



## CII Institute of Logistics

Post Graduate Diploma in Supply Chain Management  
Semester-end Examination June 2008

### MANAGEMENT PRINCIPLES FOR LOGISTICIANS

Time : Three Hours

Marks : 100

#### Part A

Answer all questions (10 x 1 = 10 Marks)

State whether the following are 'TRUE' or 'FALSE'

- 1) John F. Mee defines management as the art of securing maximum prosperity with an minimum of effort so as to secure maximum prosperity and happiness for both the employer and employee and give the public the best possible service

(True / False)

- 2) Planning helps in finding out possible threats and potential opportunities by providing an insight into the feature.

(True / False)

- 3) Control is built in management function that measure current performance, Identify, suggest and desirable changes during implementation.

(True / False)

Choose the correct answer :

- 4) The basic activities involved in Human Resource Management are
- HR Planning
  - Staffing
  - Training and Development
  - Performance Appraisal
  - All the above

- 5) Elements of Controlling are

- Authority
- Knowledge
- Guidance
- None of the above
- All the Above

Fill In the Blanks:

- 6) Informal organization is strong and effective, it can develop an additional channel of communication in the form of rumor is known as -----.
- 7) The system by which the required information is collected, processed and present to the management to take better decision is known as -----.
- 8) The possible methods of recruitment are -----.
- 9) List the four phases involved in decision making?
- 10) List the types of information systems?

#### Part B

Answer any three (3 x 15 = 45)

- Explain Maslow's theory of hierarchy of needs?
- What are the sources of recruitment, explain in brief?
- Compare Centralization and Decentralization with an example?
- What are the principles of organization?
- Explain the components of an Information System?

### Part C

#### Case Study (3 x 15 = 45)

**Read the case carefully and answer all the questions. You may substantiate your answers with diagrams or models as may be necessary.**

Whirlpool is a major manufacturer of washing Machine in the USA. It has subsidiaries and sub-contractors who make some of the parts for the final product. One of these companies, Whirlpool Corporation, has a plant locate in Michigan state, which turns metal rods into washing machines.

The plant is not a high tech, state of the art facility, but only a small old fashioned tooling and planting shop. The company employs 265 workers. Because of low productivity, the company was considering closing the plant. The company also did not want to invest additional capital to upgrade the training workshops for the workers to improve the quality of product. However, the productivity per man-hour remained low, the rate of defective parts in the production remained high and the employee's morale remained generally low.

Thus the company decided to introduce a profit sharing plan whereby the workers would be encouraged to improve upon productivity as well as quality of the product and they would share in the extra costs saved or extra profits earned.

Even though, the worker were skeptical when the program was initiated they negotiated a gains sharing formula, which was suitable to both the management and the workers. It was agreed that there would be proportional to the savings achieved. Since the inception of the program the productivity has improved 19% to 110.6% units per worker as against 92.8 parts per worker prior to this program. Similarly, the number of defective parts has decreased from as high as 837 per million down to only 10 per million. During this time, the total worker pay increased by 12 per cent.

The workers have become so involved that they themselves keep looking for ways to cut costs. For example, one group of workers has been involved in finding ways to recycle the oil used to cool and lubricate machines. If these efforts are successful, the workers feel that they can save about \$41,000.00, which can be shared by them.

Even though the program has been successful, some workers are unhappy that all workers share the gains equally and this inhibits individual motivation. They feel

that some unproductive workers are being benefited because of some high productive workers and this arrangement does not seem to them to be equitable.

#### Questions:

1. Do you think gains-sharing programs are considered to be motivators for workers as individuals? Explain how the program has motivated the workers at Whirlpool Corporation.
2. Should the management continue with the current manufacturing facilities or should it invest capital in upgrading the technology of production? Which option would you help the management more and why?
3. What can the management do about the unproductive workers who are getting the same benefits as the productive workers?

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