

**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**

Course: Principles and Practices of Management
Semester-I (Batch: 2020-25)

End Semester Online Examination: February 2021

Date: 10th February, 2021

Duration: 8 hours

Max. Marks: 50

Instructions:

- The respective marks for each question are indicated in-line.
- Indicate correct question numbers in front of the answer.
- No questions or clarification can be sought during the exam period, answer as it is, giving reason, if any.
- Prescribed Word Limit: 550-600 words

Answer Any five

Marks

- Q.1 *"In the autumn of his life, there are few regrets over the twists and turns it has taken. But when asked on his sixtieth birthday whether there was anything lacking in his life, Dhirubhai surprisingly replied: "Yes. Business and its expansion takes up all my energy. I have not been able to devote enough time for social work and I feel sad about it. But, in another sense, 23 lakh shareholders plus countless others have benefited directly or indirectly from Reliance's success. Still, in the area of social work a lot needs to be done."* (10)

The admission was a major turnaround for the man who earlier had stoutly attacked the idea of corporate charity. "What is our social commitment? Helping the blind or doing charity or something like that? No," he was fond of declaring. "As an industrialist my job is to produce goods to satisfy the demand. Let's be very clear about it. Everyone has to do his job. My commitment is to produce at the cheapest price and the best quality. If you dabble in everything then you make a mess of things. If we can't take care of our shareholders and employees and start worrying about the world, then that is hypocrisy."

(Source: *Business Maharajas* by Ms. Gita Piramal)

Based on the above passage, give your views on the shift in the perspective of Mr. Dhirubhai Ambani towards social work with appropriate reasoning.

- Q.2 *"At times during its 30-year journey, Infosys turned bureaucratic, its business ethics got jeopardized and some of its leaders failed to take bold decisions, its outgoing Chairman, Mr N.R. Narayana Murthy, has said.* (10)

In an emotional letter to Infosys' shareholders, which would be his last as the company's chairman, Mr Murthy has also said he is sad about the exit of some of his colleagues from India's second largest IT company.

Listing out 'the moments of great dilemmas and sadness' during his 30-year tenure at Infosys, the company's founding member said: "Accepting the resignation of a senior colleague and dealing with the instance where our code of ethics was jeopardized were tests of adherence to our values."

The letter from Mr Murthy, who would be succeeded by eminent banker Mr K.V. Kamath as Infosys Chairman with effect from August 21, has been published in the company's annual report for 2010-11. Thereafter, Mr Murthy will serve as Chairman Emeritus.

He further said: "Occasional incidents of the organisation turning bureaucratic, the inability of some of our leaders to take quick and firm decisions, and the government-company interface becoming less business-friendly from time to time are things that make me sad."

But then, this tapestry of happy and not-so-happy incidents is normal and keeps life exciting," he quickly added. He also mentioned about refusing 'unreasonable terms' of business even at the cost of losing business with a Fortune-10 (one of the world's ten largest companies). Mr Murthy said it was disheartening "bidding goodbye" to some bright colleagues.

"Deliberating all alone on the resignation offer of a co-founder is not something I would wish even upon my enemy," he added. Possibly hitting towards the recent incidents when two directors, Mr K. Dinesh and Mr T.V. Mohandas Pai, resigned from the company, Mr Murthy said: "Being accused of violating our own high standards of business ethics recently made me lose several nights of sleep."

Mr Pai had reportedly said that he did not agree with the company practice of seniority getting a priority over meritocracy in deciding the leadership team.

Likening Infosys' journey as an "extraordinary marathon", Mr Murthy said that "some people drop out of the marathon since they do not see any value in an organisation when their own time under the arc light is over."

"A leader's responsibility is to recognise this, provide them opportunities outside the organisation and usher in suitable replacements. Infosys' journey is replete with many such examples," he said.

Mr Murthy said that it was necessary for leaders to take bold and firm decisions in an environment of uncertainty. He said he had to explain to his colleagues when he refused to do business with a Fortune-10 company.

"My decision to walk away from a Fortune-10 company when they contributed 25 per cent of our revenue was one such example of decision making under uncertainty."

"It was a tough decision that was taken so calmly and firmly that the head of sales at Infosys at that time thought I was not bothered about the future of the company!" he said.

"I had to explain to him that I did not indeed agonise over it, but that, as a leader, I could not be driven by panic since such an important decision required a calm and composed mind," Mr Murthy noted. He asserted Infosys has demonstrated that business can be run legally and ethically and it was possible for an Indian company to benchmark with the best in the world."

(Source: *The Hindu Business Line*, May 18, 2011)

Critically analyze the perspective of Mr. Narayan Murthy in the context of business growth vis-a-vis business ethics and values as a leader.

Q.3 Jack Welch: "Lead a company, don't over-manage it"

"At one time, most senior managers performed only limited functions. They watched, supervised and dictated orders to their underlings. Isolated from their subordinates and employees, these top managers could neither inspire them nor grant them permission to take initiatives not mandated from the top down. Welch abhors this approach. He often said that he wants his top people to lead not manage. Managers control, they don't facilitate, says Welch. Managers complicate things, they don't simplify them. Managers keep their feet on the brakes, in a manner of speaking, rather than on the gas, Welch has implied. Successful managers can only understand the entire work process if they integrate their duties to comprehend the multiple aspects of their business."

(Source: <https://www.investopedia.com>)

(10)

Give your views on the perspective of Jack Welch about the role of a manager and a leader. Also, explain the role of a manager as a leader in an organization.

