CHAPTER FOUR

ABC (INDIA) PRIVATE LIMITED

a) A Profile of the Company

b) Brief Account of Business done

c) Discussion on the Investigations and Observations made
A PROFILE OF THE COMPANY

The Beginning:

New York, 1933, A bicycle tour arranged by Mr. ‘X’ set the pace for a small company called, ‘ABC’. Offering inexpensive and attractive tours, the Company soon became popularly known by its acronym. ABC then was ready to launch itself into the orbit of World Travel.

In India:

After a resounding success in the USA, ABC looked beyond the Atlantic Europe and Asia were exciting territories. Offices were set up in various parts of the world and ABC soon became a global entity. In 1956, ABC came to India. Mr. ‘X’ the present, Chairman and Managing Director fresh from the training, he had received in New York, set up the first office in New Delhi.

Early Years of Growth:

What began with a staff of just three, including late ‘Y’, soon made remarkable progress. Expanding rapidly to meet the increasing demand of a rising clientele, branch offices in various parts of India became inevitable. Foreseeing a policy of Indianisation, ABC in 1963 was converted into an Indian Private Limited Company.
With the joining of Mr. 'Z' present Managing Director, in 1966, ABC was well on its way to unprecedented success. Tremendous increase in foreign traffic, particularly from Europe, and a high rise in domestic travel were the hallmarks of this period. All achieved through combined efforts and team work.

Till today ABC continues to project this dynamism. A dynamism that is more than evident in the commitment and dedication of the experienced management that includes, Director (Travel), Vice-President, Marketing (Travel), and Manager, India (Cargo).

1970 - A Landmark:

For ABC the year 1970 had a special significance. It bought over the foreign equity and became a totally Indian owned Company. From then on there has been no looking back.

ABC - The Complete Travel Organisation:

Service backed by experience, network and reputation are the most important essentials behind ABC strength. A staff of 600 committed and trained travel personnel offer quick and personalised service at 14 offices situated throughout India. Plus an overseas network of 7 marketing offices, and an excellent rapport with International Airlines, Hotels and Tour Operators, have made ABC what it is today - one of India's leading travel agencies. Direct telex links with all its Indian and overseas associates also help
ABC maintain a rapid flow of two way communication which is very essential in the travel industry.

Membership of International Organisation:

Due to its excellent performance and invaluable contribution to the Indian travel trade, ABC has achieved international standing, and is a member of the following international organisations:

ASTA - American Society of Travel Agents, Inc.
AFTA - Australian Federation of Travel Agents Limited
COTAL - Confederation de Organizaciones Turísticas de la América Latina
IATA - International Air Transport Association
ICCA - International Congress and Convention Association
PATA - Pacific Area Travel Association
UFTA - Universal Federation of Travel Agents
USTOA - United States Tour Operators Association
TAAI - Travel Agents Association of India
WTO - World Tourism Organisation
WATA - World Association of Travel Agencies
IATO - Indian Association of Tour Operators
JATA - Japan Association of Travel Agents

Leaders in Travel and Tourism:

Growth in all spheres has been the highlights of ABC's progress. Between 1974 to 1985 the company's turnover increased from Rs.81 million to Rs.346.5 million. That was a
spectacular increase of 390%; while the foreign exchange earned between 1974 to 1985 increased from Rs.22.5 million to Rs.100 million – an impressive increase of 344%.

Tourism award for foreign exchange earnings, instituted by the Government of India, has been won by ABC since its inception. For the year 1985, ABC won the prestigious Golden Award for the highest foreign exchange earnings among Indian travel agencies. It has been won by ABC five times earlier also. ABC is of course recognized by the Department of Tourism as a Travel Agent and Tour Operator.

**ABC and International Tourism:**

As a foremost tour operator ABC offers a host of travel services to the foreign tourist visiting India. Attractive and carefully planned tours of the Indian subcontinent – for both groups and individuals – are prepared and executed meticulously. They include all facilities – best choice of hotel accommodation, excellent cuisine, well informed guides and escorts, and air and surface transportation.

