taking away many tasks that are performed by the middle level managers. A shrunken middle layer coordinates diverse lower level activities.

Hourglass Organization Structure

Hourglass structure has obvious benefit of reduced costs. It also helps in enhancing responsiveness by simplifying decision making. Decision making authority is shifted close to the source of information so that it is faster. However, with the reduced size of middle management, the promotion opportunities for the lower levels diminish significantly.

Q21.	ABC Pvt Ltd is dealing in multiproduct like electronics and FMCG and are having outlets in different cities and markets across India. Due to scale of operation, it is having technical difficulty in dealing with distinct product line and Markets especially in coordination and control related problems. Which of following technique which was introduced in 1920 can be used to resolve the problem? **(MTP 2, Nov 2021, 5 Marks)**
	Multi divisional structure is composed of operating divisions where each division represents a separate business to which the top corporate officer delegates responsibility for day-to-day operations and business unit strategy to division managers. Multi divisional structure was developed in the 1920, in response to coordination and control related problems in large firms where functional departments often had difficulty dealing with distinct product lines and Markets.
Q22.	A chennai based fast moving consumer goods (FMCG) major CDE Ltd. recently announced restructuring its business. The company indicated that the business would be split into mainly four different streams- FMCG, E-commerce, Retail and Reasearch and development. The company management has decided that these four units will operate as separate businesses. The top corporate officer shall delegate responsibilty for day to day operations and business unit strategy to the concerned managers. Identify the organization structure that CDE Ltd. has planned to implement. Discuss any four attributes and the benefits the firm may derive by using this organization structure. **(SA, Nov 2021, 5 Marks)**

CDE Ltd. has planned to implement Strategic Business Unit (SBU) structure. Very large organisations, particularly those running into several products, or operating at distant geographical locations that are extremely diverse in terms of environmental factors, can be better managed by creating strategic business units. SBU structure becomes imperative in an organisation with increase in number, size and diversity.

The attributes of an SBU and the benefits a firm may derive by using the SBU Structure are as follows:

- A scientific method of grouping the businesses of a multi – business corporation which helps the firm in strategic planning.
- An improvement over the territorial grouping of businesses and strategic planning based on territorial units.
- Strategic planning for SBU is distinct from rest of businesses. Products/ businesses within an SBU receive same strategic planning treatment and priorities.
- Each SBU will have its own distinct set of competitors and its own distinct strategy.
- The CEO of SBU will be responsible for strategic planning for SBU and its profit performance.
- Products/businesses that are related from the stand point of function are assembled together as a distinct SBU.
- Unrelated products/ businesses in any group are separated into separate SBUs.
- Grouping the businesses on SBU lines helps in strategic planning by removing the vagueness and confusion.
- Each SBU is a separate business and will be distinct from one another on the basis of mission, objectives etc.

Q23.	Maadhyam, a hearing aid manufacturer recently introduced an AI based management tool that has the capabilities of managing teams across functions. What could be their new organisational structure post this implementation? (a) Divisional Structure (b) Matrix Structure (c) Hourglass Structure (d) Network Structure **(RTP, May 2022, NA)**
	Correct answer: (c) Hourglass Structure
Q24.	How the 'Strategic Business Unit (SBU), structure becomes imperative in an organization with increase in number, size and diversity of divisions? **(RTP, May 2022, NA)**
	SBU is a part of a large business organization that is treated separately for strategic management purposes. The concept of SBU is helpful in creating an SBU organizational structure. It is separate part of large business serving product markets with readily identifiable competitors. It is created by adding another level of management in a divisional structure after the divisions have been grouped under a divisional top management authority based on the common strategic interests. Very large organisations, particularly those running into several products, or operating at distant geographical locations that are extremely diverse in terms of environmental factors, can be better managed by creating strategic business units. SBU structure becomes imperative in an organisation with increase in number, size and diversity. SBUs helps such organisations by:

	• Establishing coordination between divisions having common strategic interest. • Facilitate strategic management and control. • Determine accountability at the level of distinct business units. • Allow strategic planning to be done at the most relevant level within the total enterprise. • Make the task of strategic review by top executives more objective and more effective. • Help to allocate resources to areas with better opportunities
Q25.	"A network structure is suited to unstable environment." Elucidate this statement **(RTP, May 2022, NA)**
	Network structure is a newer and somewhat more radical organizational design. The network structure could be termed a "non-structure" as it virtually eliminates in-house business functions and outsource many of them. An organization organized in this manner is often called a virtual organization because it is composed of a series of project groups or collaborations linked by constantly changing non-hierarchical, cobweb-like networks. The network structure becomes most useful when the environment of a firm is unstable and is expected to remain so. Under such conditions, there is usually a strong need for innovation and quick response. Instead of having salaried employees, it may contract with people for a specific project or length of time. Long-term contracts with suppliers and distributors replace services that the company could provide for itself through vertical integration. The network structure provides organization with increased flexibility and adaptability to cope with rapid technological change and shifting pattern of international trade and competition.
Q26.	J&P, a western wear brand has contracted Pee Kaw marketing firm from Singapore, product design team working as an outsource company from Mexico and Humans branding company taking care of its people's operations. What kind of structure is this? (a) Hourglass Structure (b) Outsourcing (c) Network Structure (d) Tree Branch Structure **(MTP 1, May 2022, 2 Marks)**
	Correct answer: (c) Network Structure
Q27.	What do you understand by functional structure? **(MTP 1, May 2022, 5 Marks)**
	Functional structure is widely used because of its simplicity and low cost. A functional structure groups tasks and activities by business function. The functional structure consists of a chief executive officer or a managing director and limited corporate staff with functional line managers in dominant functions such as production, accounting, marketing, R&D, engineering, and human resources. Disadvantages of a functional structure are that it forces accountability to the top, minimizes career development opportunities, etc.
Q28.	Correct/ Incorrect. Network Structures eliminate many in-house functions.

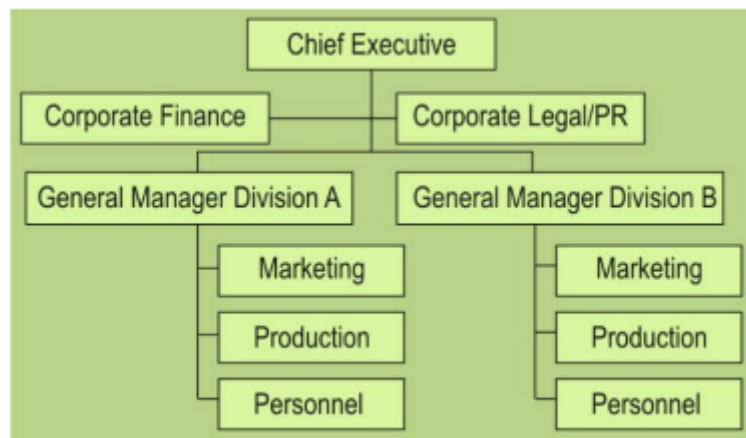|	
	(RTP, May 2018, NA)
	The statement is correct.
	The network structure can be termed a "non-structure" by its virtual elimination of in-house business functions. Many activities are outsourced. A corporation organized in this manner is often called a virtual organization because it is composed of a series of project groups or collaborations linked by constantly changing non-hierarchical, cobweb-like networks.
Q29.	Draw 'Divisional Structure' with the help of a diagram. Also, give advantages and disadvantages of this structure in brief. **(SA, Nov 2020, 5 Marks) (Study Material)**
	Divisional structure is that organizational structure which is based on extensive delegation of authority and built on division basis. The divisional structure can be organized in one of the four ways: by geographic area, by product or service, by customer, or by process. With a divisional structure, functional activities are performed both centrally and in each division separately. Figure: Divisional Structure **Advantages of divisional structure** ● **Accountability is clear:** Divisional managers can be held responsible for sales and profit levels. Because a divisional structure is based on extensive delegation of authority, managers and employees can easily see the results of their good or bad performances and thus their morale is high. ● **Other advantages:** It creates career development opportunities for managers, allows local control of local situations, leads to a competitive climate within an organization, and allows new businesses and products to be added easily. **Disadvantages of divisional structure** ● **Higher cost:** Owing to following reasons: (i). requires qualified functional specialist at different divisions and needed centrally (at headquarters); (ii). It requires an elaborate, headquarters –driven control system.

