DEF (India) Private Limited

a) A Profile of the Company

b) Results of the Investigations made
CHAPTER FIVE

M/s DEF (India) Private Limited

A PROFILE OF THE COMPANY

M/s DEF Travel (India) Private Limited came into being in July 1961 when four leading travel agencies merged together and formed this company. The company initially restricted its operations to inbound tourism but later on extended to every aspect of travel and became a complete travel agency, and now it provides every service that a tourist needs under one roof.

The People:

It has about 1200 personnel in different capacities. The entire management is in the hands of Directors each of whom has an experience of over 25 years in the trade. The personnel, highly qualified, experienced and with pleasing personality, is always ready to help the tourists.

International Acclaims:

At present UEF looks after the requirements of over 1000 travel agents both from India and abroad. Recognised and approved by the Department of Tourism, Government of India, it has the membership of the following national and international bodies in the trade:

AFTA: Australian Federation of Travel Agents
ASTA: American Society of Travel Agents
The Laurels:

DEF was awarded the first prize and trophy at the Annual Convention of Travel Agents Association of India held in Colombo in May 1981, Madras in 1982, Srinagar in May 1984 and Bangalore in June 1985. During this period the DEF has handled largest numbers of tourist in India.

The Network:

M/s DEF has a complete network of its own to provide any thing a traveller may need. It has a fleet of airconditioned and non-airconditioned coaches and tourists cars. It has 27 branches in India under direct control and supervision of the directors and 7 offices in foreign countries. They are in Frankfurt, Milan, Paris, London, New York, Los Angeles and Tokyo. Apart from it, where M/s DEF has no offices or establishment of its own it was trusted associates throughout India who takes care of its requirements in the same way as the company does.
The Service Range:

The services that DEF offers can broadly be classified into four major departments, they are:
- Foreign incoming Tours Department
- Transport Department
- Group Tours and Projects (outgoing)
- Travel Department

Details of the above department have been given while discussing the size of organisation and grouping of activities as a part of investigation later, in the same chapter.

Besides above department, it offers many unique services. It has been the pioneer of many concepts of tourism, like it is the first Indian agent to promote tourism to Sri Lanka, Afghanistan, Sikkim, Bhutan and Maldives. It also had sent tours to Andaman and Lakshadweep Islands for the first time.

Business Done:

M/s DEF registered a turnover, over Rs. 47 crores in the year 1987 and handled approximately 12000 tourists from different countries. The foreign exchange earned by the company during the year 1987 was over 23 crores of rupees. The other aspects of the trade like number of bed-night and groups and FIT etc. are treated as secret and this company has not revealed that information.
Organisational Structure:

BOARD OF DIRECTORS

Director (India)  Director (Foreign)

Dy. Director (Bombay)  Dy. Director (Delhi)  Dy. Directors (For other Places)

Divisional Managers  Divisional Managers  Divisional Managers

Discussion:

The salient features that emerge from the study of application of general management functions in this company are as follows:

Planning Function:

The Company's basic aim is to carry on a business and it finds tourism as a profitable and exciting business for it. As main aim is to carry on a commercial activity and to earn a reasonable profit. For this the company utilises the plans on long term basis and the time horizon of the plan ranges from 2 to 5 years. All the operations of the company are pre-programmed but as and when the emergency arises it is slightly changed. The company tries to leave no possibility
or excuse and keeps more than one alternative for almost everything while planning. But the plans are very much flexible so far as long term planning is concerned and short term plans are not at all flexible, even if the company is about to lose the business. The company does not make use of any special technique in planning and decision making. It is the directors who meet regularly. As and when need arises, they plan and take the decisions. The only method that is followed in the company is to sit and discuss.

The company involves different employees at different level for planning purposes. At long term planning level, which is for about five years or even more, no employee is involved. For planning of less than five years, the staff at deputy manager’s level participate and there is no participation of any other employee. Those who participate, are very effective.

