

Crib

Section A (OB)

1 (a) Describe what is meant by organisational culture and explain its importance in achieving high organisational performance. Give examples to support your answer.

The basic answer needs to be able to describe the following points

Organisational Culture:

- ‘Culture is the system of such publicly and collectively accepted meanings operating for a given group at a given time’
- ‘The collective programming of the mind which distinguishes the members of one organization from another’
- ‘The basic assumptions and beliefs which are shared by members of an organization, that operate unconsciously, and that define in a basic “taken-for-granted” fashion an organization’s view of itself and its environment’. Schein also defines culture as ‘a set of basic assumptions [that] defines for us what to pay attention to, what things mean’

Why culture matters (examples Innocent Drink, Honda):

- Shapes our experience of the world
- Values and beliefs
- Social normative glue
- Expectations and norms
- Official and informal culture
- Management control or employee resistance

New way to manage a company:

Rational management

- Hard
- Rational argument based on facts and figures
- Manage through budgets, strategy, and targets
- Management control imposed on workers via rules and procedures, and systems of accountability
- Formal communication through newsletters, emails, etc.
- Use formal authority structures and hierarchy
- Control, monitoring, and evaluation

Cultural management

- Soft
- Emotional appeal through shared values
- Managed through shared values and purpose
- Workers control themselves through shared beliefs and values
- Informal communication through symbols and stories
- Reliance on informal opinion leaders, traditions, accepted practices, and sense of mission
- Trust, commitment, and autonomy

- Increased sense of belonging
- Increased commitment
- Shared values
- Shared language
- Shared belief in purpose of organization
- Engages hearts and minds – common purpose

Links between culture and performance:

- It is claimed that strong culture = high performance
- Visionary companies outperform non-visionary ones by 1500%
- ‘We estimate that a company can gain as much as one or two hours of productive work per employee per day’
- Key factor in ‘excellent companies’

The strong answer would include examples strong culture involving Hitachi, google etc.

(b) Schein’s cultural iceberg model is one of the established models to implement cultural change in manufacturing firms. Discuss the key features of the Schein’s cultural iceberg model. Which aspects of the model are more challenging to implement? Give examples to support your answer.

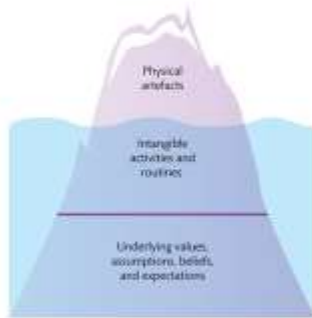
The basic answer needs to be able to discuss the following points:

Edgar Schein

- Patterns that shape organizational realities
- Learned basic assumptions
- Shared by organizational members
- Taken-for-granted
- Founder can create culture

- Culture can be changed

Schein's cultural iceberg



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Level	Description	Examples	Analysis	Ability to change
Artifacts	What one sees and hears	Physical environment Language Technology Clothing Emotional display Myths and stories about the organization	Visible, but hard to decipher Cannot rely on alone as observer will project their own feelings and reactions	Relatively straightforward but also fairly superficial and therefore not going to change the culture dramatically
Enacted beliefs and values	Beliefs and key practices spoken initially by leader/founder and then validated by the group	What people say in particular situations Mission statements Strategies and goals	Stated assumptions shared by the group Often leave many aspects of behaviour unexplained	The leader can change this level and is good at training new members how to behave
Basic underlying assumptions	Regular solution to a problem, it becomes taken for granted. Preferred solution, any other option inconceivable.	Values that guide behaviour Values shared and therefore reinforced Fundamental aspects of life, human nature, nature of truth, importance of family, work, and self-development, etc.	Unconscious and taken for granted that are not discussable Anything that challenges this produces defence mechanisms	Very difficult to change as are often unconscious and completely taken for granted

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Changing culture

- Managerial view – sees culture as something that is in the possession of management
 - Managers are powerful social actors
 - Shape the symbolic behaviour and practices of the organization
 - Management gurus
 - Managers set the agenda
 - Managers have organizational power
- Symbolic perspective – sees culture as something beyond the control of management – but something the organization is
 - Culture is too complex to be managed
 - Cannot simply change peoples' world view
 - People are complex social actors
 - Many competing factors and subgroups
 - Deeply rooted in the unconscious

The strong answer would include examples.

