
Final Integrative Essay

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A Failed Design Or Designed To Fail?

Introduction:

The early years of the twenty first century saw a new trend in the manufacturing industry worldwide. The outsourcing strategies adopted by various American manufacturing companies, benefited Indian manufacturers. One such engine manufacturing company which grew exponentially due to this trend was Cummins India Ltd (henceforth referred to as CIL). CIL is a subsidiary of Cummins Inc. USA, and is the largest supplier of diesel engines in the Indian market. It hires about 2000 people, out of which 800 are engineers.

The official vision of Cummins India limited is:

‘Making people’s lives better by unleashing the power of Cummins’, and the core values that the company nurtures are ‘Honesty, Integrity and Diversity’.

Along with engine manufacturing, the plant has many other support functions. Broadly the plant has three functional areas, viz. manufacturing, engineering and technology, and materials management. The various departments which directly or indirectly support these functions are Research and development, engineering, sourcing, materials, manufacturing, information technology, maintenance, marketing, finance, corporate office and other small functional departments. For the purpose of this paper, we shall focus on the ‘Sourcing’ department as our area of interest.

An insight:

At the beginning of the century, the directors of CIL felt the need to introduce a few new engine models to grow the business and meet new demands. There was no department which could find and develop new suppliers, sign contracts with them and maintain and

strengthen relations with them. Thus, a new department was formed to handle these responsibilities. It was called the ‘Sourcing’ department.

The Head of the department, an Ivy League MBA and senior manager from a rival company, was appointed as the Senior Vice president (Sr. V.P.) of the organization. The Sr. V.P. was in charge of six groups, made according to product families that they catered to. Product families included castings, critical components, rubbers and seals, electronics and assemblies etc. The sixth group was the ‘Strategic sourcing’ group, which was in charge of forming strategies for supplier development, training the suppliers and six sigma deployment. The exact job descriptions, work instructions and procedures to be followed were developed by the senior managers, and were in place. However, these procedures were not frozen, since they wanted to make the rules as they went along.

The six groups had six ‘Sourcing leaders’, who directly reported to the Sr. V.P. (Refer Org chart). The groups had Sourcing managers who negotiated contract terms, signed deals with suppliers and oversaw the progress of product development. The supplier quality improvement engineers (SQIE) made sure that the quality of products supplied met the specifications. They also helped the supplier improve their quality. They audited the suppliers every six months, and launched six sigma projects with them. The ‘Sourcing analyst’ was responsible for the clerical jobs such as entering prices and quantities of orders in the ERP system, making sure the supplier delivered on time, and updating the databases. Sourcing had two secretaries, and one Senior Finance Manager, who handled pricing decisions.

The newly formed organization needed people who had already worked in a sourcing organization. Thus, managers from the sourcing department in another Cummins subsidiary (henceforth referred to as TCL) were relocated to CIL, with extremely hefty pay packages and promotions. Though some of them were very young and inexperienced, they were directly promoted to Sourcing leader positions, while some were brought in at lower positions such as the ‘Supplier quality improvement engineers’ (SQIEs) or Sourcing analysts. The other positions were filled by internal promotions or hiring people

from competitors. People who had risen from the ranks and had worked with CIL for at least fifteen years were made the ‘Sourcing leaders’, while others who were internally hired and had lesser experience handled positions such as ‘Sourcing manager’ or ‘Sourcing analyst’.

For the first two years, the organization was running at a very fast pace. Since they had to form new relationships with suppliers and meet growing demands from the customers, they were all absorbed in work. After the initial pace was set and a few projects were nearing completion, they faced a lot of problems.

Over the two years, they had tried to build teams and inculcate the company values and culture into the new employees. Unfortunately, the teams were not strong and well formed. Since all the employees had diverse backgrounds and experiences, it was hard to get them to work as teams. There were many instances where the team members would not share responsibilities and would blame each other for unsuccessful tasks. Also, the different groups were hardly cordial towards each other. Every group thought that the other group had less work and the people were underutilized. They often had arguments about the imbalance in their work volumes.

Another important problem was the pay scales. The people who were brought in from TCL were paid thrice as much as the new employees, since they were relocated. The people who were internally promoted were paid twice as much as the new employees because of their prior experience. Thus, the pay scale was independent of the job responsibility, and was dependent upon your experience with the company. There were cases where the people employed on the same post such as ‘Sourcing managers’ had different pays, while they had the same responsibilities.

The inexperienced managers who were brought in from the subsidiary, and were promoted as sourcing leaders were extremely incapable of handling such large amounts of responsibilities. They had shared a lot of time working together earlier, and had formed a special alliance with the Sr. V.P. Two of them failed miserably in a few

projects, and yet no action was taken against them. Even after the project failures, they were paid higher than the other senior sourcing leaders. This had created a high amount of discontent in the other sourcing leaders.

The work instructions and the operating procedures were reviewed every six months, and were updated. Many improvements were suggested by the teams for better and user friendly processes, but were not heeded by the managers. Things were starting to get out of control.

The organization had about 32 engineers, 1 chartered accountant and 2 secretaries. As described earlier, though the 'Sourcing Analyst's responsibility was clerical, engineers were appointed in that position. After two years of clerical jobs, many of them were frustrated. They started looking at suppliers as prospective employers, and started building their network for finding better jobs. Two of them left Sourcing for better opportunities. This is where the downfall of the organization started.