	- **Conflicts between divisional managers:** Certain regions, products, or customers may sometimes receive special treatment, and it may be difficult to maintain consistent, company-wide practices.

7.2 Strategic Leadership

Q1.	Distinguish between the following: Transentional and transactional leadership **(RTP, May 2018, NA) (SA, Nov 2019, 5 Marks) (MTP 1, Nov 2021, 5 Marks)**
	Transformational leadership style use charisma and enthusiasm to inspire people to exert them for the good of the organization. Transformational leadership style may be appropriate in turbulent environments, in industries at the very start or end of their life-cycles, in poorly performing organizations when there is a need to inspire a company to embrace major changes. Transformational leaders offer excitement, vision, intellectual stimulation and personal satisfaction. Such a leadership motivates followers to do more than originally affected to do by stretching their abilities and increasing their self-confidence, and also promote innovation throughout the Organization. On the other hand, transactional leadership style focus more on designing systems and controlling the organization's activities and are more likely to be associated with improving the current situation. Transactional leaders try to build on the existing culture and enhance current practices. Transactional leadership style uses the authority of its office to exchange rewards, such as pay and status. They prefer a more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement or non-achievement. Transactional leadership style is more suitable in settled environment, in growing or mature industries, and in organizations that are performing well.
Q2.	Suresh Sinha has been recently appointed as the head of a strategic business unit of a large multiproduct company. Advise Mr Sinha about the leadership role to be played by him in execution of strategy. **(RTP, May 2018, NA) (MTP 2, May 2021, 5 Marks) (Study Material)**
	Leading change has to start with diagnosing the situation and then deciding which of several ways to handle it. Managers have five leadership roles to play in pushing for good strategy execution: (i) Staying on top of what is happening, closely monitoring progress, solving out issues, and learning what obstacles lie in the path of good execution. (ii) Promoting a culture of esprit de corps that mobilizes and energizes organizational members to execute strategy in a competent fashion and perform at a high level. (iii) Keeping the organization responsive to changing conditions, alert for new opportunities, bubbling with innovative ideas, and ahead of rivals in developing competitively valuable competencies and capabilities. (iv) Exercising ethical leadership and insisting that the company conduct its affairs like a model corporate citizen.

	(v) Pushing corrective actions to improve strategy execution and overall strategic performance.
Q3.	Ritchwick, located in Mumbai, Maharashtra, is owner of a popular brand of ready to eat snack 'Trendy'. Yash, his son after completing Chartered Accountancy started assisting his father in running of business. The approaches followed by father and son in management were very different. While Ritchwick preferred to use authority and having a formal system of defining goals and motivation with explicit rewards and punishments, Yash believed in involving employees and generating enthusiasm to inspire people to deliver in the organization. Discuss the leadership style of Ritchwick and Yash.

(MTP 2, May 2018, 5 Marks) |
| | Ritchwick is a follower of transactional leadership style that focuses on designing systems and controlling the organization's activities. Such a leader believes in using authority of its office to exchange rewards, such as pay and status. They prefer a more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement or non-achievement. Transactional leaders try to build on the existing culture and enhance current practices. The style is better suited in persuading people to work efficiently and run operations smoothly.

On the other hand, Yash is follower of transformational leadership style. The style uses charisma and enthusiasm to inspire people to exert them for the good of the organization. Transformational leaders offer excitement, vision, intellectual stimulation and personal satisfaction. They inspire involvement in a mission, giving followers a 'dream' or 'vision' of a higher calling so as to elicit more dramatic changes in organizational performance. Such a leadership motivates followers to do more than originally affected to do by stretching their abilities and increasing their self- confidence, and also promote innovation throughout the organization. |
| Q4. | Ram and Shyam are two brothers engaged in the business of spices. Both have different approaches to management. Ram prefers the conventional and formal approach in which authority is used for explicit rewards and punishment. While, on the other hand, Shyam believes in democratic participative management approach, involving employees to give their best.