2

(a) Discuss how large enterprises have had to change their management styles as they have grown from a small enterprise. Give examples to support your answer.

The basic answer needs to include the following points:

From Small to large scale organisations

- Personal control – easy with a small group of people to manage
- But how to carry out Fayol's five functions of management as an organization grows in size?:
 - Planning/forecasting
 - Organizing
 - Coordinating
 - Commanding
 - Controlling
- From personal and direct control to impersonal and indirect control
- Rational organizational design through bureaucracy

Three aspects of bureaucratic control

- Hierarchy/organizational structure
 - Levels of management
 - Control **delegated** through the hierarchy – from direct to indirect control
 - Manageable **span of control** at each level of the hierarchy
 - Personal face-to-face control remains at each level
- Rules, procedures, and policies
 - Pay
 - Absence
 - Grievance
 - Appraisal
- Paperwork and records
 - Information needed to facilitate bureaucratic rules and procedures – e.g. hours worked and absence records for pay procedures

- **Pro-forma** with pre-defined fields – standardizes information about employees.
- More **efficient** recording and retrieval of information through standardized records
- **Control** and **surveillance** by monitoring information stored.

The strong answer would include examples.

(b) Discuss the benefits and drawbacks of increasing levels of bureaucracy in a large enterprise.

The basic answer needs to be able to explain the following points

Problems with bureaucracy and rationality

- Modernity and the Holocaust
- Technical efficiency vs. ethics
- Responsibility of individuals following rules in large organisations

Disenchantment

- Loss of ‘magical elements’
- Dehumanization: rules and monotonous routines rather than people acting independently as individuals

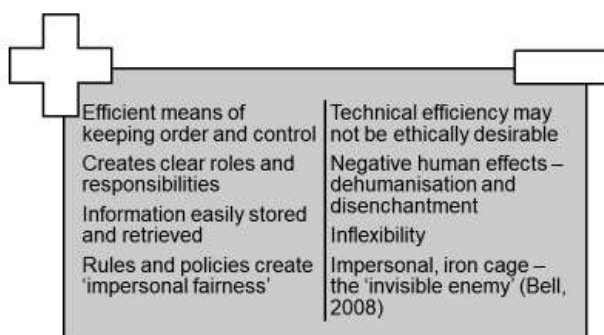
Modernity and Holocaust

- Nazi death camps were also highly efficient and impersonal bureaucracies
- Workers were just one part in the overall bureaucracy – distant from the horrific final results
- Technically efficient, but not substantively rational

Dysfunctions and inflexibility of bureaucracy

- Red tape – bureaucracy gets in the way rather than making work more efficient
- Bureaucratic personality– the ‘jobsworth’ or ‘Computer says no’
- ‘Bending the rules’ to get work done
- Exercising discretion – ‘street-level bureaucracy’
- Mock bureaucracy – ‘we have a policy’

Evaluating bureaucracy: A double-edged sword?



The strong answer would include examples such as Nazi Holocaust.

3

(a) Discuss how Taylorism can allow management to exert control over employees when working from home during the COVID 19 pandemic. Give examples to support your answer.

The Covid-19 pandemic is bringing many changes in organisations including working conditions. Working from home is widely accepted form in the UK. Working from home has advantages and disadvantages. Some are concern that employees’ productivity is quite low. In this situation, what organisation can do to increase its performance by increasing employees’ productivity? Taylorism is one of the engineering management concepts that deals with productivity. Students are expected to discuss key features of Taylorism that can help organisations to increase home working employees’ productivity.

The basic answer would present explanation involving the following points

Frederick Winslow Taylor: efficiency and control

- Pioneer of rational work design: scientific management
- Industrial engineer in early 20th century Philadelphia Steel Industry
- Designing organizations like machines
- Designed efficient work –but many of his obsessions were over controlling workers
- Taylorism –techniques still in evidence in contemporary organizations

Control through Taylorism

- Standardization
- Individualization
- Facilitates surveillance
- Knowledge resides with management
- Removal of craft skill

Key challenges:

- Labour is non-standard and unpredictable
- Craft knowledge and expert power
- Labour organized in gangs
- Labour ‘inherently lazy and unmotivated’
- Soldiering
- These meant that people did not behave like, nor could they be controlled like, machines
- Resistance from Workers

The strong answer would include examples.

b) Discuss the critical aspects of Shareholder Capitalism and explain the problems associated with its implementation. Give examples to support your answer.

