

TILAK MAHARASHTRA UNIVERSITY
Masters of Business Administration (Distance)

Home Assignment - IInd year – Semester III

Marks : 80

Code : MD-101

Essentials of Management

Note :

- * The Paper consists of two sections I & II
- * Attempt any 4 questions from Section I
- * Questions from Section I carry equal marks
- * Section II is Compulsory

Section I

- Q.1. Why has Fredrick Taylor been called “the father of scientific management” and Herry Fayol the “father of modern management theory”. (15 marks)
- Q.2. Discuss the nature and purpose of strategies and policies?
Describe some major kinds of strategies. (15 marks)
- Q.3. “Decision making is the primary task of the manager “. Comment. (15 marks)
- Q.4. What is an assessment center? How does it work? Would you like to participate in such a center? Why or why not? (15 marks)
- Q.5. Write short notes (any 3) (15 marks)
- a) Motivation
 - b) Barriers in Communication
 - c) Quality of working life
 - d) Control techniques
 - e) Structure of Organisation

Section II

Case Study

(20 marks)

Shanghai Volkswagen is a joint venture between the German Volkswagen AG and a consortium of Chinese partners. The 25-year agreement signed by the partners in the middle of 1980s provided for 50 per cent VW AG equity. By 2001, this venture was the most successful automobile venture in China. Other attempts made by the US AMC Jeep Corporation and other carmakers failed. While other companies were attracted by the large population of 1.2 billion people (certainly only a very small percentage would be the customers), VW built the successful venture over the years.

By 2001, it had a market share of over 50 per cent due to introducing “hot” models and assuring reliable service. But a great deal of effort was necessary to build up this market.

The early years were not without difficulties. For example, VW had to develop suppliers for quality components, train the work force, work under constraints imposed by the government, and had to share its largest engine technology. The Santana model, that proved successful in Brazil, was the primary vehicle that suited the Chinese market. By 1995, the improved Santana 2000 was introduced. The ultimate aim of the Chinese, however, is to design, and eventually develop their cars by themselves. The factory, not far way from Shanghai, has one of the most modern engine plants. Chinese engineers and managers were sent to the factory in Wolfsburg, Germany for training. Moreover, Chinese managers and technicians attended German universities to gain engineering expertise. One of the major difficulties was the lack of suppliers of quality components. Therefore, VW also introduced an incentive system that aid their suppliers handsomely for quality car products. At the same time, the company worked hard to build relationships not only with the suppliers, but also with the community.

The Chinese government, on the other hand, provided tax incentives and protected the car market for VW during the early years. For example, from 1993 to 1996 the government did not permit other carmakers to set up joint ventures for passenger car assemblies. The combination of hot models and reliable service resulted in an 8 per cent sales increase in 2000 and expected sales of more than 14 percent in 2001. Besides the popular Santana model, VW produces Jettas, Passats and Polos that should result in more than 4,00,000 cars in 2001. But the competition is not sleeping with Ford introducing a budget car and Toyota a compact car. With 90 percent of the parts produced in China, VW was unable to keep the price lower than its competitors. Still the Passat at \$ 29,000 is expensive for a person having monthly earnings of \$ 1,200. In comparison, the midsize Buick by General Motors costs \$ 44,000, partly due to the fact that only 60 percent of the parts are locally made. With China’s entrance to the World Trade Organisation (WTO) in 2001, competition is likely to increase, putting pressure on prices. VW could counteract by bringing the low-priced, Czech Skoda (which is wholly owned by VW) to China. Although successful in the past, VW cannot rest on its past success, but must prepare for the future global competition.

Questions :

- 1) Why was VW so successful in China while other companies failed ?
- 2) What would you recommend to Shanghai VW to remain successful in the future?
- 3) Was it wise of VW AG in Germany to share its largest engine technology with the Chinese ?