Eventually, out of the six sourcing leaders, two got promoted in the manufacturing organization. One left the company for a better opportunity. By the end of the third year, out of the 38 employees that Sourcing first had, about 20 were left, while the rest moved on for better opportunities. Thus there was an employee turnover of about 50 %. The ones who were left had an all-time low morale, since their former team mates now had much better jobs. Everybody was wondering whether to continue in a sinking organization, or to take a leap and quit Sourcing.

Would things have been better if some dynamics were changed? What if the managers or the Sr. V.P had tried harder to form teams and inculcate a culture? The following metaphors will help us analyze the situation in a new light.

Sourcing as a ‘Culture’

Cultural context -

The Indian culture teaches people to be submissive, obedient, peaceful and sometimes passive. Gandhi won many accolades for winning his cause by applying the teachings of Hinduism. He successfully applied the passive defense and non cooperation in the modern era. Though every Indian is brought up in a different way, even today, Gandhi’s teachings are etched in peoples’ minds. Three of the sourcing leaders who were about 50 years old had strong Gandhian influences, since they had witnessed the Indian freedom struggle, and were brought up in the Gandhi era. Thus their style of management was not aggressive and they were happy and satisfied with their positions. Their management style was sometimes misinterpreted as submissive and dispassionate. They lived by the motto, ‘Live, and let live’.

The young breed of sourcing leaders who were recruited from TCL, were MBA professionals and were over achievers in their own right. They had formulated personal goals and were high aimers. They played very aggressively to meet their objectives, and networked with the board of directors and the Sr. V.P. of sourcing often. These managers personified ‘Survival of the fittest’.

Thus, these two extremely different thought processes and cultures co existed in sourcing. The Gandhian thinking was predominant in older generations, while the urban, well educated, modern Indian professional, aspired to be more aggressive and proactive, and break from the age old teachings. The sourcing leaders and the Sr. V.P. of sourcing had daily meetings in the morning, and this group had excellent team dynamics. This could be attributed to the fact, that the Gandhian leaders were indeed submissive, but very intelligent. Thus as a team, they divided their tasks, and assigned the aggressive targets and challenging projects to the younger, dynamic managers, but reserved projects that needed in depth knowledge and experience for the more experienced Gandhian leaders.

Everyone brought in their own perspectives and experiences with themselves when they were hired in Sourcing. However, the cultural integration which was left to teams, worked very well at the higher management level because of their higher level of trust and understanding. The higher trust and cooperation could be attributed to the fact that the management had been through various team building exercises and workshops together, and had worked on challenging, successful projects together. They knew each others strengths and weaknesses, and group's strengths compensated for individual weaknesses.

Let us now consider how the cultural context worked at the lower rungs of the organization. As already stated, many SQIE s and Sourcing Managers were newly recruited from rivals or from different geographical parts of the country. Due to their geographical diversity and the difference in their previous experiences, they had very different value systems.

One particular SQIE was from a very rural part of India, and could never come to terms with women working with him in the office. Traditionally, Indian women were not allowed to work for a long time, and he was brought up in the old school of thought. Thus, he was culturally shocked when he first worked with women. The women, who were hired as managers, were highly educated and were brought up in urban and modern India. Thus, majority of the women had trouble working with people from the old school of thought, since they felt they were not respected enough.

A clash of cultures of urban and rural India was common in the lower rung of the hierarchy. The urban people mingled easily with opposite genders and never had problems attending cocktail parties with suppliers. The traditional and orthodox population of India considers alcohol a taboo even today. Thus the employees who hailed from rural and traditional parts of India, seldom attended any office parties, and hardly networked outside work. Thus their culture influenced their behavior and constrained their ability to interact in a different cultural setting.

Thus it is seen that the social culture strongly affects the organizational culture.

Corporate culture:

- *Subcultures –*

The employees who were relocated from TCL had already worked together in the earlier organization. They had shared a few experiences together and were now sailing in the same boat and facing uncertainty and loneliness in the new city. They had thus formed their own clique and used to remember their old times with TCL. They had their own language and jokes that they shared. They often met for coffee breaks during office hours, and these relationships transcended the hierarchy. Thus, they had their own sub culture which was a bit different from the company culture. The others who were not a part of this clique certainly felt ostracized.

- *Artifacts, rituals and underlying values –*

A departmental meeting was called every Monday morning, and various projects were tracked and planned, and information was shared with the entire department during this hour long meeting. The upper management tried very hard to incorporate the rest and inform them about the projects affecting the growth of the organization. Unfortunately, not everybody thought this was important for their personal progress, and hence the meeting attendance was very low. This indicates that every person thought their own work was more important and pressing than anybody else's. Thus they never looked at the organizational goals as their own, but selfishly worked only towards their performance measures. Thus, the management's efforts of creating a cooperative and learning atmosphere were failing.