Analyse the leadership style followed by Ram and Shyam.

(SA, May 2018, 5 Marks) |
| | Ram is a follower of transactional leadership style that focuses on designing systems and controlling the organization's activities. Such a leader believes in using authority of its office to exchange rewards, such as pay and status. They prefer a more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement or non-achievement. Transactional leaders try to build on the existing culture and enhance current practices. The style is better suited in persuading people to work efficiently and run operations smoothly.

On the other hand, Shyam is a follower of transformational leadership style. The style uses charisma and enthusiasm to inspire people to exert them for the good of the organization. Transformational leaders offer excitement, vision, intellectual stimulation and personal satisfaction. They inspire involvement in a mission, giving followers a 'dream' or 'vision' of a higher calling so as to elicit more dramatic changes in organizational performance. Such a leadership motivates followers to do more than originally affected to do by stretching their abilities and increasing their self-confidence, and also promote innovation throughout the organization. |

Q5.	KaAthens Ltd., a diversified business entity having business operations across the globe. The company leadership has just changed as Mr. D. Bandopadhyay handed over the The company leadership has just changed as Mr. D. Bandopadhyay handed over the pedals to his son Aditya Bandopadhyay, due to his poor health. Aditya is a highly educated with an engineering degree from IIT, Delhi. However, being very young he is not clear about his role and responsibilities,
	In your view, what are the responsibilities of Aditya Bandopadhyay as CEO of the company.
	(RTP, Nov 2018, NA) (RTP, May 2020, NA) (Study Material)
	Aditya Bandopadhyay, an effective strategic leader of KaAthens Ltd. must be able to deal with the diverse and cognitively complex competitive situations that are characteristic of today's competitive landscape.
	A Strategic leader has several responsibilities, including the following: • Making strategic decisions. • Formulating policies and action plans to implement strategic decision. • Ensuring effective communication in the organisation. • Managing human capital (perhaps the most critical of the strategic leader's skills). • Managing change in the organisation. • Creating and sustaining strong corporate culture. • Sustaining high performance over time.
Q6.	Mathew & Sons Ltd. is a diversified business entity having business operations across the globe. Presently, Mr. Mathew is the CEO of Mathew & Sons Ltd. He is going to retire in next 4 months, so he has decided to change the company's leadership and hand over the pedals to his elder son Marshal. Marshal is a highly educated with an engineering degree from USA. However, being very young he is not clear about his role and responsibilities.
	In your view, what are the responsibilities of Marshal as CEO of Mathew & Sons Ltd.
	(MTP 1, Nov 2018, 5 Marks)
	Marshal, to be an effective strategic leader of Mathew & Sons Ltd. must be able to deal with the diverse and cognitively complex competitive situations that are characteristic of today's competitive landscape. He has several responsibilities, including the following: • Making strategic decisions. • Formulating policies and action plans to implement strategic decision. • Ensuring effective communication in the organisation. • Managing human capital (perhaps the most critical of the strategic leader's skills). • Managing change in the organisation. • Creating and sustaining strong corporate culture. • Sustaining high performance over time.
Q7.	Which of the following situation will most likely suit a transformational leader? (a) An organization that is in trouble. (b) A growing organization. (c) An organization in a stable environment. (d) An organization at maturity stage of product life cycle.
	(RTP, May 2019, NA)