The basic answer needs to be able to discuss the following points:

Critical aspects:

- The social responsibility of business is to increase its profit
- Market has an invisible hand that promotes the greatest good for all

- Economic growth is good for all: the rising tide raises all ships
- Philanthropy: giving something back to society

Problems:

- Self-interest is good for all
- Individual should be free to pursue their own interests
- Economic growth is good for all
- Shareholder interests are only important ones

The strong answer would include discussion on Milton Friedman's article and Adam Smith and presents examples of Stephen Hester's bonus and Bill Gates.

4

(a) Describe what is meant by the terms triggers for change and resistance to change. Give examples to support your answer.

The basic answer would present explanation involving the following points

Triggers and resistance

- Conflicting perspectives
- Triggers – forces towards change taking place
- Resistance – reactions against the change
- Force-field analysis – plotting our triggers and resistance

External triggers for change

The PEST model and external triggers for change.



Internal Trigger for change

- New senior staff – ‘new broom sweeps clean’
- Managerial aspirations, whims, decisions
- Union pressure and action
- Politics and power of groups and individuals
- Pressures for increased capacity
- Redesign, e.g. technology, physical layout

Resistance to change

- Inertia
- Groups and cultures (organization as an iceberg)
- Systemic nature of the organization – knock-on effects (organization as a river)
- Contractual obligations
- Fixed investments
- Lack of capability to change – e.g. finance, resources, space, equipment, skills

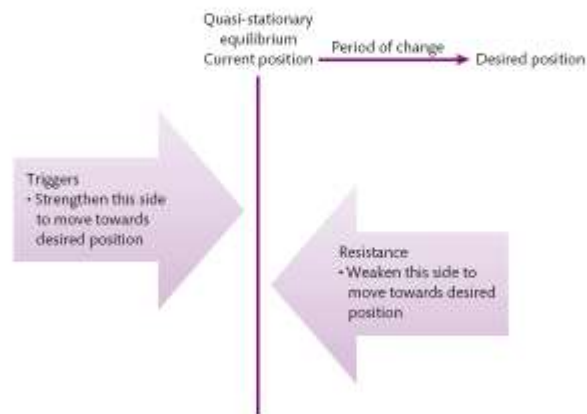
The strong answer would include examples.

(b) Explain how a force-field analysis diagram can be used to characterise the forces at work in an organisational change situation.

The basic answer would be the following points

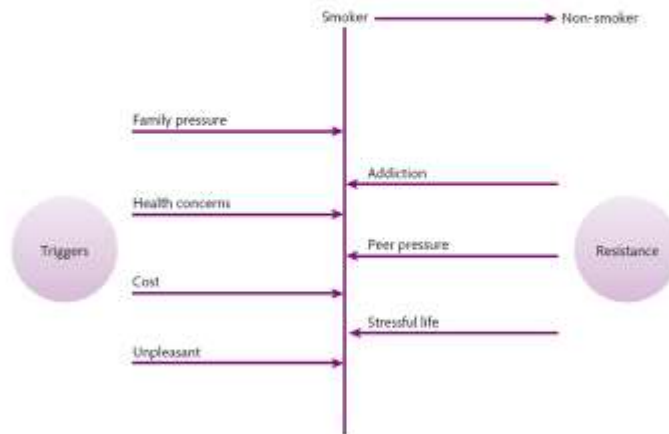
- Force field analysis

Force-field analysis (Lewin, 1943)



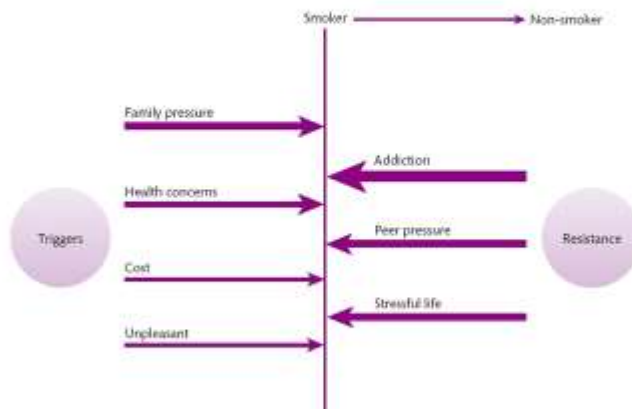
Force field analysis – Giving up smoking

Force-field analysis – giving up smoking



Weighted Force field analysis

Weighted force-field analysis



The strong answer would discuss a change situation with examples.