One such incidence which depicted a rift in the groups needs to be brought to light. Two SQIEs from different sourcing groups were working on a six sigma project with a

supplier, since the supplier provided material to both these groups. There was a minor disagreement between the two SQIEs regarding the responsibility of auditing this supplier. Somehow, the argument developed into a verbal fight, and their disappointment with each others groups was given vent. The fight took an ugly turn when they verbally abused each other and their managers and left the entire organization shocked at the outburst. Unfortunately, the management did not even take notice of this incidence. Many employees were hurt and disturbed and were feeling discontented about the spiteful, selfish and uncooperative culture.

The above failure of the management could be attributed to their lack of encouraging informal interactions. The moment one entered the organization, all one could see was cubicles. Every person had a closed cubicle for himself. There was a big conference room, to meet with the suppliers, and a huge plush office for the Sr. V.P. There was no breakout area for an informal get together, nor was there any place near the coffee machine to chat with colleagues. People got their coffee mugs and spent their coffee breaks alone, or with a supplier. Also, the people on the same sourcing group did not sit next to one another, but had individual cabins, away from each other. This depicts how informal interaction was not encouraged, and thus a team culture was far from reality.

Another attempt at creating a warm, friendly culture was celebrating birthdays and promotions. These were celebrated formally, after office hours. However, the people simply did not know each other well, and left right after congratulating or wishing the person. Due to lack of funds and initiative, there was no attempt by the higher management to go beyond these few rituals and organize a department picnic to encourage healthy interactions.

As illustrated by the above examples, the upper management in CIL had clearly failed in building a strong organizational culture. Due to the diversity in backgrounds of employees, and their own inexperience, they had failed to create cooperative teams. This eventually led to an unhealthy work environment. This was also because of the misalignment of personal and corporate cultures. The sourcing leaders themselves were

new to CIL and were not thoroughly bought into the CIL culture. Since they failed to understand and gel with the culture, they thus failed to inculcate it in their subordinates.

Culture is thus a supporting frame that will help us analyze and put the problems sourcing faced in a proper perspective.

Sourcing as a ‘Political system’

Culture and politics are two sides of the same coin. They influence each other in many ways. Let us now consider Sourcing as a Political system, and try and explore the illustrations of this metaphor.

Every organization necessarily has some dynamic political activity going on at all times. It might either be hidden from the public eye, or might be exercised publicly. Politics usually arises in an organization when different employees have different interests, and try to pursue their interests even if they clash with the others.

Sourcing had a variety of employees. They were diverse in their age, their geographical backgrounds, their values and obviously their interests. Though almost all of them had personal career interests, the way they tried to pursue their interests were different.

Let us try and analyze the Sr. V.P.’s *sources of power*. Though he tried to run the department as a *technocracy*, and often consulted all the sourcing leaders for important decisions, he had the final word. He had an extremely dominating personality and often intimidated the employees by his style of interrogation. When you entered his cabin, you were never asked to take a seat, unless you were someone extremely important. He had a few personal interests, where he loved to show off his power and stoke his ego. He was thus a very authoritative and *autocratic* leader. Apart from the formal authority, he derived power from his behavioral style and body language.

Along with the Sr. V.P., the sourcing leaders had their own sources of power. One sourcing leader, who was relocated from TCL, was extremely political. Let us call him Mr. P. Though he was on a very high position at an early age, P strived for more. He was extremely ambitious and had very strong career interests. He thus neglected a few of his task interests. Since he came from an economically disadvantaged family, he craved for money. Apart from money, he also loved the glamour and the power that came from high positions. To plan his way to the top, he made every attempt to *network and socialize* with the higher management. At times, he even gate crashed parties to network with people. About a year after his relocation, almost every top manager knew Mr. P well. Thus he tried to build networks to advance his interests.

Apart from networking with his superiors, he also formed a clique consisting of his earlier colleagues. He invited all his TCL colleagues for coffee every afternoon, arranged special parties for them, and was personally close to all of them. P's qualities could be seen as that of a good leader, except for the ulterior motives that he had. P's clique knew him well and was aware of the fact that he was close to the senior management. They started making requests, such as putting in a recommendation for a promotion, requesting a transfer etc. Thus they used this alliance as a source of power to advance their interests.

On one such occasion, P helped a very lower level lady engineer, get promoted. This lady, Ms. A, was P's ex-colleague and was working with his group ever since both of them were relocated. A was an ordinary engineer, and extremely incapable of a managerial position. She did not have a formal management education, which was a requisite for a higher, managerial level position. In spite of this, when an internal job posting for this position was announced, P put in a word for A's promotion, and even though there were other equally or even highly qualified candidates, A was promoted. Apart from indicating P's *source of power* due to *formal authority*, this incidence also illustrates how A used the '*Daughter strategy*' and used P as her *mentor* to advance her interest.

P's actions often led to many conflicts within sourcing. The people who were not included in the clique, and were new to the environment too, found themselves alone. They were extremely dissatisfied about how the clique had a stone wall built around them, and never let any of the other colleagues interact with them. Also, they could see how P was helping people with their promotions, and this hurt many deserving employees.

