

FACULTY OF MANAGEMENT STUDIES
UNIVERSITY OF DELHI
Semester Examination 2014

Name of Examination: MBA (FT) I Year

Paper Name: Organization Effectiveness and Change **Paper No.:** 6201

Time allowed: Three Hours **Maximum Marks:** Fifty only (50)

Instructions to candidates: There are two sections in this Paper. Attempt all questions from Section A. Attempt any two questions from Section B

Section A

1. **Read the following case and answer the questions that follow:**

15 Marks

A Kodak Change Story: Provoking Reactions

Could this be the beginning of one of the biggest turnarounds in American corporate history or one of the most public and embarrassing busts? After more than a century of producing traditional film cameras, Kodak announced in September 2003 that it would cut this line of production. In Western countries, this involves a complete move away from traditional products within the film industry by the end of 2004 and a full-scale launch into digital technology. The move is slated "to generate \$16 billion in revenue by 2006 and \$20 billion by 2010." At an investor conference CEO David A. Carp said:

We are the dawning of a new, more competitive Kodak; one that is growing, profitably, that has a more balanced earnings stream, and that will have a dramatically lower cost structure.... To compete in digital markets, we must have a business model that lets us move even faster to take full advantage of the profitable growth those digital promises.

Implementing this change would require Kodak to cut their dividend and to raise capital for new technology purchases. Further elaboration of this strategy occurred in January 2004

when it was announced that to reach the proposed savings of between \$800 million and \$1 billion by 2007, Kodak needed to make two physical changes to the organization. First, there would be a reduction in the square footage of Kodak facilities worldwide by consolidating current operations and divesting unnecessary assets. Second, Kodak intended to reduce employment worldwide with up to 15,000 jobs to be cut by 2007.

Investor Reactions

The announcement in September 2003 took many external experts by surprise. At a series of post-announcement meetings with investor groups, their reactions were not overly supportive, particularly to the news that their dividends would be severely cut. They were conscious of promises to increase the company's revenue, which were not realized. It was feared that this would become another "half-hearted transition" –as with the \$1 billion launch into APS cameras in 1996 that ended in failure. They also pointed to the risk in moving in this direction given the competitive market with rivals such as Hewlett-Packard, Cannon Inc., and Seiko Epson Corp., which were already ahead in digital technology research and product development. Carp's response was to stand firmly by his decision to pursue digitalization of Kodak.

Staff Reactions

For many of Kodak's employees, the future looked bleak regardless of the success of the company in moving into digital technology. Employees were rightly concerned about losing their jobs in light of the proposed 20 percent worldwide cutback in employment. Downsizing is not new at Kodak. From 1997 to 2003, the company reduced its workforce by 30,000. As argued in *The Wall Street Journal*, this type of change "moves parallel [to] those at many companies whose comfortable business models have been threatened by rapid changes in information technology." As one union representative explained, the stress on workers in one Kodak production plant has been made worse than necessary because "management has not sought to reassure [Kodak employees] that they have got any long term future. When people have families to raise with no financial commitments and support, that's a very difficult environment to work in."

Hence, along with having to convince investors that the path of change is the right one of the Kodak, Carp also had to manage the adverse effects of an ongoing program of downsizing and restructuring.

Questions

- a) Identify the driving and resisting forces for change at Kodak. (5 Marks)
- b) What are different kinds of reactions that are visible in this case? Why there are varied sets of reactions whenever change is implemented? (5 Marks)
- c) How does the culture of an organization become a factor in facilitating or hindering change? Give instances from the case. (5 Marks)

2. Read the following case and answer the questions that follow:

15 Marks

Asia – pacific Internet marketing System Inc.

Asia-Pacific Internet Marketing System Inc. established its China office in Beijing in June 2007, envisaged as the China head office. Good communication was maintained between the Beijing office and other offices in Shanghai and Guangzhou. A rumour arose in Guangzhou office that there would be staff cuts in the production department while the accounting department would recruit two new staff, and there would be salary cut of 5% across the Board. This led to a conflict between the two departments concerning resources and manpower. Some of the staff became very upset about the perceived inequity and job insecurity. Electronic messages and gossip expressing grievances flourished throughout the Guangzhou office.

The conflict accelerated. Concerned staff members in the two departments sent email to the director of human resource department and even to the CEO in the office in Beijing, saying that if they did not hear of a decision about the staffing issue they might expose the issue to the media and the public.

The CEO and the senior management group in Beijing held an emergency meeting. After some discussion, the CEO sent a clear vision statement through the Intranet to all the staff, and memos to all the different departments, expressing the company's view that retaining good staff was the first priority. The general manager of the Beijing office visited the Guangzhou, wishing to 'walk the floor' to boost employee engagement. When he met the chief worriers, he talked to them face to face about AIMS' strategic plan, and invited representatives of each department concerned to discuss ways to resolve conflict.

Questions

- i. What kind of conflict do you find between production and accounting departments? (5 Marks)
- ii. How is the management trying to resolve conflict between the two departments? Suggest some other ways of handling the conflict. (10 marks)

Section B: Attempt any two questions from this section

3. Cross-cultural researchers have argued that developing productive interaction between foreign managers and local employees is very likely to contribute to the success of joint ventures and subsidiaries in this rapidly globalizing world. Do you agree? Give rationale for your answer in the light of such findings. 10 Marks
4. How has the composition of the workforce changed over a period of time especially with a focus on gender? Highlight and discuss the ways through which organizations can aim to achieve maximum efficiency by managing the gender issues. 10 Marks
5. Creativity is a critical ingredient for meeting challenges in organization of all types. For this managers have to conscientiously take specific actions aimed at building creativity. Identify and discuss some of these steps which can help to enhance the creative potential of employees in an organization. List any one creative organization from the corporate world and give reason for identifying it as creative organization. 10 Marks

6. Suppose you have just been hired as a brand manager of a tooth paste brand of a large consumer-product company. Your job mainly involves encouraging the production and advertisers group to manufacture and promote your product effectively. These departments are not under your direct authority, although company procedures indicate that they must complete certain tasks requested by the brand manager. Describe the basis of power you can use to ensure that the production and the advertising departments will help you make and sell the toothpaste brand more effectively. What kind of responses can you expect from these departments while using your power base?

10 Marks