**Incentive and Special Interest Tours:**

Travel as an incentive has increasingly become an important marketing tool. Realising its tremendous potential in attracting visitors to India, ABC arranges incentive tours to the exotic and luxurious spots that India has to offer.
From a ceremonial welcome with colourful rituals, caparisoned elephants and camels, classical and folk dance programmes to traditional Indian banquets in fairy-tale palaces and fun-filled cocktail parties in plush hotels. All are looked after to the minutest detail.

ABC also offers special tours for bird watching, golf, wildlife, trekking, archaeology, architecture, for students and the youth, and that is just to name a few.

Conferences and Conventions:

As a member of the International Convention and Conference Association (ICCA), ABC is well equipped to offer services for conferences and conventions. They include the selection of a suitable and convenient site, reservation of hotels, transport and pre and post conference tours.

LMN Pvt. Ltd. - the sister concern:

As a professional Congress Organiser, LMN (P) Ltd. (set up in 1970), offers along with ABC total package of conference services. These include coordination with organisers, assistance with preparatory work, progress reports, budgeting, ladies programmes, despatching agenda and brochures, printing of stationery and conference material. They also provide public relations with the press and television through press conferences or press handouts. Services such as setting up of information counters, arranging hostesses and translators, catering, flower
arrangements and audio-visual equipments are also offered. Post conference facilities include winding up of the conference secretariat, despatch of documents and final accounting.

LMN Pvt. Ltd. also markets pre-planned tours under the brand name of 'XYZ'. Exclusive to ABC these tours operate daily from Delhi, Bombay, Calcutta, Madras, Kathmandu and Colombo.

**ABC and the Domestic Traveller:**

The importance of a wide network becomes evident when ABC takes charge of complete travel requirements quickly and efficiently. As an agent of Indian Airlines it makes air reservations with them, issues their tickets, delivers them right at the door step with confirmation of hotel bookings and car hire. Plus fabulous holiday tours to places of historical interest, architectural and natural beauty like Kashmir, Darjeeling, Kathmandu and Goa, giving every aspect of travel the care and attention it deserves.

**ABC and the International Traveller:**

For the globetrotter, it is ABC's experience that counts. Passports, Visas, P-forms, Reserve Bank clearance - one can trust ABC to handle every travel formality for him. And the best choice in hotels, airlines and airfares. Being an IATA (International Air Transport Association) approved agent, ABC arranges air tickets of all International airlines.
operating from India. ABC is an official agent of INTOU and thus makes all arrangements for visits to USSR. As a member of World Association of Travel Agencies (WATA), ABC also has a worldwide network of correspondents.

**Orbit Trade Fair Tours:**

In order to cover all the important international trade fairs, ABC has specially designed tours that combine both business and pleasure. Years of experience has given ABC a definite edge over others in this field. Each tour is carefully planned and geared to meet all requirements.

**ABC and the Exporter:**

For exporters, ABC offers air cargo facilities - customs clearance, advice on the best air cargo routes, favourable freight rates to fixing insurance covers and of course expeditious and safe air-freighting.

**XYZ - the Magazine of India:**

Published quarterly, XYZ has a specific purpose of serving the national interest by promoting the image of India both at home and abroad. It covers the rich and diverse culture of India through the eyes of well-known writers and photographers. Enhancing the excitement of travel in this country.

Since 1976, XYZ has been regularly winning awards for excellence in printing and production and has kept the high standard of its quality.
International Fellowship Foundation of India:

Founded in 1970, International Fellowship Foundation of India is funded by ABC. It is a non-political trust devoted to the promotion of education in the field of Tourism and Travel and aims to bring about cultural awareness and International goodwill. In furtherance of its aims and objectives it organises the memorial lectures on the well known personalities, then in the trade. Brief results of the business done by the company have been given in annexure-1 at the end of this chapter.