There is absolutely no possibility of receiving any kind of distorted information for the planning purposes. The company does not use any scientific method as such for planning but whenever there is problem, it is solved only at high level. If one man is not able to solve then, he passes it on to a person who is above him and more knowledgeable. The organisation is not at all static so far as innovative techniques are concerned. The rate of innovation is very high in the company. It always introduces a new concept in tourism, especially in inbound tourism. For instance, the
management feels that, one can not attract a repeat tourist just to show him/her Taj Mahal. One has to offer some thing new all times. In this direction, the company has introduced a new kind of tourism - that is adventure tourism. It used to be a special kind of tourism, now it is a general tourism that company offers. To introduce this innovative ideas, company takes a lot of risk also in a way that it invests in research and other administrative work associated with this. And in the process of introducing the change, employees hardly resist. The number of those who sometime express their unhappiness to accept the change is very small.

Organising Function:

To discuss the organising function, it was necessary to look at the size of the organisation. DEF (India) Pvt Ltd has about 1200 employees and 27 offices in India and 7 abroad, with its Head Office at Bombay. It has inbound tourism department only in Bombay and Delhi and in the remaining offices there is no such departmentation. Each office except Bombay and Delhi employees 25 to 40 depending on the business opportunities at the location concerned.

Another dimension of the size may be the turnover of the company which has exceeded 47 crores in the year 1987. The organisation is completely centralised at the planning and policy making level. But it is completely decentralised at the operational level. Almost all aspects of travel are decentralised. The organisation makes use of no generalist
above the clerical level. It uses only specialists. For example one who does international ticketing will not be doing anything other than that. But again this usage of specialists and generalists is confined to Bombay and Delhi offices only. At other places there is only use of generalist because of small operations. For example an assistant manager at Varanasi office does international ticketing, domestic sales, liaisons and everything at his level but this is done by specialists in Bombay and Delhi. The organising function would become clear, after knowing the number of departments and grouping of activities in those departments.

There are basically four departments in the Head Office and at Delhi. These departments usually carry out the following activities:

1) **Foreign Tours (Incoming) Department**
   a) Educational tours
   b) Conferences
   c) Special interest tours
   d) Incentive tours, resorts holidays
   e) Cruises
   f) Night tours

2) **Transport Department**:
   a) Maintenance of cars/coaches
   b) Arrangement of guides
   c) Sight seeing arrangements
d) Liaison with transport contractors

3) **Outgoing Group Tours and Project:**
   a) Special interest professional tours
   b) Domestic package tours
   c) Arrangement of cruises around India
   d) Agency functions of Greyhound international

4) **Travel Department:**
   a) Provision of travel by air, rail, and road
   b) Travel formalities
   c) Liaison with hotels, Government’s agencies

Here, the grouping of activities is further subdivided on the basis of territory. There are 7 territories for handling inbound tourism - Switzerland, Europe, Japan and for East, Central Asia, Australia, Middle East and South East Asia.

Further in each department, there are specialists of their own jobs, like guides of the language concerned. For instance in Japan territory there will be persons with knowledge of Japanese and in Middle East with Persian and Arabic. In the organisation, to manage the organising function, the span of control depends on the volume of work and the need. But generally in the case of inbound tourism, there are 5 to 10 people under one assistant manager who is incharge of the territory. For the specialised staff, recently company has started using specialists because of the fact that various institute train the boys and girls in
tourism and generally they are taken. Hence only specialists are now being used and it has been observed that there is no any degree of friction over the use of authority and responsibility relationship. The management and staff has a very good rapport with each other. It is only because of the above fact that the organisation makes use of committee and group for decision making, which is limited at operational level only. They meet often and take the decision. Various decisions taken through committee and groups have been investigated and the system is working very well.

The organisational structure is completely flexible with regard to adopting changing conditions. The territorywise division of work and grouping activities will be immediately reorganised if there is need and a separate department may be created. But the organisation has never experienced it and felt at all necessary to change the structure because the change in conditions have never compelled the organisation to do this.

**Staffing Function:**

To recruit the personnel company uses the following methods:

a) Takes into account the recommendations of institutes, training the students in the field of tourism and travel.

b) Informally individuals are also taken from different companies of the same trade.
c) for specialised general posts like steno, telex operator and receptionist etc. these are advertised in the national dailies.