There was another political manager, Mr. K, who was interested in advancing his *extramural interests*. K was in the 'Rubber and sealing products' group. Incidentally, K's relative owned a company which produced rubber products. When K was in charge of a new development, instead of ordering the parts from the authorized sources, he gave his relative the order. When asked by his leader to explain this action, K simply said that he wanted new suppliers to be given a chance. Everything was a fair deal till the supplier quality was monitored. During the audits, it was found that this supplier employed a very outdated technology, and was not a good choice for the growing business. In spite of this, K exercised his power by *controlling the decision process*, and authorized his relative as an official supplier for CIL. K unabashedly faked the audit results and went on to present to the management how this new supplier partnership would prove to be an asset to the organization. Thus, K unethically used his *control of information and knowledge* as a *power source*. Eventually, the supplier's incapability was seen through, and this created a huge conflict between the management and K. Ultimately the supplier was discontinued and K was transferred out of sourcing.

There were many minor incidences where the Sr. V.P.'s office secretary exercised power by *controlling scarce resources*. According to her, the employees wasted paper and hence as a cost cutting measure, she decided to take charge of the office stationary. Her job responsibilities made her in charge of many confidential files and she derived pleasure by discussing some of these with her close friends in the organization. This shows all three, her task interest, her career interest and her extramural interest. These tasks would make her important, and look good in the Sr. V. P's eyes, and would count as initiatives she took as the secretary. This would help her advance her career interests in the long run.

She also liked the power she exercised over her colleagues and saw this control as an ego booster. This was evident in her conversations and body language, and eventually she lost her popularity with her colleagues.

Gender roles:

Sourcing predominantly consisted of male employees. However, CIL had initiated a Diversity program, and thus sourcing had to recruit about 20% female employees. This diversity had created various gender relations and almost everybody played different gender roles in their day to day activities.

Many managers took smoking breaks during their lunch hours and would meet at the company main gate. This was so, since smoking was prohibited in the company premises. Women in India do not smoke since it's a social taboo, and thus, even the higher level lady managers voluntarily opted out of the smoking break. They thus missed out on a lot of opportunities to discuss, decide, and advance their own interests.

There were many *chauvinistic pigs* who never respected the lady engineers for their intelligence or hard work. They simply attributed the ladies' success to the diversity initiative and complained that the ladies would not have been there, but for the diversity program. They did not view the ladies as equals and were caught in an age old paradigm. These chauvinists were extremely disturbed when a lady was promoted on a position above them. They found it very difficult to report to her, since they were could not communicate effectively with a female leader.

The women in the department knew that these male chauvinists would never let a woman rise on a position higher than theirs. To ensure that this opposition would not hamper their career and task interests, these women started adopting many gender roles. As illustrated earlier, Ms. A played '*The Daughter*' and tried to get her power source through her mentor, Mr. P

There was another young, charming lady, who tried her best to impress all her co workers and superiors. She tried very hard to get noticed everywhere she went, either by her dressing style or her loud and boisterous remarks. She wanted to project a friendly image, but it appeared as if she was trying to seduce some of her superiors by provocative dressing or playing '*Delilah*'. She tried to attract attention, and thus used symbolism and charisma as her source of power.

The Senior Finance Manager was a lady, who was comfortable working with males. She was an extremely intelligent and sharp lady, who made her points fearlessly and stuck to her opinions. Her knowledge and leadership qualities were highly regarded by the sourcing leaders, and they often consulted her during financial decisions and supplier negotiations. She thus transcended the gender gap, and was accepted by the managers as one of them. She was thus the '*Joan of Arc*' of sourcing and gained popularity since she overlooked the gender differences and biases and was very professional and capable.

Thus, it can be concluded that the organization can be viewed as a political system with different elements of politics exhibited in different scenarios and at different levels of hierarchy. This is a supporting metaphor of looking at the problems in the organization.

Sourcing as an 'Organism'

Let us now look at the organization as an organism and try and find whether this is an appropriate metaphor to analyze the problem.

Discovering organizational need:

Maslow's hierarchy of needs theory, gives us an in depth analysis of what motivates the workforce in sourcing. Since they have a diverse workforce, which comes from different geographical and economic backgrounds, and since some of them have already worked with CIL for a long time, different people are motivated by different factors. The younger

professionals, who are economically unstable, are simply motivated by the physiological needs, i.e. money and a safe and pleasant work area. However, the young professionals who were raised in urban areas and come from rich families, are motivated by the social needs, i.e. employee interaction, social facilities etc. The younger, relocated managers are motivated by the ego needs, i.e. by more responsibility or by more recognition. The older employees, who have been with CIL for a long time are motivated by ego needs and by self actualizing needs, since they are at the end of their professional careers. Thus, different employees are motivated by different factors, and it is upon their managers to find these motivational factors for each of these people, and try and appropriately allocate work to them.

Organization as an organism-

The Sourcing organization can be viewed as an organism, constantly interacting with an environment. If we draw a boundary around sourcing, we can view all the elements which influence it from the outside as the environment. The organization has some inherent structure, which in this case is the formal organizational structure, the informal culture, the work instructions, the pay scales etc.

