

2012 MANUFACTURING ENGINEERING TRIPOS PART II A

P4: ORGANISATIONAL BEHAVIOUR (SECTION A) & MANAGING BUSINESS AND
PEOPLE (SECTIONS B&C)

DR AJITH PARLIKAD & DR JONATHAN TREVOR

SECTION A

1 “Informal cultural values are more important than formal bureaucratic rules in contemporary work organisation.” Discuss. [100%]

ANSWER: Contemporary management theories emphasise the importance of informal values and culture management as the primary means of aligning employees’ interests and behaviours to those of their employer in the contemporary work environment. This is in contrast to the importance placed within bureaucracies on productivity secured through formal rules, work policies and procedures. Excellent answers will compare and contrast bureaucratic and post-bureaucratic forms of organisation in the context of contemporary organising, and address the relative importance of either or both cultural values and bureaucratic rules for organisational effectiveness.

Examiners Comments: Answers demonstrated solid basic knowledge of the literature on bureaucratic work organisation, post bureaucracy and culture management. Answers tended to be quite descriptive and repetitive. Some candidates engaged in exploring blind alleys or focused on trivial issues, critiquing bureaucracy and citing well established dysfunctions e.g. goal displacement. The best answers developed a discussion around the contingent deployment of culture management techniques in knowledge intensive organisations, for example, and highlighted implications for theory and practice of a contingency approach to organization and employment.

2 Can you pay an employee too much? [100%]

ANSWER: Equity theory holds that iniquity or perceived unfairness of pay, for example, may produce employee dissatisfaction, demotivation and organisational conflict. Candidates may argue that pay, in this sense, has no absolute value. Rather, its value is relative and contingent upon peer comparison and overall notions of fairness. Pay is therefore a factor of hygiene within the workplace. Excellent answers will discuss the implications of their argument for content and process theories of employee motivation, pay management and conflict within the workplace.

Examiners comments: The majority focused on process and content theories of motivation and attempted to describe the exogenous conditions, psychological and financial, moderating worker motivation. The best answers referred to the relative value placed upon remuneration levels and addressed the implications for work organization from a structuralist perspective.

3 Why might post-bureaucracy be always “just around the corner” as the dominant mode of organising work? [100%]

ANSWER: Unlike proponents, who see post-bureaucracy as the ideal form of organisation fit for the information-age in the way that bureaucratic work organisation was fit for the industrial age, critics argue the post-bureaucratic organisation is not new conceptually or practically. Others would argue that post-bureaucracy is merely consultant hype which is ultimately self-fulfilling. Moreover, post-bureaucratic organisation may not be fit for all types of organisations, depending upon their product, industry or heritage. Thus, in this sense, post-bureaucracy is not the inevitable form of future organisation, but perhaps a choice. Excellent answers will provide argument for and against post-bureaucracy, paying attention to the contextual/contingent conditions under which it might apply as the dominant mode of organising work, and discuss implications for future work organisation.

Examiners comments: The question addressed issues around the changing environment for work organization, postbureaucracy, and the prospects for organizational transformation from bureaucratic to postbureaucratic organization as the dominant mode of organizing. Basic answers merely described the differences between bureaucratic and post-bureaucratic organization and their relative merits. The best answers developed sophisticated criteria by which the appropriateness of either bureaucratic or post-bureaucratic, or a blend of both, might be most appropriate, rejecting the notion that post-bureaucracy is either an inevitability or ‘always just around the corner’

4 Do “prisons resemble factories, schools, barracks, hospitals, which all resemble prisons” as Foucault suggests? [100%]

ANSWER: Unlike the exercise of discontinuous power, such as physical attacks on the body, Foucault contended that organisations at the time of his writing (late eighteenth century) were starting to exercise demonstrations of power that were continuous and carceral in nature – power organisationally being continually exercised through minute-by-minute monitoring and self-control of mind and body by members of society themselves. Excellent answers will evaluate the claim that organisations are inherently carceral in nature, paying special attention to contemporary management techniques

such as culture management, emotional labour system and total quality management, and discuss the implications for work organisation theory and practice.

Examiners Comments: Overall, all candidates demonstrated a good knowledge of the literature and understanding of post-structuralist theory. The best answers explored issues of the continuous and (discreet) carceral nature of culture management, for example, in contemporary work organization and addressed implications from a moral as well as a managerialist perspective.

SECTION B

5 (a) Describe four strategies by which a firm can grow. Provide examples for each strategy. [25%]

ANSWER

	Existing Products	New Products
Existing Markets	Market penetration	Product Development
New Markets	Market Development	Diversification

Ansoff, I. (1983). Business strategy: selected readings.