Q.4 The Tatas' sustainability journey

"The early 1990s witnessed a new trend of environmental consciousness around global ecological issues such as ozone layer depletion, global warming and loss of bio-diversity. As one of the select few Asian business leaders to be involved in the deliberations of the global business community in the run-up to the Rio Earth Summit – 1992 (captured eventually in "Changing Course", produced by the Business Council for Sustainable Development), Tata chairman Ratan Tata ensured the group was responsive to these emerging concerns.

Of course, even before the 1990s, the Tata group had demonstrated concern for the environment. When planning the steel city of Jamshedpur, founder Jamsetji Tata directed his sons to "be sure to lay wide streets planted with shady trees, every other of a quick-growing variety. Be sure that there is plenty of space for lawns and gardens".

When Tatas decided to set up their chemical works in 1939 in the semi-arid Mithapur area of Gujarat, their innovative genius yielded significant water conservation initiatives that supported not only the new soda ash plant, but also a township of over 10,000 people. When Tata Motors built its new automotive plant in 1966 in Pune, a lake was created next to the plant with water entirely supplied by the plant's effluent treatment system; this is now a haven for many species of rare migratory birds.

In the wake of the Rio Summit, Tatas became founding donors for the establishment of the Environment Division at the Confederation of Indian Industry (CII), with the charter to create awareness around environment assessment, planning and management.

With compelling scientific evidence of climate change in the mid-2000s, the Tata group stepped up its response. A Climate Change Policy, authored by Ratan Tata, mandated Tata companies to "measure their carbon footprint ... strive to be the benchmark in their segment of industry on carbon footprint ... engage actively in climate advocacy and ... incorporate 'green' perspective in all key organizational processes". Over 50 Tata companies have estimated their carbon footprint, and over 500 climate champions have been trained across the group.

In 2012, the group partnered with the International Finance Corp. (IFC) and the Water Footprint Network (WFN) for water footprint assessments of Tata companies. A number of Tata companies have

(10)

estimated their water footprint and implemented water management levers such as rain water harvesting, reuse and recycling of treated waste water, and watershed management.

Alongside environmental protection measures, Tata companies have deployed cutting-edge technologies that exceed the requirements of new environmental regulations. For its 4,000MW Ultra Mega Power Plant at Mundra, Tata Power's choice of Super Critical Technology and unit sizes resulted in lower greenhouse gas emissions than would be produced by regular coal-fired power stations. Tata Power has resolved to generate 40% of its electricity generation capacity from non-fossil fuel sources by 2025, and is already one of the largest renewable energy producers in India; its subsidiary, Tata Power Solar, is India's largest roof-top solar player.

Tata Steel's Hisarna project aims to develop steel making technology with 20% lower carbon emissions. Its massive new Kalanganagar project (Odisha) fully complies with recent ZLD (zero liquid discharge) requirements, ensuring no liquid effluents flow beyond the plant's boundaries.

In sync with the group's focus on sustainability, a new organization—the Tata Sustainability Group (TSG)—was formed in 2014. Besides partnering Tata companies on their ongoing CSR initiatives, TSG has evangelized volunteering across the Tata group through Tata Engage, which now delivers over a million volunteering hours a year. To ensure that key sustainability messages cascade across the group, a Global Sustainability Council with the chief executives of various Tata companies has been constituted. For the past seven years, the month of June has been celebrated as Tata Sustainability Month, to embed 'sustainable thinking' at the core of the Tata group's strategy and encourage employees to embrace SMART (Sustainable Meaningful Actions for a Responsible Tata) actions in lifestyle and business decisions. In June 2015, the group adopted the Tata Sustainability Policy, which commits Tata companies to integrate environmental, social and ethical principles into their businesses.

While almost 40 Tata companies have undertaken sustainability reporting consistent with global reporting frameworks such as the United Nations Global Compact and the Global Reporting Initiative (GRI), Tata Steel has gone a step further and reported under the new International Integrated Reporting Council (IIRC) framework.

Tata Steel, Tata Chemicals and Tata Power, through their engagement with the Natural Capital Coalition, are piloting the recently published draft Natural Capital Protocol (NCP). New sustainability assessment guidelines are being imported into the group's in-house business excellence tool, the Tata Business Excellence Model.

In recent years, the Tata Group's annual spending on corporate social responsibility alone has exceeded ₹ 600 crore.

Large spends are incurred on environmental protection and technologies. Additional to these are the substantial charitable contributions of the Tata Trusts, the majority equity holders in Tata Sons, towards the promotion of sustainability.

Earlier this year, Bombay House, the group's headquarters, became the first and only heritage building in India to be awarded the 'Platinum Rating' of the Indian Green Building Council (IGBC). Proof, if any were required, that the group will continue to build on its rich heritage of commitment to sustainable development.

MukundRajan chairs the Tata Global Sustainability Council, and is a member of the Group Executive Council at Tata Sons."

(Source: The Mint, 31 May 2016)

As a manager, critically evaluate the socially responsible behavior of the Tata group from a 'cost – benefit analysis' perspective. Justify your answer with appropriate reasoning.

- Q.5 'Management is an art as well as science' – Do you agree with the statement? Justify your views with suitable examples. (10)
- Q.6 'Sending managers abroad to expand a business is one of the big challenges for an organization'. Do you agree? Substantiate your answer with required reasoning. (10)