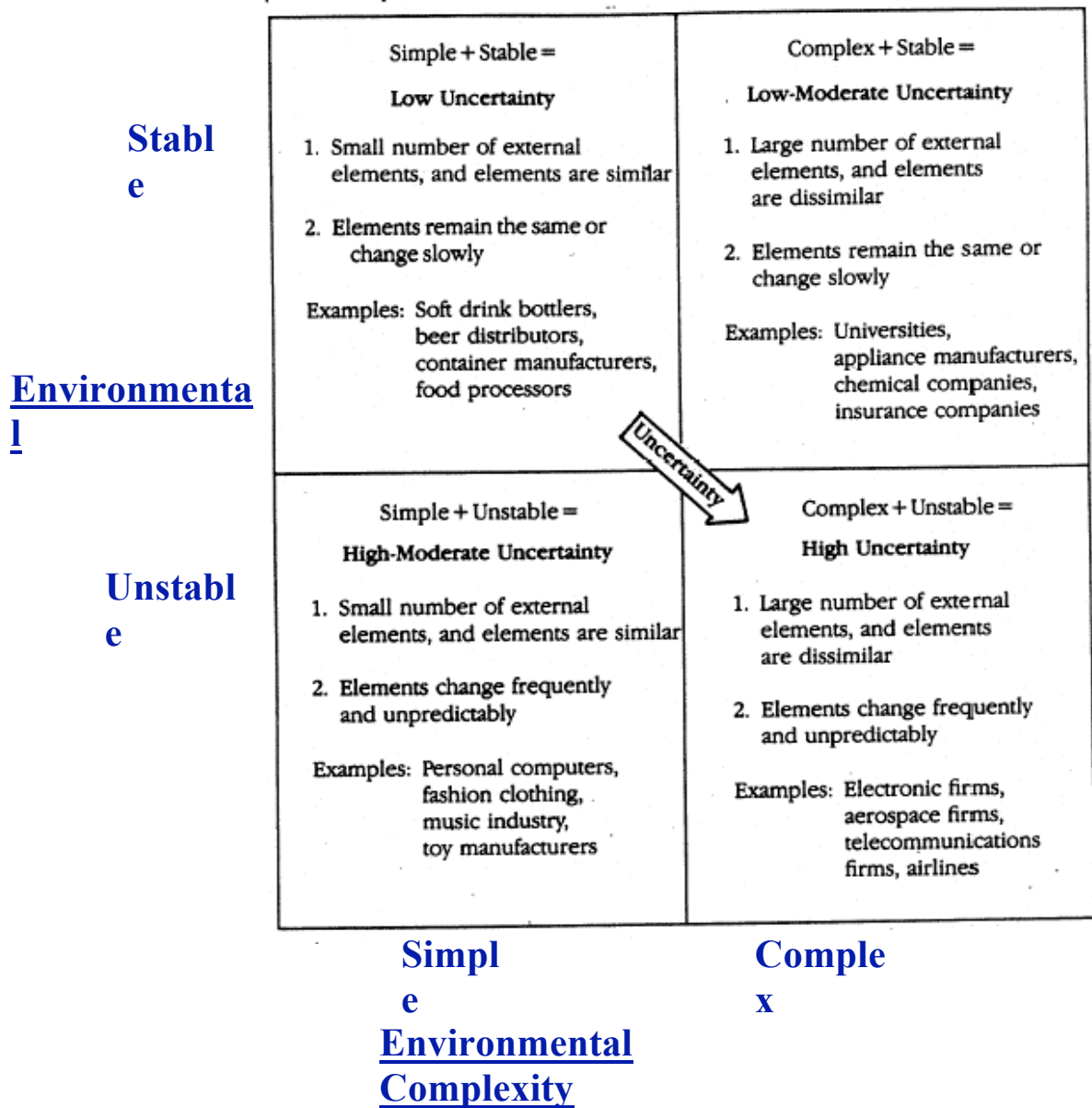
An *open system* necessarily has continuous inputs, transformational processes, outputs and feedbacks. The key inputs for the sourcing organization are the product development plans and customer orders. The transformational processes that take place in sourcing are finding the right suppliers, ordering them the right quantity, helping them develop the part, testing the part and validating the source, monitoring and improving the supplier quality and creating and maintaining relationships with suppliers. The outputs are the parts and profits. Profits are made by reducing costs. The organization is judged by their customers, i.e. the manufacturing line and the end customer. They are rated upon the number of defective parts and the timely delivery of parts. The corporate office monitors the cost reduction measures.

The environment that Sourcing operates in is fairly complex and unstable. Many factors of the environment, such as the competition, raw material prices and availability, rapidly changing manufacturing technologies, government regulations, international competition, markets and financial resources directly affect the outputs of the system. Since most of these were changing rapidly during the early years of sourcing, sourcing operated in an extremely complex and moderately unstable environment.

Thus, analyzing the environment according to the *Duncan's framework*, sourcing predominantly fits in the complex and uncertain environment quadrant. Ideally, an organization which functions here should be an organic organization, informal and decentralized. Many specialized departments, extensive boundary spanning and integration of all these actions are the functions highly desired of an organic structure. The internal structure of an organic organization should necessarily have flexible, multitasking teams, and for this to exist, the culture of the organization should be cooperative and informal.

As regards to sourcing, which operated as a divisional structure, (since all the groups were in charge of different products) there was there was a clear distinction of functions amongst the department. Divisional structures are also capable of handling unstable environments. It also decentralized the decision making. The only problem here was the disintegration across the functions. Though the sourcing leaders represented their groups appropriately, the horizontal linkages at the lower level were absent. The employees hardly interacted with each other apart from work, and hence the horizontal linkage between the teams was extremely weak.