Examples:

- Market penetration: mobile phones & marketing across population; development of car markets
- Market development: iPads and healthcare; video gaming and education
- Product development: Xbox, Xbox360, Xbox Kinect; smartphones; sports equipment
- Diversification: Nokia and mobile phones; Philips and healthcare

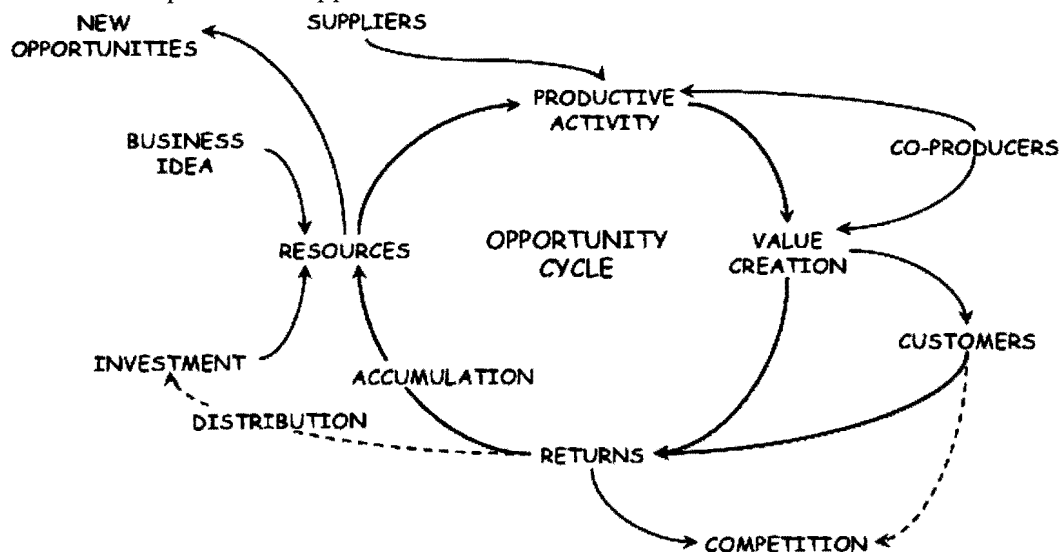
(b) “Start-ups think in terms of opportunities whereas established firms are more focused on resource management”. Discuss what this statement means in terms of the management style, organisational structures, business processes and strategies of start-ups compared with established firms. [75%]

ANSWER

Established firms will have accumulated resources over time (people, factories, supply chains, etc) and are looking for ways to generate return from these resources. These

existing resources constrain what they are able to do ('path dependencies'). Shareholders will be looking for a good level of return from these resources (funded by their investments), and managers will be seeking good utilisation of these resources. Large firms are thus often very good at finding ways to improve the efficiency of their existing resources, and to do things that build upon the foundations provided by existing resources. However, it can limit their ability to do new things that may require different resources. For example, Kodak had substantial resources in film-based technologies, and had for decades been very effective at managing these resources to develop a world-leading position. However, the advent of digital photography required a whole new set of resources and a different business model. Start-ups, in contrast, typically have few resources and therefore are not constrained by such dependencies. This gives them the flexibility to respond to new opportunity areas and focus on the challenge of accessing the resources they need to address these new opportunities.

The following system view of entrepreneurship could be used to describe the process by which start-ups address opportunities:



The impact of this difference in perspective could be summarised from elements drawn from this table:

	Start-up company	Established company
Processes	Informal; ad hoc; rapid	Formal processes; slow paced (e.g., design review; document control)
Systems	Few	Many systems, tried and tested (e.g., technical database, financial systems)
Activities	Heroic individual efforts; chaotic; initiative based	Cross-functional teams; managed tasks; delegated authority; coherence
People	Many creator / innovator types; role flexibility	Managed balance between types; clear job descriptions
Management style	Hands-on, informal; bold decisions taken on incomplete information	Delegated, professional style; risk assessment; staff development
Communication and documentation	High dependence on verbal communication and memory; 'everyone knows everything'	Greater use of written communication; controlled dissemination; 'need to know'
Market information	From intuition, insights and belief; reliance on feedback from small sample of (potential) customers	From experience and market research; statistical sampling of customer needs and price sensitivity
Competitors and IPR	Limited competitor awareness; limited IPR protection	Very aware of competitors; careful and strategic use of IPR.

A strong answer should then also go on to expand upon the issues in this table, link back to the two perspectives provided in the question, and to provide examples from company case studies.