Section B

5

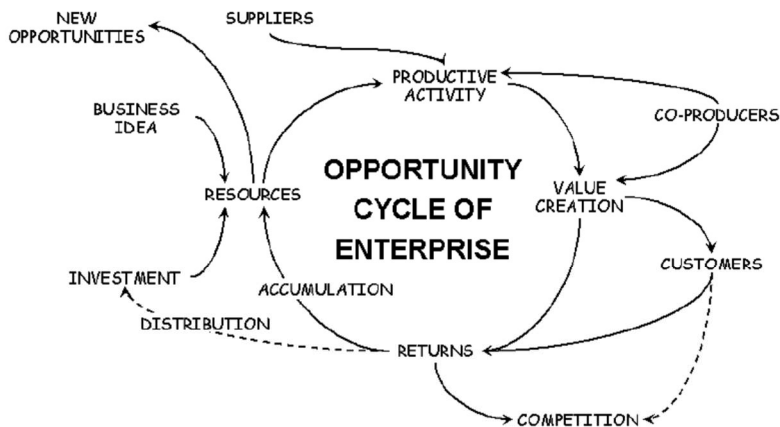
(a) Describe the four strategies used to drive business growth. Give examples to support your answer.

- **Market Penetration:** How to sell more of your existing products or services to your existing customer base? Examples - mobile phones & marketing across population; development of car markets
- **Market Development:** How to enter new markets? Examples - iPads and healthcare; video gaming and education
- **Product and Development:** How to develop existing products or services. Examples - Xbox, Xbox360, Xbox Kinect; smartphones; sports equipment.
- **Diversification:** How to move into new markets with new products or services, increase your sales with your existing customer base as well as acquisition. Examples - 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.

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 in 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:



Ideas developed from Garnsey, E. and P. Heffernan (2005). "Growth setbacks in new firms." *Futures* 37: 675-697 and related papers



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, hunches 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.

6

(a) Describe the differences between the transactional view of marketing and the relationship view of marketing. Give examples to support your answer.

Transactional View	Relationship View
<ul style="list-style-type: none"> • Purpose of marketing is to make a sale • Sale is the result of success • Business defined by products and factories • Price determined by market forces – it is an input • Communications aimed at aggregates of customers • Marketer valued for products and prices 	<ul style="list-style-type: none"> • Purpose to create a customer • Sale is beginning of relationship; profit is measure of success • Business defined by customer relationships • Price determined by negotiation – it is an outcome • Communications targeted and tailored to individuals • Marketer valued for problem-solving ability

Examples that could be used to illustrate this might include:

- Transactional: buying DIY supplies, snack food, etc
- Relationship: buying a new car, banking services, etc

Better answers would also add additional material on the impact of this trend that has been observed in many sectors. I.e., the Transactional View is relatively short-termist and assumes that changing one variable in the Marketing Mix is often all that is necessary to change consumer perceptions. The Relationship-base View takes a longer term, more holistic view of the business and focuses on factors that influence the development and maintenance of Customer Loyalty

(b) Discuss why established firms often find it very difficult to successfully market and sell radically new products or services.

Core answer should describe the basic challenges of marketing and selling any new product. This could be done by describing the process from the material presented in class in terms of the selling and buying processes, and the role of marketing in general. Attention should also be paid to the key phrase “radically new” which implies that this product or service is one that is new to both the company and/or the market. This allows discussion of the whole process of innovation management and the associated challenges (market uncertainties, product/service performance uncertainty, value capture challenges, having an integrated product/service range, and managing the process). In particular, good answers should focus on issues of potential ‘cannibalisation’ of existing products/services, and the challenges of trying to do the ‘business as usual activities’ in parallel with a radically new activities.

Section C

7

(a) Describe the two purposes of employee appraisals in a manufacturing firm. Discuss the evaluation criteria for each purpose.