Duncan's Framework



As explained in the culture metaphor, it was hard for the employees to strike a common ground and work cooperatively. Thus, sourcing did not have a strong culture. Though there were formal work instructions and procedures formed for the organization, since the organization was new, the employees were given flexibility by the higher management to interpret the procedures according to their will. Not many followed those procedures closely, and hence external auditors for CIL often found discrepancies with the systems followed in sourcing.

The boundary spanning role required in an organic setting was replicated in this divisional setting. The sourcing analyst was to span the boundary and keep the team informed about the expected price changes, changes in government regulations, and required changes in supplier contracts. Every sourcing group had this analyst. Unfortunately, over time, the sourcing analyst's role was reduced to that of a clerk, who would send orders, monitor deliveries, and update the ERP system. Thus the boundary spanning abilities were weakened. In spite of a low level of cooperation from their subordinates, the sourcing leaders along with the Sr. V.P. did a good job of integrating the groups and taking joint decisions.

To have a good fit between the complex and unstable environment, and their internal structure, sourcing had to align according to the environment. Unfortunately, as seen above, though the environment was complex and unstable, the internal structure was not truly organic. The informal culture was not encouraging enough to form strong and cooperative teams. Thus Sourcing did not have a good fit with its environment.

The Sr. V.P. of sourcing might have sensed the misfit of the environment and the internal structure, and hence tried to improve the horizontal and vertical communication linkages by forming a matrix structure along with the divisional structure. This fact can be illustrated by the following example.

Though the sourcing leaders were leaders of a group, which dealt in particular parts, they had a few functions apart from that. One sourcing leader was unofficially, recently made in charge of supplier quality. Thus, all the decisions and issues regarding supplier quality problems were reported to him. Since one sourcing leader had worked with CIL more than any other leader, he was in charge of supplier relations. Informally, everybody updated him about the negotiations and contracts signed with all suppliers. One Sourcing leader was in charge of the cost cutting efforts. He took up the extra responsibility of tracking high cost areas in the entire organization, and then put teams together for cost cutting projects in each area. One particular sourcing leader was in charge of the new product development, since he had worked on various cross functional teams before, and was the face of sourcing when interacting with marketing. Thus, according to the new system, the employees had to report to directly to their superior, and along with that had an indirect reporting to the functional leader. This was a good start to the transition from a *divisional structure* to a *matrix structure*. The groups accepted these reporting relationships easily, and were willing to change with the environment and showed efforts to align themselves with the environment.

The above example also illustrates the concept of *requisite variety*. The sourcing leaders had very diverse backgrounds, and were in charge of various regulatory systems. Thus the *internal regulatory system* was as diverse as the environment.

Sourcing displayed excellent *homeostasis* or self regulation, since both the positive and negative feedbacks were appropriately taken care of. The group targets were aligned with the broader company targets and were measured and reviewed every month. The next month's targets were then revised to fit in with the entire organization's goals. The teams worked hard to meet their personal and group's targets for the month. The targets were usually measured in defective parts received per million, cost reduction efforts, development project status and customer complaints. Thus, any gaps in the current and desired outputs were met by extra work, supplier negotiation and better strategizing for cost reduction opportunities. However, a particular individual was responsible for a particular task and thus he had to work extra if the group's goals related to his

responsibility were not met. There was no sense of group involvement and group success if a task was successfully completed and targets were met. It was all mainly due to individual efforts. Thus, some employees were burdened, while others had little responsibility.

Let us now analyze the environment of sourcing and its internal processes, and verify the exact fit between them:

- *What is the nature of the organizations environment?*

The environment is extremely unstable and complex. This is due to the fact that there are many rapidly changing elements which comprise the environment. Factors that influence changes in the environment are tremendous competition from international firms, changing government regulations, wavering raw material prices, growing demands etc.

- *What kind of strategy is being employed?*

They have tried to include the proactive, boundary spanning role in one job description. However, the role does not function effectively.

- *What kind of technology is being used?*

Though almost all the employees are engineers, many of them are not given enough responsibility. It does rigidify operations to an extent, since they have broken down tasks, and have allotted particular tasks to particular people. There is hardly any flexibility seen internally, whereas the environment demands high flexibility.