	Correct answer: (a) An organization that is in trouble
Q8.	Ramesh, is owner of a popular brand of Breads. Yashpal, his son after completing Chartered Accountancy started assisting his father in running of business. The approaches Chartered Accountancy started assisting his father in running of business. The approaches followed by father and son in management were very different. While Ramesh preferred to use authority and having a formal system of defining goals and motivation with explicit rewards and punishments, Yashpal believed in involving employees and generating enthusiasm to inspire people to deliver in the organization. Discuss the difference in leadership style of father and son. **(RTP, May 2019, NA) (Study Material)**
	Ramesh is a follower of transactional leadership style that focuses on designing systems and controlling the organization's activities. Such a leader believes in using authority of its office to exchange rewards, such as pay and status. They prefer a more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement or non-achievement. Transactional leaders try to build on the existing culture and enhance current practices. The style is better suited in persuading people to work efficiently and run operations smoothly. On the other hand, Yashpal is follower of transformational leadership style. The style uses charisma and enthusiasm to inspire people to exert them for the good of the organization. Transformational leaders offer excitement, vision, intellectual stimulation and personal satisfaction. They inspire involvement in a mission, giving followers a 'dream' or 'vision' of a higher calling so as to elicit more dramatic changes in organizational performance. Such a leadership motivates followers to do more than originally affected to do by stretching their abilities and increasing their self-confidence, and also promote innovation throughout the organization.
Q9.	Who is a transformational leader? a. Someone who is involved in organizational change. b. A leader, who provides new ways of carrying out management. c. A leader who inspires the workers to new levels by offering them a vision of a better future. d. A leader who tries to transform their staff by giving them rewards for what they do. **(MTP 2, May 2019, 1 Mark)**
	Correct answer: (c) A leader who inspires the workers to new levels by offering them a vision of a better future
Q10.	Discuss the leadership roles played by the managers in pushing for good strategy execution. **(SA, May 2019, 5 Marks) (Study Material)**
	A manager as a strategic leader has many different leadership roles to play: visionary, chief entrepreneur and strategist, chief administrator, culture builder, resource acquirer and allocator, capabilities builder, process integrator, crisis solver, spokesperson, negotiator, motivator, arbitrator, policy maker an so on. Managers have five leadership roles to play in pushing for good strategy execution: 1. Staying on top of what is happening, closely monitoring progress, working through issues and obstacles.

	2. Promoting a culture that mobilizes and energizes organizational members to execute strategy and perform at a high level.
	3. Keeping the organization responsive to changing conditions, alert for new opportunities and remain ahead of rivals in developing competitively valuable competencies and capabilities.
	4. Ethical leadership and insisting that the organization conduct its affairs like a model corporate citizen.
	5. Pushing corrective actions to improve strategy execution and overall strategic performance.
Q11.	_____ leadership style may be appropriate in turbulent environment. (a) Transactional (b) Transformational (c) Autocratic (d) None of these **(MTP 1, Nov 2019, 1 Mark)**
	Correct answer: (b) Transformational
Q12.	In strategic management, there are two main styles of leadership. These are transformational and: (a) Transparent (b) Transitional (c) Translational (d) Transactional **(RTP, May 2020, NA)**
	Correct answer: (d) Transactional
Q13.	How can you differentiate between transformational and transactional leaders? **(RTP, Nov 2020, NA) (RTP, Nov 2021, NA) (Study Material)**
	Difference between transformational and transactional leadership: 1. Transformational leadership style uses charisma and enthusiasm to inspire people to exert them for the good of organization. Transactional leadership style uses the authority of its office to exchange rewards such as pay, status symbols etc. 2. Transformational leadership style may be appropriate in turbulent environment, in industries at the very start or end of their cycles, poorly performing organisations, when there is a need to inspire a company to embrace major changes. Transactional leadership style can be appropriate in static environment, in growing or mature industries and in organisations that are performing well. 3. Transformational leaders inspire employees by offering excitement, vision, intellectual stimulation and personal satisfaction. Transactional leaders prefer a more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement and non-achievement. Transactional leaders focus mainly to build on existing culture and enhance current practices.
Q14.	Suraj Prakash and Chander Prakash are two brothers engaged in the business of spices. Both have different approaches to management. Suraj Prakash prefers the conventional and formal approach in which authority is used for explicit rewards and punishment. While, on the other hand, Chander

Prakash believes in democratic participative management approach, involving employees to give their best.