DISCUSSION

In the present part of the chapter the findings based on the literature of the company studied, investigations made and the interviews taken from the top management have been discussed. For the simplicity of the discussion, it has been arranged according to the functions. Thereafter, the explanation as to why a particular function or its subfunction is practised in such a way has been given wherever it has been possible.

The salient points that emerge from this study on the application of general management functions can be discussed as follows:

Planning Function:

The company expresses its organisational objectives in the form of promotion of travel and tourism as a commercial
activity and to earn a fair and reasonable profit on the capital investment and the work efforts of the Directors and shareholders. It has projections for organisational growth on investment and on profit on yearly basis as well as on long term basis, and the plans run from 2 to 5 years from hence. The operations are all preprogrammed and company does not do anything at all which is not preprogrammed so far as the inbound tourism is concerned. But it varies in other sections of the company and the plans are flexible to the extent that if the set targets seems to be difficult to attain due to changing conditions, they are amended and revised in consonance with the changed conditions. No specific techniques are used in planning and decision making (it was felt during the course of interview that the interviewed had some reservations on this question though he did not express it). The employees, only upto managerial level, participate in planning and they are very effective also. Once they become a part of planning, they are held responsible for attaining the targets set while planning. There exists a possibility of receiving a distorted information for planning purposes but the management does not take these information into consideration for planning purposes, hence this possibility and its effects are not there. For example, the Government of India is expecting around two million tourists arrival in 1990 but the present company is not going to invest in any way to attract its share of tourists accordingly.
No specific methods are used in dealing with causation and futurity problems in the present company. The management is of the opinion that it leaves nothing for chance and there is a moderate rate of innovation in the organisation and realistic attitude towards risk. A very high degree of risk is avoided by the company. To do any innovation, it requires changes and whenever the company wishes to introduce a change, first of all it considers the relative merits and demerits of the change and discusses it among all types of personnel and then the efforts are made to make the staff understand that the change is beneficial for the company and staff also and they accept the change. It is made to feel to them that they are accepting the change voluntarily and it is not being forced upon them from the top. In this way the planning and related aspect of planning function are done in the company. The matter related to as to why is it done in such a way, shall be discussed after all the functions have been discussed.

Organising Function:

The size of the organisation is very large in the sense that it is one of the largest travel agencies in India with its Head Office at Delhi. It has 15 branches all over India and 7 marketing offices overseas. The organisation is headed by the Chairman-cum-Managing Director. It has another working directors and employees over 600. In terms of turnover it had a turnover exceeding Rs.400 million in
1987-88, which can also give an idea about the size of organisation and its organising function.

The organisation is centralized at the top and decentralised at the bottom level. The demarcation line of top and bottom depends from office to office and there is 100 per cent division of labour in the organisation. However, to understand the organising function it is better to list the total number of department in the organisation and then one can have a fair idea about organising. Total number of departments are nine and within each such department the activities are grouped as under:

1) Tours Department
2) Conference Department
3) Cargo Department
4) Out-bound Tours Department
5) International Travel Department
6) Passport and Visa Department
7) Domestic Travel Department
8) Rail Department
9) Accounts Department

The inbound tourism department* is further classified on the basis of kinds of tourism and groups its activities accordingly, which is as follows:

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Detailed grouping of activities of other departments has not been given here because the emphasis is there on inbound tourism only.
a) Transfer Staff
b) Staff handling trekking and mountaineering
c) Staff handling incentive tours
d) Staff handling ships and Cruises
e) Staff handling special interest tours
f) Staff handling Buddhist tours

All the above departments specialise in their respective field of tourism and share the common infrastructure. Regarding the span of control, it depends on the volume of work. At present there are 5 to 6 persons under one assistant manager and one deputy manager has 6-7 assistant managers under him. Out of necessity, the organisation uses only specialists not generalists. They are of the opinion that the trade can not do well with generalists only. The organisation does not use functional authority also. In the organisation there is no any friction over the use of authority and responsibility relationship. The organisation treats both as the two sides of a coin, and the organisation also does not make use of any committee a groups for decision making because it delays the decision according to management. Moreover, decision making is a management activity and only in exceptional circumstance, committee or group are used for taking a decision. One observes that the structure of the organisation is very flexible and the organisation is always prepared to change the structure according to the changed circumstances.
Staffing Function:

The investigation on staffing functions revealed that the company has a personnel department which initiates the activity for recruiting the staff. As per the job requirement, the applications are scrutinized first by the Manager - Administration who also initially interviews the applicants/candidates. After the initial interview if the applicant is considered suitable for the job, the application is sent to the Department’s Head and the candidate is interviewed again. If it is middle level vacancy it is filled in at that stage but if it is of higher level managerial position, the final interview will be held before the Directors, Managing Director/Chairman-cum-Managing Director who specially looks at some important factors. The factors necessary for the selection are personal educational qualifications, work experience, personality aptitude and initiative etc. Promotions depend on various factors like work experience, ability to get along with fellow colleagues, juniors and seniors in the organization, initiative and ability to handle complicated situations independently besides other factors. In fact promotion takes place only after appraising the performance and for appraisal of personnel there are annual evaluation reports given by Supervisor/Managerial staff. These reports are given on the basis of certain set factors for evaluation of the staff. Although there are no water tight job descriptions but the staff is assigned the jobs as per their qualifications.
ability and organisational requirements. Regarding the compensation part of staffing function, besides the regular salary, there are other levels of compensation and staff benefits like provident fund, medical, uniforms, house rent, birthday gifts and other facilities/allowances like conveyance and LTC to some staff.

Training is also given to the staff as per their specific requirements for the job and as to whether they are fresh in the job or they already have job experience in the travel profession. It also depends on the time and the year when they are hired. For example, if they are hired during lean period there is longer duration of training and if they are hired during busy season, with brief initial training they are put on the job with the other experience senior colleagues under whose charge they work. The training given to the employees is actually on the job training. Regarding the layoff and dismissal, the procedures are as per rules of the company and law of the land. The rules of the company have not been disclosed. The management feels that handling of personnel is interesting and challenging job. One has to deal with them with tact and maturity, experience and knowledge of labour law. Regarding the dismissal, the staff can be dismissed only as per rules, and regulations of the company, law of the land - as per due process of law and not arbitrarily at will. Personnel with desired qualifications and ability, are retained by maintaining their morals high
with good working conditions and attractive salary and perks etc.

**Directing, Motivation and Leadership Function:**

The literature studied and the investigations made have revealed that management is both, authoritative and participative. It tends more towards participative styles and to motivate the personnel, the management feels that good salary with perks, attractive working conditions and other allied benefits are necessary. No specific supervisory techniques are used in directing the personnel. It is just that the supervisor keeps an eye on them. It has been investigated that, the communication techniques used in directing and motivating the personnel are issuing them charge sheets, letters of reprimands and suspension etc. Also the letter of appreciations, extra benefits and additional increments are used for motivating and at present the communication system to motivate the employee is very effective among all types of personnel. The management strongly believes that motivation without monetary benefits is very short lived measure but monetary and non-monetary incentives are necessary for motivation. This is perhaps the important reason that the employees identify their interest with that of the organisations' interest. According to the management if the staff are looked after well monetarily, working conditions are made good and morale of the staff is high, they will identify their interest with that of the organisation. The investigations also reveal that there is
no distrust or conflict among the personnel, and there is very little absenteeism, frustration and turnover. Because of the above attitude of management fortunately only a few employees waste time and therefore the extent of loss due to this is very minimal in the organisation.

Controlling Functions:

There seems no scientific method used in practising this function in the company. The standards that the company uses for control purposes are its own past records in terms of turnover and profitability. Targets are set department wise and then compared with actual. The causes are investigated. Although there does not exist a section which does this auditing job but the section concerned does this job. In the case of finance, strict vigilance is kept over expenditure and the turnover, expenditure, gross and net profitability are matched for exercising control. In the case of personnel, the organisation is of the opinion that what ever is the result of marketing and finance, it is because of the efforts of personnel and there exists no system to control the personnel on these lines. For keeping a track on services rendered, information in respect of inbound tourism is taken from the foreign travel agents. The foreign travel agent sometime sends the information and sometimes tour reports is prepared by the concerned executive which has no common information about all the tours. If there is any mistake, the time period that is allowed for corrective measures depends on the department. In the case
of inbound tourism and the transfer's it has to be instant
while in the case of accounts it may take time, but the
management prefers a tight control policy and it has been
told during the interview that the control system at present
is working well to conform to the plans of the organisation.