This section is mainly descriptive. Students should identify two main purposes: Administrative (pay and promotion), and Developmental (Feedback; Identifying areas for improvement), explaining the differences between them. Factors and attributes typically evaluated would include: job knowledge and abilities; adaptability and flexibility; productivity; quality of work; attitude to work; interaction with others; originality of thought/initiative; perception; judgement; use of resources; attendance and time keeping; safety awareness; need for supervision; and performance against targets. Good answers may discuss how some measures may be more appropriate to one purpose versus another and should cover most, though not all of those listed here, with a brief explanation of each. Poor answers are likely to provide a simple (and inadequate) list, and may not refer to the distinction between administrative and developmental appraisals.

(b) Discuss the errors and biases that can influence appraisal outcomes and measures that can be taken to reduce them.

Although a number of potential biases were discussed in lectures, this section requires students to use their judgement to identify measures which might reduce their effect. The biases identified in lectures were: leniency; the halo/horn effect (one piece of information overshadowing others); representativeness (one characteristic leading to stereotyping); availability (relying on memorable information); attribution errors (ignoring situational factors); and anchoring and adjustment (failing to adjust an initial impression in the face of evidence). Answers should also acknowledge the subjective component of many of the factors and attributes evaluated in appraisals, and the danger of combining or confusing the two purposes of appraisal.

360 degree appraisal was identified as one means of reducing bias, since it includes evaluation from several perspectives, and from a number of people. It also allows factors to be evaluated by those best-placed to do so, though it can be undermined by difficulties in the relationships between subordinates and managers. Other approaches could include measuring only those factors which are directly relevant to the individual and their role, and basing evaluations on specific evidence, rather than opinion (e.g. evidence of productivity, or performance improvement). The working relationship between appraiser and appraised will also be an important factor, which can be improved by ensuring that the purpose of appraisals is made clear (and maintained), and that appraisal reports are confidential. Ultimately, organisational culture may be one of the more important influences on the effectiveness of appraisals in general, and one of the most difficult to change.

Very good answers will include a good range of potential biases (they are not expected to cover all those listed above), and will relate potential alleviating measures to them. These students are likely to acknowledge the difficulties involved in most evaluative systems, particularly given the scope for subjective evaluation of many attributes. Examples may be provided to illustrate the problems. Satisfactory answers will probably provide a reasonable range of biases, but are likely to base remedial measures mainly on 360 degree appraisals without adequately acknowledging the potential weaknesses of the approach. Poor answers will identify only a small number of biases and will not address the need for measures to reduce their effect.

8

In order to meet increasing demand of Personal Protective Equipment (PPE), a medical device manufacturer headquartered in the UK is planning to set up a new production facility in India.

(a) What are the advantages and disadvantages of employing Parent-Country Nationals (PCNs).

Balance of PCNs vs HCNs and TCNs influenced by:

- Country of origin of MNC
 - e.g. Japanese typically more PCNs than UK
- Attributes of host country
 - e.g. availability of suitably qualified HCNs
- Cultural distance between country of origin & host
 - Greater cultural distance => more PCNs
- Age of subsidiary
 - Young subsidiary => more PCNs

The advantages of employing PCNs are:

- Experience in the organisation
- Familiar with the organisations goals, products, policies, etc.
- May help facilitate coordination and control

The disadvantages are:

- May impose culturally inappropriate management style
- May limit promotion opportunities of HCNs
- Resentment amongst HCN due to “unfavourable” treatment
- Adaptation time

(b) Propose an organisational design for the new facility in terms of authority, communication, performance evaluation and reward structure. Explain the rationale behind your proposed design.

The organisational design is often influenced by the type of the multi-national corporation (see table in next page):

- Ethnocentric
 - Home country oriented
- Polycentric
 - Host country oriented
- Geocentric
 - “World” oriented

In reality many MNCs adopt a mixed approach.

It is expected that the response will be varied among the candidates. Candidates should provide a clear rationale behind the choice of the approach, in particular how the candidate has applied the principles learnt in the lectures in the context of the given question, i.e., medical device manufacturer establishing a facility in India. Particular issues that might be raised by candidates that inform their choice might include:

- The cultural difference between the UK and India, and how British managers might be perceived by their Indian counterparts or subordinates.
- Sensitivities regarding intellectual property protection in India
- Availability of managerial and technical expertise in India
- “Brand Image” issues – considering that this is a medical device manufacturer – there might be a need for British leadership to portray the right image.