However, there is no any rigid method of recruitment like conducting a written test followed by interview or group discussion etc. Only personal interview is taken for final selection. For promoting the personnel, seniority within the present company is main factor apart from his grasp of the trade, attitude towards colleagues, his contribution to the organisation. The contribution to the organisation is judged from the records of accounts he has handled and the increase or decrease in those accounts during his tenure form the basis of his performance. If he is incharge of day to day operations, then the number of complaints received from various clients during a particular period of time is also assessed for promotion. To appraise the performance of an individual, same yard sticks are used as in the case of promoting him. In fact promotion takes place only after the appraisal. However, there exists no any standard format or method of performance appraisal. When it comes to the aspects like defining or specifying the job, whenever a person is taken in, he is allotted a territory and within the territory he is under the charge of a senior executive there who verbally tells him the procedure to do a job and use of format etc. Thereafter he keeps on working. No written or formal method is used to describe his job. The level of compensation are very subjective though they are at par with
leading agencies in the trade. The important aspect is that the compensation does not go by the designation. It all depends on what the person is doing for the organisation and there is a variation in the level of compensation among various personnel holding same posts in different territories. For example one assistant manager, with same experience gets 'X' amount in a particular department while the other gets as high as one & a half time more than that of the first one. On the training aspect the company usually gives three months time in training the newcomer. The training is all informal and the method of training is on the job training. There are no formal classes or combined training programmes because of the fact that the needs of different territories are different. For instance in Japanese territory a person is trained in Buddhism pilgrimage and in the territory of South East Asia, a person is trained in International Shopping and so on. The company does not have any laid down policies of lay off or dismissal. The only criterion for dismissal is that if a person has made such a drastic mistake that affects the reputation of the company internationally, or there is some embezzlement of cash, only then a person is dismissed. Otherwise there is no formal retirement age etc. Unlike that of a manufacturing company, it finds it easy to deal with personnel because of the nature of trade. All the staff members are very much polite, good at conversation and there is absolutely no problem of anything called strike etc. But
the company finds it difficult to get the people with desired abilities and to maintain them. The reason is that the trade offers many opportunities and every one knows everyone in the trade. Hence maintaining is a and the present company does also face this problem. Majority of the people working with the company, have served it for 20–25 years and they are still with the company.

**Directing, Motivation and Leadership Function:**

The investigations have revealed that the style of management of the company is very much participative and to motivate the personnel, the company gives them monetary incentives which include:

a) Free accommodation abroad
b) 75% discount on international tickets
c) Providing loan at very nominal rate of interest and refundable in easy instalments spread over upto as many as 15 years
d) Providing free transport as and when need arises
e) Family tours entertainment is also given occasionally.

Further, to direct the personnel, no special supervisory techniques are used by the company. Only the supervisor gives a job, tells him the ways to do it and checks if he has done in the way he was told to or not. Another improved method adopted by the subordinate is also
welcomed. For directing and motivating the personnel mostly verbal communication techniques are used. Because of the liberal policies of the company no written directions are given for directing the personnel.

The communication system of directing and motivating the personnel is very effective. Although it varies from person to person but in general it is effective. The management is of the opinion that it is difficult to motivate a person without monetary incentive, and feels that motivation without monetary incentives effects the performance of an individual. But the extent of that performance is equal to only that level of dissatisfaction which a person has, which is in turn equal to his those expectations which have not been fulfilled after working for a year. For example, a person expected a raise in salary after a year of working and it has not been raised to that extent, then the dissatisfaction of the employee will not exceed the extent to which the salary has not been raised. Although this is very difficult to measure but the management opines so. It has been observed that only elder people in the organisation identify their interest with that of the organisation. Younger generation may change the job any moment. There exists no data to prove this fact but this is the observation of management but there is too much cooperation and trust among the employees, and there is no frustration among the employees to any extent because of the company's policies. Management is of the opinion that
usually designation and pay packet are two major causes of frustration if not looked after properly. Management sees to it that if there are no opening for a deserving person, he is monetarily compensated. The company has no remedy to satisfy an employee looking for self actualisation.

Absenteeism is very low, as low as 5%, and the turnover of the employees is that during the past 5 years, out of a strength of 170 personnel at Delhi Office only 8 have left the job on their own. Employees do not waste time at all. It is only during slack seasons that they are free. Management does not impose unnecessary restriction on them. After finishing the day's work a person is free to go. But the quantum of the day's work keeps him busy till office timings.