Analyse the leadership style followed by Suraj Prakash and Chander Prakash.

(RTP, May 2021, NA)

Suraj Prakesh is a follower of transactional leadership style that focuses on designing systems and controlling the organization's activities. Such a leader believes in using authority of its office to exchange rewards, such as pay and status. They prefer a more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement or non-achievement. Transactional leaders try to build on the existing culture and enhance current practices. The style is better suited in persuading people to work efficiently and run operations smoothly.

On the other hand, Chander Prakash is a follower of transformational leadership style. The style uses charisma and enthusiasm to inspire people to exert them for the good of the organization. Transformational leaders offer excitement, vision, intellec tual stimulation and personal satisfaction. They inspire involvement in a mission, giving followers a 'dream' or 'vision' of a higher calling so as to elicit more dramatic changes in organizational performance. Such a leadership motivates followers to do more than originally affected to do by stretching their abilities and increasing their self-confidence, and also promote innovation throughout the organization.

| Q15. | Greg was heading the Global Biscuits SBU for Jonky's Ltd. and he got an email congratulating him for being promoted as the head of entire business of Jonky's in India. Which of the following statements is true about Greg's position?

(a) Greg was a business level manager but now he is a corporate level manager

(b) Greg was a functional level manager but now he is a corporate level manager

(c) Greg was a business level manager and now also he is a business level manager

(d) Greg was a corporate level manager and now also he is a corporate level manager

(MTP 1, May 2022, 2 Marks) |

Correct answer: (a) Greg was a business level manager but now he is a corporate level manager

| Q16. | What do you mean by strategic leadership? What are two approaches to leadership style?

(Study Material) |

Strategic leadership is the ability of influencing others to voluntarily make decisions that enhance prospects for the organization's long-term success while maintaining short-term financial stability. It includes determining the firm's strategic direction, aligning the firm's strategy with its culture, modelling and communicating high ethical standards, and initiating changes in the firm's strategy, when necessary. Strategic leadership sets the firm's direction by developing and communicating a vision of future and inspire organization members to move in that direction. Unlike strategic leadership, managerial leadership is generally concerned with the short-term, day-to-day activities.

Two basic approaches to leadership can be transformational leadership style and transactional leadership style.

Transformational leadership style use charisma and enthusiasm to inspire people to exert them for the good of the organization. Transformational leadership style may be appropriate in turbulent environments, in industries at the very start or end of their life-cycles, in poorly performing

organizations when there is a need to inspire a company to embrace major changes. Transformational leaders offer excitement, vision, intellectual stimulation and personal satisfaction. They inspire involvement in a mission, giving followers a ''dream' or 'vision' of a higher calling so as to elicit more dramatic changes in organizational performance. Such a leadership motivates followers to do more than originally affected to do by stretching their abilities and increasing their self-confidence, and also promote innovation throughout the organization.

Transactional leadership style focuses more on designing systems and controlling the organization's activities and are more likely to be associated with improving the current situation. Transactional leaders try to build on the existing culture and enhance current practices. Transactional leadership style uses the authority of its office to exchange rewards, such as pay and status. They prefer a more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement or non-achievement.

Transactional leadership style may be appropriate in static environment, in growing or mature industries, and in organizations that are performing well. The style is better suited in persuading people to work efficiently and run operations smoothly.

7.3 Strategy Supportive Culture

Q1.	Write short note on Importance of corporate culture. **(RTP, Nov 2018, NA)**
	A culture where creativity, embracing change, and challenging the status quo are pervasive is very conducive to successful execution of a product innovation and technological leadership strategy. A culture built around such business principles as listening to customers, encouraging employees to take pride in their work, and giving employees a high degree of decision-making responsibility is very conducive to successful execution of a strategy of delivering superior customer service. A strong strategy-supportive culture nurtures and motivates people to do their jobs in ways conducive to effective strategy execution; it provides structure, standards, and a value system in which to operate; and it promotes strong employee identification with the company's vision, performance targets, and strategy. All this makes employees feel genuinely better about their jobs and work environment and the merits of what the company is trying to accomplish. Employees are stimulated to take on the challenge of realizing the company's vision, do their jobs competently and with enthusiasm, and collaborate with others as needed to bring the strategy to success.
Q2.	Describe corporate culture. Elaborate the statement "Culture is a strength that can also be a weakness". **(SA, Nov 2018, 5 Marks)** **Or** How can a corporate culture be both strength and weakness of an organisation? **(MTP 1, May 2019, 5 Marks) (MTP 1, Nov 2019, 5 Marks)**