Summary and Notes
A careful analysis of the observations and
investigations made related to the application of general
management function in the present company can be summarised
below.

Making a profit or profit maximisation seems the only
objective of the company. Since the terms like wealth
maximisation, higher productivity of resources utilised,
organisation's efficiency etc. were creating some confusion,
therefore, these terms were simply replaced by the return on
the capital invested. There is no difference between the top
management and the owners of the present company, therefore
the question of wealth maximisation etc. does not arise. The
company, although, is not aware of the various kinds of plans
that an academician uses, but has two types of plans i.e.
rolling plans and short term plans. The company's style of
management being participative gets further support from the
fact that it involves the employees also at planning level
and the delegation of authority is also very high. These
above aspects are further confirmed by the fact that while
introducing a change employees are made to feel that they are
As the organisation grows, it tends to decentralise in most of the cases and it is of decentralisation is confirmed by 100 per cent division of labour being exercised in the organisation and also by the use of specialists in its all departments that too out of necessity. Since there is enough decentralisation, therefore, the possibility of friction over the use of authority and responsibility relationship is also minimised and is not found there. It is further confirmed by the fact that the organisation does not make use of committee for decision making. Once a job is assigned to a territory, its head’s say is almost final everywhere which speaks of the confidence and faith the organisation has in people. Because of the above reasons only the employees are very much effective also in the planning and organising their own departments.

The procedure of recruitment and selection also seems quite general, i.e., it starts from generating the applications, scrutinising them, calling for interview for first round, second round and then ends at final selection. Because the organisation belongs to service sector, therefore, it does not need much staff and hence does not design a common written test for small number of people to be appointed throughout the year at different levels depending on the availability of vacancy. The points that are considered for the recruitment are more related to the
personality than technical skill in the trade. This is because of the fact that the service delivery system of the organisation is such that it needs more personalised care than the professionalised one. Keeping in view the above requirements, the training is provided to the employees which enhances their overall personality. The interesting finding is that the management finds it extremely pleasant to deal with the personnel. The fact is confirmed by the findings on low absenteeism and turnover. There is hardly any existence of the concept like strike or lockout. The company finds no difficulty in maintaining the desired kind of personnel because the management understands the motivation aspect very well and practices also, as revealed during the process of investigation.

All the above findings also confirm the fact that management is participative and most of the time verbal communication from the immediate boss is enough to carry out the instructions. Although, here the academician may differ because as the organisation grows, the written form of communication becomes a must to avoid ambiguity and to have the uniformity in the direction but it is believed that the organisation has not grown to that extent. It has of course grown to that extent but the particular unit, under study that is inbound tourism division has not grown to such an extent where the possibility of receiving ambiguous instruction may exist. The organisation seems lagging behind so far as the control part is concerned. There is no
periodic review of the performance in any of functional areas of management. It is only at the end of a year that the expenditure is matched with the turnover, the causes of spending high or low amount as compared to last year are analysed which are of not much use because of the fact that then control is not possible. Although management has said, during the process of interview that the control is tight but this is not confirmed when one goes by the other literature and questions also. For example, on asking the frequency of the review of various budgets, if the answer is yearly basis, one can not call it a very much tight control. Last chapter on suggestions and recommendations will cover most of these aspects in greater details.
Annexure-4.1

Brief Results of the Business Transacted

M/s ABC (India) Pvt. Ltd

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<td>Earnings from international tourism (Rs. lacs)</td>
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<td>Earning from cargo (Rs. lacs)</td>
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