Controlling Function:

On using the strategic performance and control standards, the company has no area for production but in marketing target are set territory wise in terms of US dollars or ruppes. For this the management meets yearly and decides the target and informs to the lower level management and then actuals are compared with competitors, and with own past records. In the area of finance, past years turnover is the yardstick for control. For internal purposes there is a check on expenditure territory wise, but in the area of personnel, there exists no special technique and the management believes that it is reflected through the
The information feedback system for control purpose can be described as automatic. The company just wants to make sure how efficient and up to date, executive is in his work. If there goes something wrong, depending on the mistakes corrective measures are taken, when there is deviation from the standard, company has set no time limit to correct the same. Because of the nature of business management feels, that most of the things that go wrong, become uncontrollable.

Regarding the looseness or tightness of control over the personnel, management is very liberal but at the same time makes sure that the person does not go out of discipline and the control system that is existing in the company is very effective according to the management to conform to the plans. Although there seems no usage of any format or any other method to exercise control but the management somehow maintains that it is working well. Last chapter of the thesis deals with how a better control can be exercised.
Summary and Notes

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

The basic aim of the company is to carry on tourism and travel business as a commercial activity for which it plans its operations on long term as well as on short term basis and constantly considers the cost benefit alternatives, and makes constant efforts to integrate the programmes of action to achieve specified goals efficiently. Although there is no use of techniques like market survey or any mathematical model to predict the future business while planning, but the personal promotional trips to abroad wherefrom the business comes is only given due consideration. Rate of innovation is very high in respect of developing new product as well as modifying the existing product in a sense that the company keeps on introducing the new concept in tourism and tries to offer its services to every tour in a new way by making it different from the usual tour. This kind of experience is not resisted by the staff.

Organisationally the company is centralised at policy making level and completely decentralised at operational level. The fact is confirmed by two further investigations on delegation of authority and the functioning of organisation. It works on departmentation basis and the services are
offered territorywise. Moreover the organisation uses only specialists and hardly generalists are used. The present system of organising the activities is very much flexible. The system of recruitment and selection is also very usual one. It does not conduct a written test because of the fact that the company does not need such a large number of persons at a time. As and when a vacancy arises, it is filled in by personal recommendation or by institutional recommendation. Since the company is in a trade where personality development is a major factor, therefore, personnel factors are given more weightage than technical or others. For performance appraisal and promotion, it differs from individual to individual. One interesting fact is that in such a large organisation, level of compensation does not go by the designation. The company provides individualistic training to its employees because of the nature of training required in different territories, is different. Like the previous case study this company also finds it very interesting in dealing with the personnel. It is because of the fact that almost 100 per cent of the staff is educated and well polished with pleasing personality and sophisticated manners. Therefore, the problems of strikes, disputes and other labour like problems do not exist. It is confirmed by the fact that the company has no formal welfare officer. All welfare measures are taken without any legal pressure.

However, the problem of maintaining the desired people seems difficult. This is because of the fact that the
services that all companies offer to their clients are available to all the companies also at one common place most of the time. Because of the above fact most of the employees know each other personally and they often meet without calling a formal meeting. For example, every company shall have to arrange to receive its clients at international airport, to put them in a five star hotel, which are not many, to send them to visit the Red Fort at Delhi and Taj Mahal at Agra. Therefore most of the staff of company which is specialist in a sense meets there and comes to know the working conditions in different companies hence the changes keep on taking place. Apart from the above, they are in direct contact with tourists from abroad, who also become a good source of employment to them.

The company provides with many financial and non-financial incentives to the employees hence only a few of its employees leave. Because of this reason the rate of turnover is not very high and the people think that their personal interest is linked with the organisation’s interest, and do not waste time also neither due to restrictive work practices nor due to unproductive bargaining and conflicts etc.

There are no review of plans either monthly or quarterly. But the only way to exercise the control is to take a stock of the annual turnover and compare it with the past. For other feedback system it receives the communication from the clients i.e. the tourists and also
from the agents from abroad. There exists no formal system to ensure the proper control which is again very strange for such a large sized company. This aspect has been discussed at length in the last chapter.