- *What kinds of people are employed and what is the dominant culture?*

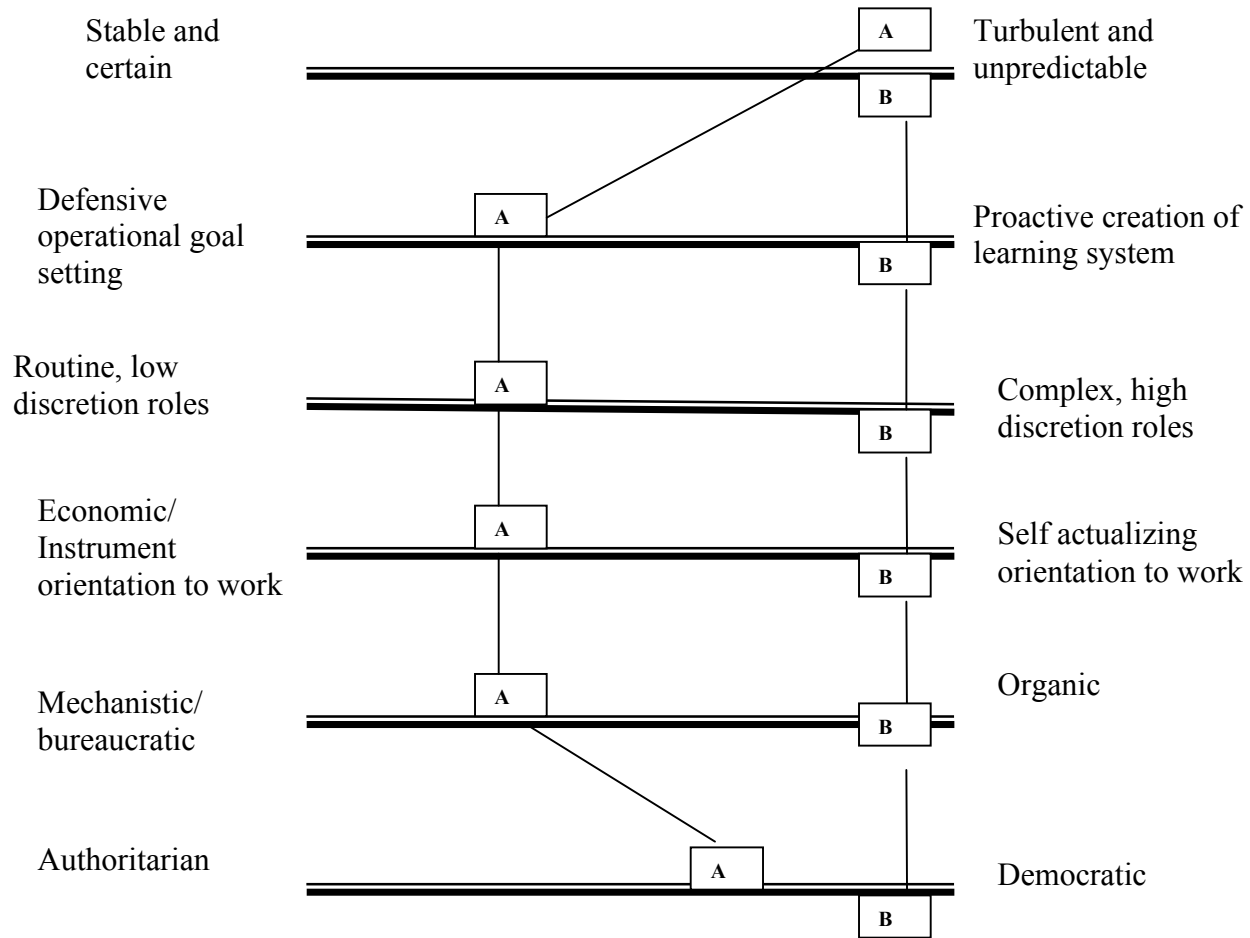
The employees are extremely diverse in terms of their backgrounds, personalities and beliefs. This does have its own benefits, but it is extremely hard for them to work as teams. Since this is a new organization, the core values of the company and those of these new employees are not in line.

- *How is the organization structured, and what are the dominant managerial philosophies?*

The organization has a divisional structure, but is in the process of transforming into a matrix structure. The managers believe in technocracy and they jointly take decisions, however, the Sr. V.P. has the final word.

See next page for figure.

Profile of Organizational characteristics



A Current state

B Ideal state

Creation of shared futures:

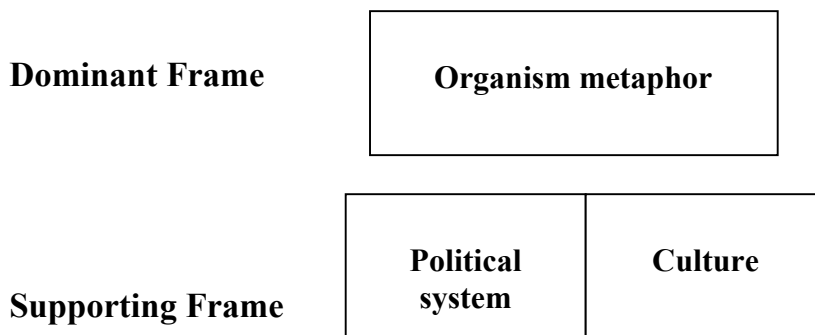
Sourcing and its environment could be viewed in a pattern of *co-creation*. Like in any ecological system, the organism shapes the ecology as much as the ecology shapes the organism. Even sourcing tries to co create its environment by signing contracts with suppliers, and by treating them as its partners. Thus in a highly complex and unstable environment, it was extremely important for Sourcing to integrate vertically and influence some power over its environment. Thus through collaborations and joint ventures, sourcing tried to alter the ecological system for its own benefit.

Thus as illustrated above, it is seen that sourcing is in total misalignment with its environment.