	Or What is corporate culture? How is it both strength and weakness of an organisation? **(Study Material)**
	Corporate culture refers to a company's values, beliefs, business principles, traditions, way of operating and internal work environment. Every corporation has a culture that exerts powerful influences on the behaviour of managers. **Culture as a strength –** Culture can facilitate communication, decision making and control and create cooperation and commitment. An organisation's culture could be strong and cohesive when it conducts its business according to clear and explicit set of principles and values. The management devotes considerable time in communicating values & principles to employees and sharing them widely across the organisation. **Culture as a weakness –** can obstruct the smooth implementation of strategy by creating resistance to change. An organisation's culture can be characterised as weak when many sub cultures exist, few values and behavioural norms are shared and traditions are rare. In such organisations, employees do not have a sense of commitment, loyalty and a sense of identity.
Q3.	Jupiter Electronics Ltd. is known for its ability to come out with path-breaking products. Though the work environment at Jupiters is relaxed and casual, yet, there is a very strong commitment to deadlines. The employees believe in ""work hard play hard"" ethic. The organisation has moved away from formal and hierarchical set up to a more results-driven approach. Employees are committed to strategies and work towards achieving them. They guard innovations, maintain confidentiality and secrecy in their working. They are closely related to values, practices, and norms of organisations. What aspects of an organization that are being discussed? Explain. **(RTP, Nov 2019, NA) (Study Material)**
	The scenario being referred to is culture in Jupiter Electronics. Strong culture promotes good strategy execution when there's fit and impels execution when there's negligible fit. A culture grounded in values, practices, and behavioral norms that match what is needed for good strategy execution helps energize people throughout the organization to do their jobs in a strategy-supportive manner. A culture built around such business principles as listening to customers, encouraging employees to take pride in their work, and giving employees a high degree of decision-making responsibility. This is very conducive to successful execution of a strategy of delivering superior customer service. A strong strategy-supportive culture makes employees feel genuinely better about their jobs and work environment and the merits of what the company is trying to accomplish. Employees are stimulated to take on the challenge of realizing the organizational vision, do their jobs competently and with enthusiasm, and collaborate with others.
Q4.	How can management communicate that it is committed to creating a new culture assuming that the old culture was problematic and not aligned with the company strategy? **(RTP, May 2021, NA) (MTP 1, May 2021, 5 Marks)**
	Corporate culture refers to company's values, beliefs, business principles, traditions, ways of operating and internal work environment. Changing problem cultures is very difficult because of deeply held

values and habits. It takes concerted management action over a period of time to replace an unhealthy culture with a healthy culture or to root out certain unwanted cultural obstacles and instil ones that are more strategy -supportive.

- The first step is to diagnose which facets of the present culture are strategy supportive and which are not.
- Then, managers have to talk openly and forthrightly to all concerned about those aspects of the culture that have to be changed.
- The talk has to be followed swiftly by visible, aggressive actions to modify the culture-actions that everyone will understand are intended to establish a new culture more in tune with the strategy.

Management through communication has to create a shared vision to manage changes. The menu of culture-changing actions includes revising policies and procedures, altering incentive compensation, shifting budgetary allocations for substantial resources to new strategy projects, recruiting and hiring new managers and employees, replacing key executives, communication on need and benefit to employees and so on.