Examiners Comments: The first part of the question was not very well handled by most candidates. The good candidates used the products vs. markets matrix to describe the four strategies, and the poorer responses were unstructured. There was a really good spread in the quality of response for the second part with weaker responses not providing good examples.

6 In terms of marketing and sales strategies, discuss the different issues facing:

(i) a start-up firm with a new product based upon a novel, advanced technology for the defence sector;

(ii) a medium-sized, long established manufacturing firm with a product based upon a proven industrial printing technology targeted at a new geographic market; and

(iii) a multinational corporation launching a new product and service combination for consumer markets in several countries simultaneously.

[100%]

ANSWER

A good answer would discuss general issues to do with understanding needs of customer, transactional versus relationships, segmentation of market, branding, buying/selling process, sales channels, CRM, then focus on differences between these cases:

(i) a start-up firm with a new product based upon a novel, advanced technology for the defence sector;

Specific issues could include: 'liability of newness' – why would conservative sector buy from risky start-up with risky offering? Commercial and technological risk from the buyer's perspective. How to work within bureaucratic procurement processes? How to provide validation? How to provide support?

(ii) a medium-sized, long established manufacturing firm with a product based upon a proven industrial printing technology targeted at a new geographic market;

Specific issues could include: How to find customers and build up relationships in new locations? Cost of product is likely to be quite high, and 'mission critical' for many applications, so need to demonstrate high level of reliability and support. Would this be direct selling or via agents? Example used in class of Domino shows the challenges of agents. But cost of setting up own sales and marketing operations could be very high.

(iii) a multinational corporation launching a new product and service combination for consumer markets in several countries simultaneously.

Specific issues could include: Service element may need customisation for different markets. Need to have local customisation, or risk 'standard' product not fitting with diverse markets. High risk of doing things in different locations at same time, but also provides some benefits of scale. As multinational corporation, should have resources to deal with this. Consumer markets are high volume. How to build relationships? Perhaps service side could provide the on-going connection.

A strong answer would expand open these issues and use examples to highlight specific issues.

SECTION C

- 7 (a) Describe “hard” and soft” approaches to Human Resource Management (HRM). Comment on whether they are mutually compatible. [40%]

ANSWER:

The “hard” approach, also known as the “Matching Model” introduced the concept of strategic HRM in which HRM policies are tightly linked to the formulation and implementation of strategic corporate and /or business objectives.

Here the emphasis is on the tight fit between HR strategy and business strategy and the goals of the organisation. According to the “hard” approach, the following are key:

- selection of the most suitable people to meet business needs
- performance in the pursuit of business objectives
- appraisal, monitoring performance and providing feedback to the organisation and its employees
- rewards for appropriate performance
- development of skills and knowledge required to meet business objectives

Two key assumptions underpin this model: the first is that the most effective means of managing people will vary from organisation to organisation and is dependent on organisational context. The second assumption is that of unitarism, that is the assumption that conflict or differing views cannot exist in the workplace because everyone (managers and employees) are working to achieve the same goal – the success of the organisation.

The “soft” approach to HRM recognises that there are a variety of stakeholders in the organisation, which include shareholders, various groups of employees, the government and the community. The model recognises the legitimate interests of various groups, and assumes that the creation of HRM strategies will have to reflect these interests and fuse them as much as possible into the HR strategy and ultimately the business strategy. The set of propositions that combine to create more effective organisations according to the “soft” approach are:

- Strategic Integration
 - Ability to integrate HRM issues into strategic plans
- High Commitment
 - Both behavioural and attitudinal commitment to pursue agreed goals

- High Quality
 - Of managerial behaviour and recruitment of employees to bear on products and services
- Flexibility
 - In functions, and in adaptability of organisational structure

Hard and soft frequently portrayed as incompatible. If Hard HRM is used to describe a cost minimisation approach, then soft and hard HRM may be diametrically opposite. However, if hard HRM is used to describe a strategic approach to people management, then soft and hard HRM can be seen as compatible.

(b) Discuss the “Best-fit” and “Resource-based view” approaches in strategic HRM and outline the limitations in these approaches.

ANSWER:

The “best-fit” school of HRM explores the close link between management and HRM by assessing the extent to which there is vertical integration between an organisation’s business strategy and its HRM policies and practices. A number of models have attempted to explore the link between business strategy and HR policies and practices, and develop categories of integration or “fit”. These include:

- Lifecycle models - HR strategy depends on product, firm or market lifecycle. e.g. early stage company may require maximum flexibility, whereas growing established firm might emphasise the establishment of systems
- Competitive advantage models - frequently based on Porter’s recommended strategies (e.g. Innovation; cost-reduction; Quality Enhancement) – e.g. innovation might demand structures which encourage creative behaviour, and reward long term performance (e.g. stockholdings), quality might demand an emphasis on training.
- Configuration models – focuses on how unique patterns or configurations of multiple independent variables are related to the dependent variable, by aiming to identify the “ideal type” categories of not only the organisation strategy, but also the HR strategy.

