Industrial Management and Law

Case Study

Name: Pranesh Chowdhury

ID: 202003112

Section: 04

Course Code: HUM 107

Department of Computer Science and Engineering

Instructor: Tarik Raihan

Submission Date: 28/8/2023

Case 1: Pfizer's PfizerWorks

1. Describe and evaluate what Pfizer is doing with its PfizerWorks.

Pfizer's PfizerWorks is a strategic outsourcing initiative designed to boost employee efficiency. It enables Pfizer employees to delegate routine tasks, such as document creation and data research, to Indian service providers via a user-friendly online form. Once a request is received, the outsourcing team clarifies details and provides cost estimates.

Costs are subsequently charged to the employee's department if approved. PfizerWorks has yielded substantial efficiency improvements, saving thousands of work hours, allowing employees to concentrate on strategic work. This not only enhances productivity but also contributes to overall employee satisfaction, making it a successful initiative in Pfizer's drive for operational excellence.

2. What structural implications—good and bad—does this approach have? (Think in terms of the six organizational design elements.)

Pfizer's PfizerWorks has positive structural implications by reducing specialization, enhancing job satisfaction, and improving financial accountability. It simplifies the chain of command, reducing bureaucracy. The approach can increase managers' span of control, promoting efficient management. Decentralization through PfizerWorks encourages agility.

However, there are potential downsides. Overreliance on outsourcing may lead to in-house expertise loss. Departmental budgets might hinder cross-functional collaboration. Managing external service providers can add complexity. Over-decentralization could result in fragmentation, and excessive formalization may stifle innovation. Balancing these aspects is essential for Pfizer's success.

3. Do you think this arrangement would work for other types of organizations? Why or why not? What types of organizations might it also work for?

The PfizerWorks arrangement could be effective for various organizations, particularly those with a need to optimize employee productivity and cost efficiency. It can benefit large corporations, similar to Pfizer, dealing with routine tasks.

Additionally, organizations in industries where certain tasks can be standardized, such as finance or administrative work, could adopt this model. However, its success would depend on factors like the organization's size, the nature of its tasks, and its readiness to manage external service providers effectively. Small businesses or highly specialized firms may find this approach less suitable.

4. What role do you think organizational structure plays in an organization's efficiency and effectiveness? Explain.

Organizational structure profoundly impacts an organization's efficiency and effectiveness. A well-designed structure optimizes workflows, reducing redundancy and delays, thus enhancing efficiency. It also streamlines resource allocation and employee roles, ensuring that time and resources are used effectively.

In terms of effectiveness, the structure clarifies reporting lines and fosters communication, aligning individual efforts with overarching goals. It facilitates collaboration, knowledge sharing, and adaptability to changing circumstances. Conversely, a poorly structured organization can result in confusion, inefficiencies, and misaligned efforts, hindering both efficiency and effectiveness.

Thus, an organization's structure is a foundational element that can significantly influence its ability to achieve its objectives and thrive in a dynamic environment.

Case 2: Lehman Brothers' Collapse

1. Describe the situation at Lehman Brothers from an ethics perspective. What's your opinion of what happened here?

From an ethics perspective, Lehman Brothers' situation is deeply problematic. The company's culture of celebrating excessive risk-taking and rewarding questionable deals created an environment where personal gain took precedence over ethical considerations.

Transparency and truthfulness were compromised through practices like "Repo 105," which moved assets off the balance sheet without proper disclosure, raising ethical concerns about honest financial reporting. Leadership, including Richard Fuld, was criticized for alleged negligence in causing Lehman's misleading reports.

Overall, the case reveals a significant ethical lapse, emphasizing the critical importance of ethical leadership and culture in the financial industry to maintain trust and market stability.

2. What was the culture at Lehman Brothers like? How did this culture contribute to the company's downfall?

Lehman Brothers had a culture that celebrated excessive risk-taking, where risky behavior was rewarded, and questionable deals were hailed as heroic. Dissent was often suppressed.

This culture contributed to the company's downfall in several ways: it led to an accumulation of high-risk assets, making the firm vulnerable; it encouraged unethical practices, like the use of "Repo 105" to manipulate financial statements; and it stifled constructive criticism, resulting in poor decision-making. Ultimately, this culture fostered an environment where unethical conduct thrived, significantly contributing to Lehman Brothers' bankruptcy during the 2008 financial crisis.

3. What role did Lehman's executives play in the company's collapse? Were they being responsible and ethical? Discuss.

Lehman Brothers' executives played a critical role in the company's collapse. Their approval of excessive risk-taking and risky asset accumulation made the firm vulnerable. This risk strategy was irresponsible. Moreover, the use of "Repo 105" without proper disclosure raised ethical concerns about transparency.

The executives, including CEO Richard Fuld, were criticized for conduct ranging from errors in business judgment to possible balance sheet manipulation, indicating negligence in their roles.

From an ethical standpoint, their actions in fostering a risky culture and permitting questionable financial practices were far from responsible and transparent. These factors significantly contributed to Lehman's downfall during the financial crisis.

4. Could anything has been done differently at Lehman Brothers to prevent what happened? Explain.

Certainly, several actions at Lehman Brothers could have been different to potentially prevent the collapse. Implementing stricter risk management practices, fostering an ethical culture emphasizing transparency, and ensuring responsible leadership would have discouraged risky behavior and unethical practices like "Repo 105."

Additionally, regulatory compliance and diversifying investments could have made Lehman more resilient. In retrospect, a combination of these measures might have averted Lehman's collapse and the ensuing financial crisis.

5. After all the public uproar over Enron and then the passage of the Sarbanes Oxley Act to protect shareholders, why do you think we still continue to see these types of situations? Is it unreasonable to expect that businesses can and should act ethically?

Despite the lessons from Enron and the Sarbanes-Oxley Act, ethical lapses still occur due to a combination of factors. Some businesses prioritize short-term profits over long-term ethical considerations.

Pressure to meet financial targets, competition, and a lack of comprehensive ethics training can lead to lapses. Moreover, complex financial systems and creative accounting methods can make unethical behavior less apparent. However, it's reasonable to expect businesses to act ethically. Clear ethical standards, robust regulatory oversight, and a corporate culture that prioritizes ethics can help prevent such situations. While ethical lapses may persist, ongoing efforts to promote ethical behavior remain essential in the business world.