Integration across metaphors

The entire sourcing organization can now be seen as an integration of the three views thus presented. We shall try and analyze the various problems that the organization faced, such as low motivation of some employees, lack of team work, lack of a strong culture, a high level of politics, and try to put it in the right perspective.

The environment that the organization operates in is an extremely unstable and complex environment. For an organization to efficiently work in such an environment, it is very important that it keeps aligning itself with the turbulent environment. Thus to effectively adapt with the environment, it is very important for the organization to behave like an organism. Thus, the organization as an organism is the dominant metaphor. In spite of the popular belief, that the organization needs to align itself with the environment, it is not as easy as it appears. We have to consider other major factors, which are politics and culture, which prevent this rapid flexibility and internal changes. Thus politics and culture are the supporting frames in this case



As seen in the organism metaphor, the groups fail to create a proactive, learning atmosphere even though they are faced by turbulence. A proactive and learning atmosphere is created only when people are motivated by self actualization and ego needs, and not simply by physiological needs. They need to go over and above their duty and put in extra efforts to create this learning atmosphere. They need to have enough flexibility and power in their responsibilities to adjust to the environment.

In sourcing, as seen from the culture metaphor, many people come from economically and geographically diverse backgrounds, not all are motivated by the higher level needs. Some work simply for the money, and do not look at the job as a means to self actualization. Politically, they have simple task interests and a few extramural interests, but do not concentrate on advancing their career interests. They are brought up in either the rural parts of India or in a traditional way, and are more submissive and passive, and simply do their job as instructed and go home. They do not contribute more than their required job description. Because of this, these people do not get promoted soon. When a lady is promoted above them, these people turn into 'Male Chauvinist pigs' and degrade and disrespect this lady. Since they come from the old school of thought, where women worked only at home, they attribute her success to gender politics and disregard her capabilities. Thus we can understand the thought process of these employees and can see that their lack of commitment and involvement in the job hampers the progress of the entire organization.

Though almost all the employees are engineers, and should be treated as equals, some are 'more equal' than the others. The roles that many of these engineers play in the organization are diverse. Though the sourcing analysts are engineers, and their role was intended to be boundary spanners, it has ended up being a clerical job. The sourcing analysts from different groups are treated differently. As narrated in the political metaphor, the ex employees of TCL formed a clique. A particular sourcing analyst, Mr. T, was a part of the clique, and got involved in other important projects and had a much higher pay scale than the other analysts. This infuriated the other analysts, who had a routine and low discretion job. Since Mr. T, in spite of his routine job had an alliance with the higher management, he got promoted much earlier. He thus used his power source to overcome his boredom with the routine job. This disturbed the other analysts, and created a further rift between the clique and the others.

Another grave problem in the organization was the inability of the workforce to act as organic teams. A lot of trust, camaraderie and communication are required for teams to work harmoniously and efficiently. As shown in the culture metaphor, the organization does not encourage informal interaction, which is the key to good communication. This can be seen even in the political metaphor, where the clique thinks they are better than the rest and do not communicate with the others.

This lack of communication can also be attributed to the diversity in cultures, where the traditional people do not socialize at parties where liquor is served. They are extremely uncomfortable socializing with women and thus the horizontal linkages which are required for an organic team are very weak. Thus, though diversity is an important initiative for the company, it creates problems for the workforce in sourcing.

This could have arisen due to the fact that not everybody was aligned with the company's vision of 'Making people's lives better by unleashing the power of Cummins', and the core values of 'Honesty, Integrity and Diversity'. Nobody put their cultural differences aside. They did make their own lives better by advancing their political interests, but never thought of the company's vision as their own. Many times they did compromise on

the core values such as integrity, and never really understood the importance of diversity and requisite variety. As a result of poor communication and strained group dynamics, higher disparity in pays, imbalance in workloads and routine jobs, people started getting frustrated and quit the job for a better opportunity. Thus the organization was on the verge of a failure.

Though the Sr. V.P. was smart and knew what was happening, he started late, and took a few actions only after half his people had left. He finally saw the whole picture and firstly hired a few clerks to carry out the sourcing analysts' clerical job. Thus the sourcing analysts were now free to span the boundary. They were also made in charge of a few cost reduction projects, and this thus improved their roles, boosted their ego, and motivated them to work harder.

He had realized that the company's vision and goals are not ingrained in the employees, and hence he initiated a few training programs. The teams thus underwent team building and 'Vision and Values' training. He had also realized that some people from the old school of thought were not fit to work with the learning and team oriented atmosphere. He thus transferred two of these employees to the manufacturing department of CIL.

Apart from this, he had already created an informal matrix structure, which he later formalized, to improve the communication and cross linkages. He was aware of the clique, and yet could do nothing much to improve the situation. He instead concentrated on improving the horizontal communication amongst the rest.

The workforce was then taken on a retreat for two days, away from work, where they were asked to suggest a better way to form teams and to increase communication. They came up with suggestions regarding reallocation of tasks and projects. They also got an opportunity to know each other personally, and returned refreshed and renewed from the workshop. Though there were a few immediate changes, such as higher interaction and a loosening of the clique, they would have to wait longer and play strategically for better results.

The Sr. V.P. thus integrated the three metaphors to get a holistic view of the problem and initiated actions which would affect all these and reduce their adverse effects on the growth of the organization.

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