Key limitations of the best fit approach are:

- reliance on classical rational-planning approach to strategy making and its rejection of societal and national cultural influences on HR strategy

- they tend to ignore employee interests in the pursuit of enhanced economic performance
- lack of emphasis on the internal context of individual businesses within the same sector and the unique characteristics and practices that might provide its main source of competitive advantage

The resource-based view focuses on the internal resources of the organisation rather than analysing performance in terms of the external context. It focuses on the relationship between a firm's internal resources, its profitability and the ability to stay competitive through its strategy formulation. The key models in the resource-based view are:

- The VRIO framework
 - Value
 - How can human resources of a firm create value?
 - Cost reduction vs. revenue enhancement
 - Rarity
 - What rare qualities do the human resources offer?
 - How can the organisation capitalise on these qualities?
 - Inimitability
 - How can an organisation develop characteristics that are difficult to imitate?
 - Organisational compatibility
 - How can the business organise to build and exploit resources?
- Core competency
 - The important point is that it is not enough to obtain the technology – core competence is about being able to integrate and apply a range of technologies and practices to deliver products and services to customers (and they will usually form the basis of a range of current and future products)

The limitations of the resource-based view are:

- strong focus on the internal context of the business
- ignores common base-line characteristics across industries

Examiners Comments: Most candidates showed a good understanding of the differences between the hard and soft approaches to HRM. Weaker candidates discussed the difference between traditional personnel management and the modern HR practice. The second part of the question was poorly attempted by most candidates, with only a few responses providing an in-depth discussion on the different models used in Best-Fit and

Resource-Based approaches to HRM. The weaker responses only provided a broad discussion of the two approaches.

8 The CEO of a multi-national organisation is planning to implement lean manufacturing principles throughout the organisation. What advice would you give to the CEO from a change management perspective? Your answer must address the nature of change, the process of implementing change, common obstacles to change, and suggestions to overcome employees' resistance to change. [100%]

ANSWER:

Resistance to change will depend upon the individual's interpretation of the change and its impact upon them, influenced by e.g:

- Its effect on the intrinsic nature of the work
- Its effect on the amount and direction of discretion, power and autonomy
- The organisational context (trust of managers/firm)
- The manner in which it is introduced
- The perceived balance of cost and benefits
- Underlying tension (long standing disputes aired as part of change process)

The key approaches that managers might use to overcome resistance to change are:

- Education and Communication
 - When there is a lack of information & analysis
- Participation and Involvement
 - initiators do not have all nec. info & others have power to resist
- Facilitation and Support
 - Where resistance largely reflects problems of adjustment
- Negotiation and Agreement
 - Where one or more powerful parties will lose from the change
- Manipulation and Co-option
 - Where other factors will not work or are too expensive
- Explicit and implicit coercion
 - Where speed is essential and initiators have considerable power

The key steps to implement change successfully in organisations.

- Increase urgency - inspire people to move, make objectives real and relevant.

- Build the guiding team - get the right people in place with the right emotional commitment, and the right mix of skills and levels.
- Get the vision right - get the team to establish a simple vision and strategy.
- Communicate for buy-in - Involve as many people as possible, communicate the essentials, simply, and to appeal and respond to people's needs.
- Empower action - Remove obstacles, enable constructive feedback and lots of support from leaders.
- Create short-term wins - Set aims that are easy to achieve - in bite-size chunks. Manageable numbers of initiatives.
- Don't let up - Foster and encourage determination and persistence - ongoing change - encourage ongoing progress reporting - highlight achieved and future milestones.
- Make change stick - Reinforce the value of successful change via recruitment, promotion, new change leaders. Weave change into culture.

[Good candidates will specifically address issues faced by multi-national companies, e.g., large number of employees, differences in cultures, languages, working styles etc. They will also touch on issues faced during lean transformation, e.g., flexibility, reduction of wastes, continuous improvement.]

Examiners Comments: Almost all the candidates showed a very good understanding of change management. There was a good spread in the quality of responses. Strong candidates responded with a good discussion of the change-related issues specifically drawing from their understanding of lean manufacturing. Poorer responses discussed the issues from a very general point-of-view, listing material from the lectures directly without specific reference to the scenario posed in the question.