Q5.	Correct/ Incorrect. Corporate culture is always identical in all the business organizations. **(SA, May 2018, 2 Marks)**
	The statement is incorrect. Every company has its own organisational culture. Each has its own business philosophy and principles, its own ways of approaching to the problems and making decisions, its own work climate, work ethics, etc. Therefore, corporate culture is not identical in all organisations. Organisations over a period of time inherit and percolate down its own specific work ethos and approaches.

7.4 Entrepreneurship and Intrapreneurship

Q1.	Define Entrepreneur. What are the characteristics of an entrepreneur? **(RTP, May 2018, NA)** **Or** Write short note on Entrepreneur **(MTP 1, Nov 2018, 5 Marks)** **Or** "Entrepreneur is an individual who conceives the idea of starting a new venture." In light of this statement discuss who is an entrepreneur. **(SA, May 2021, 5 Marks)**

	Entrepreneurship is an attitude of mind to seek opportunities, take calculated risk and drive benefits by starting and running a venture. It comprises of numerous activities involved in conception, creation and running an enterprise. An entrepreneur is an individual who conceives the idea of starting a new venture, takes all types of risks, not only to put the product or service into reality but also to make it an extremely demanding one. An entrepreneur is one who:

- Initiates and innovates a new concept.
- Recognises and utilises opportunity.
- Arranges and coordinates resources such as man, material, machine and capital.
- Faces risks and uncertainties.
- Establishes a startup company.
- Adds value to the product or service.
- Takes decisions to make the product or service a profitable one.
- Is responsible for the profits or losses of the company.

Q2.

Always Fit is a company that operates in pharmacy store chain s. Its stores are specialized in providing prescribed medicines, health and wellness products etc . in the country . The store chain is having surplus space which can be utilized for other purposes. Azad, a senior executive of the research and development wing in the company conceives an idea to manufacture and sell the cosmetic products for utilizing the surplus space available i n the pharmacy stores.

Identify and explain the role of Azad in company.

(MTP 1, May 2018, 5 Marks) (Study Material)

Azad plays role as an intrapreneur who operates within the boundaries of an organisation. He is an employee of Always Fit, who is vested with authority of initiating creativity and innovation in the company's products, services and projects, redesigning the processes, workflows and systems.

Azad believes in change and do not fear failure. He discovers a new idea which can benefit the whole organization by utilizing the surplus space in the stores. The job of Azad is extremely challenging. He gets recognition and reward for the success achieved.

Q3.

Distinguish between Entrepreneurs and Intrapreneurs.

(MTP 2, Nov 2018, 5 Marks)

The terms Entrepreneur and the Intrapreneur might seem the same words to hear, but both the terms have much differences including their spelling and characteristics. The differences between these two terms have been shortly gleaned below:-

	Entrepreneur	Intrapreneur
Dependency	An entrepreneur is independent in his operations.	An intraprenuer is dependent on the entrepreneur, i.e. the owner.
Raising of Funds	An entrepreneur himself raises funds required for the enterprise.	Funds are not raised by the Intrapreneur.
Risk	Entrepreneur bears the risk involved in the business.	An intraprenuer does not fully bear the risk involved in the enterprise.
Operation	An entrepreneur operates from outside.	On the contrary, an intraprenuer operates from within the organization itself.

Orientation	An entrepreneur begins his business with a newly set up enterprise.	An intrapreneur sets up his enterprise after working someone else's organization.
Experience	As an entrepreneur establishes new business, so he does not possess any experience over the business.	An intrapreneur establishes his business after gathering experiences through working in the other organizations.

According to the above table, anyone can differentiate between the entrepreneur and intrapreneur as both the terms are heterogeneous.

Q4.	A person who searched for business opportunity and starts a new enterprise to make use of that opportunity is called (a) Employee (b) Entrepreneur (c) Intrapreneur (d) Investor **(MTP 1, Nov 2019, 1 Mark)**
	Correct answer: (b) Entrepreneur
Q5.	An entrepreneur is one who: (a) Initiates and innovates a new concept. (b) Does not recognize and utilizes opportunities. (c) Does not want to face risks and uncertainties. (d) None of these. **(RTP, May 2020, NA)**
	Correct answer: (a) Initiates and innovates a new concept